



IMPact

Working seminar - Definition of measurement and monitoring criteria for PHS policies : results of the first analysis

January 23, 2015 9:00 am - 3:30 pm

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23/01/2015 | Aurélie Decker
Project coordinator

Welcome and introduction to the project

9:30 - 10:00 am

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1. General overview
2. Timeline
3. Consortium
4. Advisory Board
5. Work Package 1

IMPact : Improving Measurement of Public support to PHS

■ Scope

“Personal and household services’ (PHS) cover 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.¹”

¹ European Commission, Staff Working Document on exploiting the employment potential of the personal and household services, SWD (2012) 95 final.

■ Starting point

- ▶ Identified since 1993 as a **strategic economic sector**
 - ▶ A job creation potential of **5,5 million new jobs** throughout Europe
 - ▶ **Costly formal provision** without public support
 - ▶ Predominance of **informal provision**
 - ▶ Difficulties encountered by Member States (MS) in measuring the effects of their public support to PHS
 - ▶ Public support's cost widely discussed in the current economic and financial crisis
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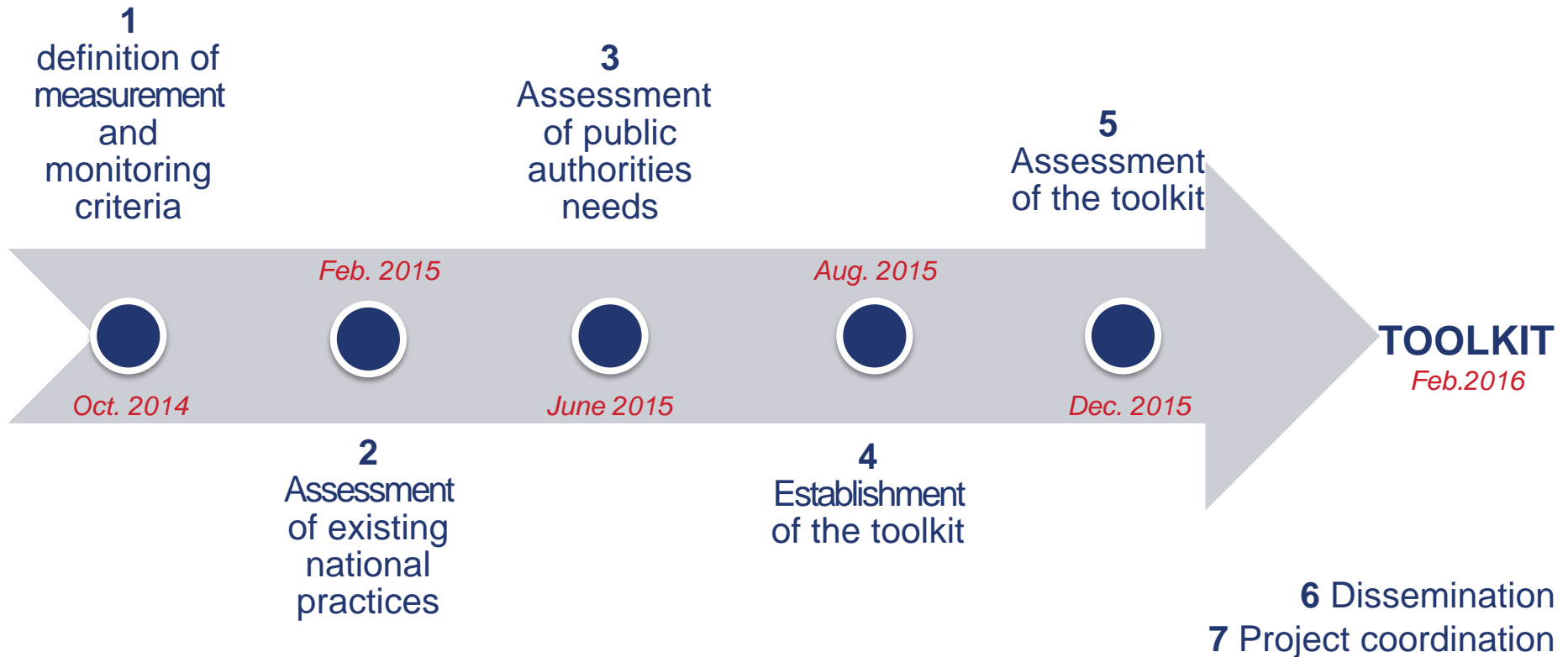
- **Aim of the project**
 - ▶ Creating a **common and comprehensive EU macro-economic toolkit** to help MS assessing their PHS' public policy
 - ▶ **Raising awareness** on the socio-economic benefits of supporting measures to PHS
 - ▶ On the LT → help MS choosing and implementing adequate public support policies to PHS

- **Points to be raised**
 - ▶ job creation,
 - ▶ transfer from the shadow to the formal economy,
 - ▶ net job creation,
 - ▶ sustainability/optimal level of public investment,
 - ▶ return on investment, etc.
 - ▶ On an *ex ante* and *ex post* basis

- **Final output : TOOLKIT**
 - ▶ Guidance
 - ▶ Concrete methodologies
 - ▶ Macro-economic tools

