



EFISI Memorandum 2024 – European elections

5 Recommendations towards a ‘Social Caring Europe’: moving forward with the recognition of the PHS sector in the EU policymaking

The European Federation for Services to Individuals (EFSI) was created in 2006 to bring together national trade associations, employers’ associations as well as private providers and companies involved in the enhancement and development of Personal and Household Services (PHS) in Europe.

Through its members, EFSI operates in 21 EU Member States. EFSI promotes, defends and develops the PHS sector both at national and European levels. Besides, it creates opportunities for PHS providers and stakeholders and gives them a voice on the EU scene. Its final goal is to ensure that the sector’s specificities are properly recognised, and that high-quality, accessible and affordable services are provided under appropriate economic and legal conditions.

The PHS sector includes a broad range of activities carried out in households and related to personal assistance (early childhood and education care, childcare, long-term care in situations of dependence, disability, invalidity, etc.), broadly identified as “direct care services” or “care-related services”, and to activities of daily living (cleaning, ironing, gardening, preparing meals, small DIY, maintenance, remedial classes, etc.) united under the term of “indirect care services” or “household support services”.

In the framework of the 2024 European elections, EFSI would like to raise awareness of the need to improve the image and perception of the PHS sector and promote adequate policies in support of its development, by taking into consideration the following Policy Recommendations.

Our first policy recommendation ‘**promoting the implementation of socio-fiscal incentives**’ underscores the pressing need to value the significant societal contribution of PHS, by addressing inadequate public investment. The lack of support has led to barriers for both PHS workers and users. Regarding workers, the demographic challenges posed by an aging population make it crucial to ‘**attract and retain PHS workforce**’ in the sector. To address this, our second policy recommendation suggests that regulations need to be tailored to the unique nature of PHS. Among the several challenges of the sector, undeclared work stands

out as one of the most difficult to eradicate. Our third recommendation '**tackling undeclared work**' suggests ad hoc measures to collect accurate data as well as specific policy initiatives to reduce the phenomenon.

Given the coexistence of different employment models in PHS, our fourth policy recommendation stresses the importance of '**ensuring fair competition among PHS employment providers**'. The aim is to empower users by allowing them to choose the services that best meet their needs while ensuring that different models coexist and complement each other harmoniously.

Our last policy recommendation, '**raising awareness of PHS contribution to work-life balance and gender equality**' highlights the importance of affordable and high-quality PHS as a means to support both women in the workforce and those providing informal care within households. It also aims to reduce gender inequalities by encouraging an equal sharing of housework and care responsibilities and addressing gender pay gaps.

On top of these 5 recommendations, EFSI proposes 4 specific EU-level targets to be reached by 2030:

- the percentage of **people who cannot access PHS services for financial reasons should be reduced by 50%** (currently they amount to 35.7%).
- **attract at least 1.400.000 new PHS workers** to tackle labour shortages.
- **at least 2 million additional PHS workers** should be granted "regular" access to **social protection rights and benefits**.
- **the percentage of undeclared work in PHS should be reduced by 50%** (i.e., 1.75 million workers).

1. Promoting the implementation of socio-fiscal incentives



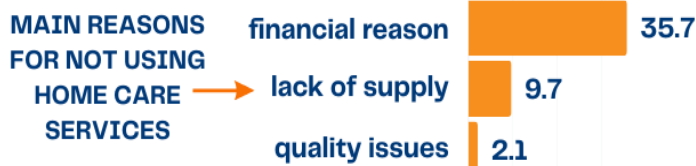
European Federation
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**CALLS ON EU POLICYMAKERS
TO COMMIT TO:**

LOW PUBLIC SUPPORT → INACCESSIBLE SERVICES

ONLY **8%** OF SOCIAL EXPENDITURE SUPPORTS FAMILIES AND CHILDREN

COST IS THE MAIN REASON FOR NOT GETTING ACCESS TO PHS SERVICES



HOW?

ADJUSTING EU FISCAL RULES TO SOCIAL NEEDS



PROVIDING TECHNICAL BUDGETARY SUPPORT TO ASSESS AND DESIGN PHS POLICIES



RECOGNISING THE EARN-BACK EFFECTS OF SOCIO-FISCAL INCENTIVES



PROMOTING A MULTILATERAL FINANCIAL SUPPORT SCHEME



RISE OF

INFORMAL CARERS

UNDECLARED WORK

1) PROMOTING THE IMPLEMENTATION OF SOCIO-FISCAL INCENTIVES

One of the factors affecting the affordability of the PHS sector and jeopardising its future development is the lack of / or inadequate public investment. Despite the major social contribution of PHS, **the sector is still insufficiently supported by public authorities**.

It results in severe negative consequences affecting both PHS workers and users. In fact, the legal constraints limiting access to publicly supported PHS (when existing) as well as high costs of social services are leading to an increase in figures of either self-production (family members providing unpaid, informal help) or of the recourse to undeclared work.

Although all Member States offer some degree of social protection coverage, in kind and/or in cash,

- 35.7% of people in the EU stated that they do not use (anymore) home care services for financial reasons,
- 9.7% spoke of a lack of supply and
- 2.1% of quality problems.¹

On average social protection expenditure amounts to 30% of the GDP in the EU, of which:

- old-age benefits, mainly pensions, account for almost half;
- whereas spending to support families and children accounts for only around 8%.

Social investment opens opportunities for growth in productivity while fighting undeclared work and fostering professionalisation. In this regard, it is crucial to ensure that **social and health objectives are considered complementary and equally important as fiscal objectives** in the revision of the EU's economic governance rules. The current framework is not sufficient to balance the need for economically self-sustainable households with the demand for public investments and ensure fiscal sustainability, due to the lack of flexibility to achieve the Maastricht criteria of 3% deficit and 60% debt.

As such, several EU Member States have implemented over the years **socio-fiscal incentives that greatly contributed to the affordability of PHS and the reduction of undeclared work**. In addition to efficiently reaching their social and employment objectives, these policies have generated many earn-back effects for the State. Thus, in Belgium, the earn-back effects of the Service voucher system are estimated to recoup approximately 50% of costs. In Sweden, the RUT deduction introduced in 2007 pays for itself by up to 90%². Finally in France, for each euro invested by the State in the sector through the tax deduction, €1.19 of tax and social security revenue are directly generated for the public budget³.

To improve the current state of play, EFSI calls on EU decision makers to adopt the following target:

- By 2030, the percentage of **people that cannot access PHS services for financial reasons should be reduced by 50%** (currently they amount to 35.7%⁴).

Therefore, EFSI calls on the newly elected MEPs and the next College of Commissioners to:

- **strengthen the monitoring of employment and social challenges** in the Member States as envisaged in the Social Convergence Framework but also go a step further by **revising and loosening the EU fiscal rules** which normally constrain member-state budget policies in order to adjust them to the social needs.

¹ European Commission and Council, Joint Employment Report (2023).

² Almega Serviceföretagen, 9 argument för rut-avdraget (2023)

³ Fédésap, Compte de résultat du crédit d'impôt relative aux services à la personne (2023)

⁴ European Commission and Council, Joint Employment Report (2023).

- Recognise the **need for a multilateral financial support scheme** involving national, regional and local authorities, as well as private stakeholders.
- Acknowledge the **earn-back effects of socio-fiscal incentives** as they contribute to reducing the share of undeclared work, increasing service quality and improving working conditions (e.g., each euro spent on long-term care services is associated with a national value-added of 1.7 euros, in addition to 0.7 euros in taxes and social contributions)⁵.
- Provide **specific technical support** to Member States so that they can better assess **the budgetary impact** of their current PHS policies and design PHS policies with limited budget constraints notably through the Technical Support Instrument and the European Semester process.

⁵ Streicher, Gerhard and Famira-Mühlberger, Ulrike and Firgo, Matthias, The Economic Impact of Long-Term Care Services (April 1, 2019), Available at: <https://ssrn.com/abstract=3489899>

2. Attracting and retaining PHS workers

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**CALLS ON EU POLICYMAKERS
TO COMMIT TO:**

**EU POPULATION AGED 65
OR OVER WILL GROW BY**

23% UNTIL 2035

**17.5 MILLION
JOBS OPENING
NEEDED**

**7% EMPLOYMENT
GROWTH
EXPECTED**

IN THE PHS SECTOR

ATTRACT AT LEAST

**1.400.000
PHS WORKERS
BY 2030**

GRANT ACCESS TO
SOCIAL RIGHTS TO

**2 MILLION WORKERS
BY 2030**

WHY?

**SKILLS
SHORTAGES**

**LACK OF
COLLECTIVE
BARGAINING**

**POOR
WORKING
CONDITIONS**

**PROTECTIVE
GAPS IN TERMS OF
SOCIAL
PROTECTION**

HOW?

**TAKING INTO ACCOUNT
THE SPECIFICITY OF THE
SECTOR**



**RECOGNISING PHS AS
QUALIFIED
PROFESSIONAL WORK**



**FOSTERING
RECOGNITION OF SKILLS
AND QUALIFICATIONS**



**PROMOTING ACCESS TO
WORK PERMITS AND
SOCIAL RIGHTS FOR CARE
MIGRANT WORKERS**



2) ATTRACTING AND RETAINING PHS WORKERS

The demographic challenge both in terms of ageing trend and low natality rate is a central issue that will reshape society in the future. Promoting accessible and affordable PHS is one way to tackle Europe's demographic issues, both by taking care of the elderly and by fostering natality.

It is estimated that the number of people older than 65 in EU countries will rise from 90.5 million people at the start of 2019 to 129.8 million in 2050⁶. The demographic challenges and the ageing trend will change society accordingly, with an expectation of **increased employment growth demand for PHS** that could lead to **17.5 million jobs opening by 2035**⁷. However, according to the recent CEDEFOP estimates, the projected employment growth in the care sector is just 7%, due to several factors including working conditions and other job quality indicators, skill shortages, and evolving skills needs⁸.

Several factors contribute to existing labour shortages:

- Domestic workers are exposed to insecurity related to protective gaps in the system of economic and social protection. Among the 6.5 million PHS workers legally employed, nearly 2 million of them do not enjoy the same labour rights and social protection as other workers in respective countries.
- The lack of collective bargaining structures in the sector contributes to the gaps in coverage and lack of effective implementation.
- PHS workers often lack appropriate training programmes, recognition of prior learning mechanisms and opportunities for skills development.
- The increasing of living costs and inflation caused a decrease of the added value of domestic work, while the overall sector continues to expand⁹. Several factors account to this decrease including the relative impoverishment of domestic workers compared to other sectors and the rise of undeclared work.

To improve the current state of play, EFSI calls for the adoption of the following targets:

- By 2030, **attract at least 1.400.000 new PHS workers** to tackle labour shortages.
- By 2030, **at least 2 million additional PHS workers should be granted “regular” access to social protection rights and benefits.**

EFSI calls on the newly elected MEPs and the next College of Commissioners to:

- take into account the **specificities** of the sector when regulating employment and working conditions (such as working time, sick leave, risk prevention etc..). In this regard, it is crucial to adopt a specific approach to address and regulate live-in care work which represents an important yet forgotten strand of long-term care.
- Recognise personal and household services as **qualified professional work** and **improve working conditions.**
- Promote **improved access to work permits and social rights** for migrant care workers by advocating for the set-up of EU-level guidelines on migration pathways from third countries as well as establishing labour migration policies which provide work permits of a reasonable length including limited administrative burden and the portability of social protection rights and benefits. Furthermore, migrants should be

⁶ Eurostat, Ageing Europe, Looking at the lives of older people in the EU (2020).

⁷ European Centre for the Development of Vocational Training (Cedefop), Skills forecasts, accessed on September 11 2023, at: <https://www.cedefop.europa.eu/en/tools/skills-forecast>, (2022).

⁸ European Centre for the Development of Vocational Training (Cedefop), Handling change with care: skills for the EU care sector (2023).

⁹ Domina Observatory, European Care Strategy (2023).

guaranteed the effective right to change employers without facing the risk of losing their permit or having to apply for a new one.

- adopt an EU-level recommendation on effective and ethical recruitment practices for third-country nationals in PHS as well as promote a level-playing field in terms of creation of legal pathways for migrant workers in all types of occupations, rather than attracting only highly skilled and talented workers under the Talent Package;
- foster the **recognition of skills and qualifications** of the different occupations which fall under the scope of domestic work by encouraging the adoption of a Recommendation on the harmonization of the skills within and outside the EU as well as EU-level guidelines suggesting common definitions of domestic occupations (based on standard classification systems, e.g., ISCO, ESCO, EUROSTAT and CEDEFOP criteria).
- **Reverse the image deficit** of PHS occupations through national and European awareness-raising campaigns.
- attract and retain PHS workers entails rewarding care work in a way that reflects its societal and economic value, by also granting them **better access to childcare services** and **facilitating family reunification** practices between domestic workers and their children in order to tackle the issue of white orphans.

3. Tackling undeclared work



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**CALLS ON EU POLICYMAKERS
TO COMMIT TO:**



SOME DATA:



**3.5 million
UNDECLARED
OUT of 10 million
DOMESTIC
WORKERS**

**70/90% OF UNDECLARED WORK
IN COUNTRIES WITH NO PHS SUPPORT**

REDUCE
UNDECLARED WORK IN PHS



**BY 50%
BY 2030**

**UNDECLARED WORK IS ON
THE RISE...**

WHY?

LACK OF
POLICY
MEASURES

HIGH
DEMAND OF
PHS

ABSENCE OF
SOCIO-FISCAL
INCENTIVES

HOW?

STRENGTHENING THE WORK
OF THE 'EUROPEAN PLATFORM
TACKLING UNDECLARED
WORK'



DESIGNING A SPECIFIC EU
POLICY PACKAGE



SETTING UP INDICATORS TO
MONITOR EFFECTIVELY THE
DOMESTIC WORKFORCE



3) TACKLING UNDECLARED WORK

Since 2016, the European Commission recognises that PHS are the third most common identified sector for undeclared work (UDW), after the construction sector and HORECA sector (hotels, restaurants, and catering)¹⁰.

The latest Eurobarometer survey on the topic suggests that around 34% of all UDW undertaken in the EU in 2019 was in PHS. Recent estimates show that, **among the 10 million domestic workers to be found in Europe, at least 3.5 million of them are undeclared**¹¹.

The rate of undeclared work in PHS reaches 70-90% in countries that have not implemented any PHS supporting policy yet¹².

As these data show, undeclared work is very common in PHS and, in the absence of policy measures, is very likely to expand given the high demand for PHS and the expected growth of the sector. The prevalence of undeclared economy in the sector is extremely damaging to the State, the workers and the users. Decent work deficits are often greatest among undeclared domestic workers, who do not enjoy the same labour rights and social protection as other workers. Reducing the share of undeclared PHS workers would result in further recognition, increased representation and better access to social protection and social security for both caregivers and domestic workers.

To improve the current state of play, EFSI urges EU decision-makers to adopt the following target:

- **the percentage of undeclared work in PHS should be reduced by 50% by 2030** (i.e., 1.75 million workers).

EFSI calls on the newly elected MEPs and the next College of Commissioners to:

- design a **European policy package to specifically tackle undeclared work** in personal and household services.
- strengthen the work of the 'European Platform tackling undeclared work' in the framework of the **revision of ELA governance**. This will be rightly one of the Belgian Presidency priorities as ELA work should issue concrete and detailed policy guidance to Member States on the various preventative and compliance-oriented measures that target the PHS sector, their efficiency and cost effectiveness.
- implement an ad hoc study to establish **indicators for the effective monitoring** of the domestic workforce, including undeclared workers to address the issue of underestimated figures.

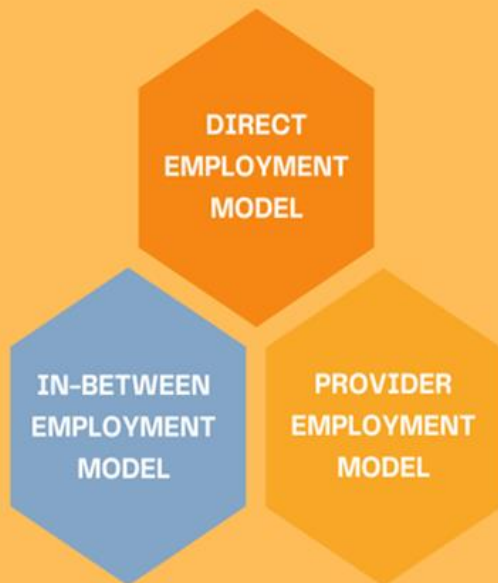
¹⁰ European Commission (2016) European Platform Tackling Undeclared Work, Member States Factsheets and synthesis report, 2016.

¹¹ EFFE Lab, 2023.

¹² French Directorate for Trade, Industry and Services (DGCIS) (2011), Etude sur les services à la personnes dans sept pays européens..

4. Ensuring fair competition between PHS employment models and providers

THE PHS SECTOR
IS CHARACTERIZED BY A
COMPLEX REALITY IN
TERMS OF **EMPLOYMENT**
MODELS :



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**CALLS ON EU
POLICYMAKERS TO
COMMIT TO**

**ENSURE FAIR COMPETITION
BETWEEN PHS PROVIDERS AND
EMPLOYMENT MODELS**



**GUARANTEE THE
PERSONAL CHOICE OF
EACH INDIVIDUAL**



**ACKNOWLEDGE THE
COMPLEMENTARITY OF THE
SECTOR**



4) ENSURING FAIR COMPETITION BETWEEN PHS EMPLOYMENT MODELS AND PROVIDERS

The PHS sector is characterized by a **complex reality** in terms of **actors** and **employment models** involved:

1. The traditional model is the direct employment model where the private household is legally the employer of the domestic worker. Among the 6.5 million formal PHS workers, around 34% or 2.2 million are employed through this model.¹³
2. There is an in-between model where workers are recruited by a third-party organisation mandated by the clients, be it private for-profit or private not-for-profit. This third-party organisation can also be entrusted with the management of all administrative formalities and duties of employers.
3. In the provider employment model, where the organisation is the employer that recruits and dispatches its workers in the homes of those in need of services, based on a tripartite configuration – worker-provider-user –. Data shows that around 66% of workers are hired through this model¹⁴.
4. More recently, due to specific legislation and the rise of platform work, the self-employment model has gained importance in the PHS sector.

To empower the PHS sector to adequately address the growing demand for quality care services, **all operating models must be treated equally**. Either the public, private for-profit or private not-for-profit – each having its respective dynamic, albeit complementary and interdependent –, aim to meet the needs of the demographic ageing in motion in the EU. Similarly, collaboration between the entire stakeholder pool is required to ensure that end-users have the opportunity to choose the service that best suits their needs.

This is why, EFSI calls on the newly elected MEPs and the next College of Commissioners to:

- **ensure fair competition between PHS providers and PHS employment models** throughout Europe, notably through European fiscal and competition rules.
- **adopt a human needs-based approach** and **guarantee the personal choice of each individual** to become a private employer or to call on a service provider, an agency or an authorised representative to help meet his needs.
- recognize the PHS sector as a whole and in its diversity by **acknowledging the complementarity and coexistence of the different modes of intervention** at home and improving the current statistics for each model.

¹³ J.F. LEBRUN. (2020). La complexité des estimations du nombre d'emplois générés par le travail domestique en Europe. Rapport réalisé à la demande du Bureau International du Travail.

¹⁴ EFSI (2018), "PHS industry monitor: statistical overview of the personal and household services sector in the European Union" (2018).

5. Raising awareness on PHS contribution to work-life balance and gender equality

THE PHS SECTOR

A FEMALE DOMINATED SECTOR:



91% OF PHS WORKERS ARE WOMEN



3.5 HOURS/DAY ON UNPAID PHS



1.5 HOURS/DAY ON UNPAID PHS

LACK OF ALTERNATIVE ACCESSIBLE SUPPORT SYSTEMS

HIGH PERCENTAGE OF INFORMAL CARE WORK

LOW WORK-LIFE BALANCE



CALLS ON EU POLICYMAKERS TO COMMIT TO

PROMOTING ACCESSIBLE AND AFFORDABLE PHS



INCREASING WOMEN PARTICIPATION IN THE LABOUR MARKET



ENCOURAGING AN EQUAL SHARING OF UNPAID CARE WORK BETWEEN MEN AND WOMEN



REDUCING GENDER PAY, WAGE AND PENSION GAPS



5) RAISING AWARENESS ON PHS CONTRIBUTION TO WORK-LIFE BALANCE AND GENDER EQUALITY

PHS development is pivotal for the ever-growing demand for services, the need for a better work-life balance and social inclusion of women migrant workers, where reconciling work and household responsibilities is a long-standing concern in the EU. In fact, **women still perform most of the self-produced, informal PHS activities within the household:**

- women spend an average of 3.5 hours per day on unpaid PHS activities,
- while men devote only 1.5 hours to such activities.

Most of the unpaid informal care is done by women, often at the expense of their paid job, health, and work-life balance. The 'unpaid care penalty', namely the amount of potential earnings foregone by women because of the unbalanced distribution of unpaid care work within households amounts to at least 242 billion a year¹⁵.

Providing women with informal care and household responsibilities with alternative support systems – Personal and Household Services – contributes to balancing the existing gender gaps. Having access to affordable and high-quality services allows informal carers to hire external and professional help on the job market. This is mutually beneficial as:

- it increases employment rates both for the informal carers into the job market,
- and for the PHS and care workers – to provide the services needed.

Besides, higher employment in PHS and care will increase the social contributions and tax revenues, hence leading to earn back effects for the Member States.

The PHS workforce is predominately represented by women. In the EU-27, **91% of PHS workers are women and PHS accounts for nearly 7.5% of the overall female employment rate**. Considering the high share of undeclared work in PHS, female domestic workers are disproportionally affected by this scourge. The participation of women in the undeclared economy combined with poor working conditions exposes female workers to the risk of social exclusion and poverty. This deficit stems from the perception that the PHS work is a natural extension of women's unpaid care work and is thus significantly undervalued.

As a result, they are often forced to reduce their working hours or even to withdraw from the labour market. A total of **7.7 million women in Europe are excluded from paid employment due to care responsibilities**.¹⁶ This situation is not sustainable, nor it is economically and socially acceptable, since this gender division in PHS fuels broader gender inequality. In this regard, a EU action would be key to foster the 'equal earner – equal carer model' and support women in transitioning from unemployment to employment, and from part-time to full-time employment. Assuming that these shifts reduce the care penalty on women by 10 % to 20 %, benefits of between €24 billion and €48 billion per year could be generated for society¹⁷.

Therefore, EFSI calls on the newly elected MEPs and the next College of Commissioners to:

- **promote accessible, high-standard, affordable PHS** which would improve the level of work-life balance of all workers and family carers, regardless of their gender as well as their mental health, either thanks to the implementation of the Council Recommendation on Long-term Care or a recast/follow-up of the Work-Life Balance Directive;
- recognise access to PHS as key for **increasing the participation of women in the labour market, reinforcing their mental health** as well as fostering **equal economic independence** of both women and men;

¹⁵ European Parliament (2022), What if care work were recognised as a driver of sustainable growth?, 2022.

¹⁶ Opinion of the European Committee of the Regions on the European care strategy (2023).

¹⁷ European Parliament (2022), What if care work were recognised as a driver of sustainable growth?, 2022.

- encourage an **equal sharing of unpaid housework and care work** between men and women;
- **reduce the gender pay, wage and pension gaps** and thus fighting poverty among women.

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