2. Timeline

Implementation through 7 work packages





2. Timeline

WP 1	Definition of measurement and monitoring criteria	→ Establish a list of various criteria that should be taken into account based on existing methods
WP 2	Assessment of existing national practices	→ Test the feasibility and availability of the criteria in three countries
WP 3	Assessment of public authorities' needs	→ Establish the list of requirements and tools that should be developed based on the results of WP 2 and MS' needs
WP 4	Establishment of the toolkit	→ Creation of the toolkit (macro-economic pattern, guidance, methodologies, etc.)
WP 5	Assessment of the toolkit	→ Agree on a final version of the toolkit and assess its extrapolation to the EU28 MS

3. Consortium

Coordinator :



7 co-beneficiaries :



- **Group of experts** including representatives from various MS whom have either already implemented public measures supporting the development of PHS or in which a current debate exists on the opportunity to do so.
- Provides **technical recommendations**
- **Regular dialogue** (through Working seminars)
 - ▶ January 23, 2015 – Brussels (WP 1)
 - ▶ July 2015 – Prague (WP 3)
 - ▶ December 2015 – Madrid (WP 5)

Definition of measurement and monitoring criteria

- **Objective** → Establish a **list of various criteria** that should be taken into account while measuring and monitoring PHS policies' effects on employment.
- Lead by *Pour la Solidarité*
- October 15, 2014 → February 15, 2015

- **Preparatory work:** analysis of existing national studies
 - ▶ Collect context data
 - ▶ Analysis of the studies (Strengths and weaknesses, scope, methodology, etc.)
 - ▶ List all methodological issues (Statistics used, data available, assessing undeclared work share, etc.)

- **Countries identified** (available/workable national studies):
 - ▶ Austria
 - ▶ Belgium
 - ▶ Finland
 - ▶ France
 - ▶ Germany
 - ▶ Italy
 - ▶ Netherlands
 - ▶ Spain
 - ▶ Sweden
 - ▶ United-Kingdom

5. Work package 1

Results of the analytical work



Working seminar (*January 23, 2015*)

- Confront the results with participant's experience
 - Discussion on the effects to be monitored
 - Discussion on the indicators needed
 - Discussion on the availability of data



List of criteria that should be taken into account
(*February 15, 2016*)



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23/01/2015 | Marie Leprêtre

Definition of Measurement and Monitoring Criteria for PHS Policies

Methodology of the Analysis
Work Package 1



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1. Objective of the analysis
2. Collecting EU and national studies & Countries selection
3. Establishment of the analytical grid
4. Compiling the analytical grid

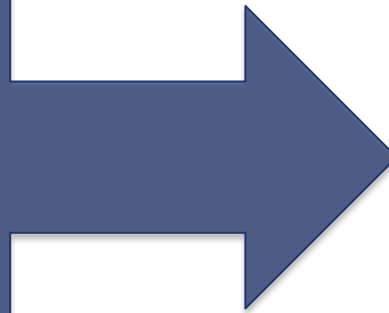
1. Objective of the analysis

“Establish a list of the various criteria that should be taken into account while measuring and monitoring PHS policies’ effects in employment and public budget”

Approach

- Partners involved: PLS (BE), IDEA Consult (BE), EFSI (EU), Censis (IT), Oxford Research(SE) and UPTA (SP)
- Collection of as many studies as known → 117 National and EU studies...
- ...which contributed to the selection of the countries under study:
 - ▶ BE
 - ▶ FI
 - ▶ FR
 - ▶ IT
 - ▶ NL
 - ▶ SE
 - ▶ SP
 - ▶ UK
 - ▶ AT
 - ~~▶ DE~~

Belgian evaluation model
& practices (set of criteria and indicators)



Improvement of the analytical grid based on partners' knowledge/studies collected → **Comparison**

- Elaboration of an analytical grid focusing on the following elements:
 - ▶ Studies identified (information available thereof)
 - ▶ National measures concerned (information available thereof)

Approach

- Compiling the analytical grid taking notice of the following elements:
 - ▶ Relevance of criteria and indicators for each study (*Employment, Users, Service providers, Types of services, employment conditions, Undeclared labour, Budgetary impact*)
 - ▶ Presence or absence of quantitative data for each measure/country



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Overview of the national schemes in support to PHS

10:15 - 11:30 am

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23/01/2015 | Marie Leprêtre

National scheme in support to Personal and Household Services

The case of France

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1. History of Personal and Household Services (PHS) in France
2. Types of services
3. Public intervention tools
4. Employers and employment conditions
5. Quality of employment
6. Indicators

PHS measures in France

- 1994 – 1st French voucher system (Chèque emploi Service)
- 1996 – 2nd voucher system (Titre emploi service)
- 2004 - 3rd voucher system for associations
- 2005 – Plan Borloo (CESU)
 - **Stimulate demand** through incentives reducing the price of services for households
 - Facilitate the balance between working and family life;
 - Provide companies with an additional incentive by enabling them to remunerate their employees at a lower rate;
 - Provide assistance to vulnerable groups in society;
 - Stimulate growth in the sector, which in turn should lead to increased employment;
 - Reduce undeclared work by providing legitimate employment in household services.

Extensive range of services covered...

...Inside the users' home

- Small maintenance tasks, gardening, childcare, study help, ICT or administrative assistance, assistance to older or disabled people, and childcare for sick children.

...Outside the users' home

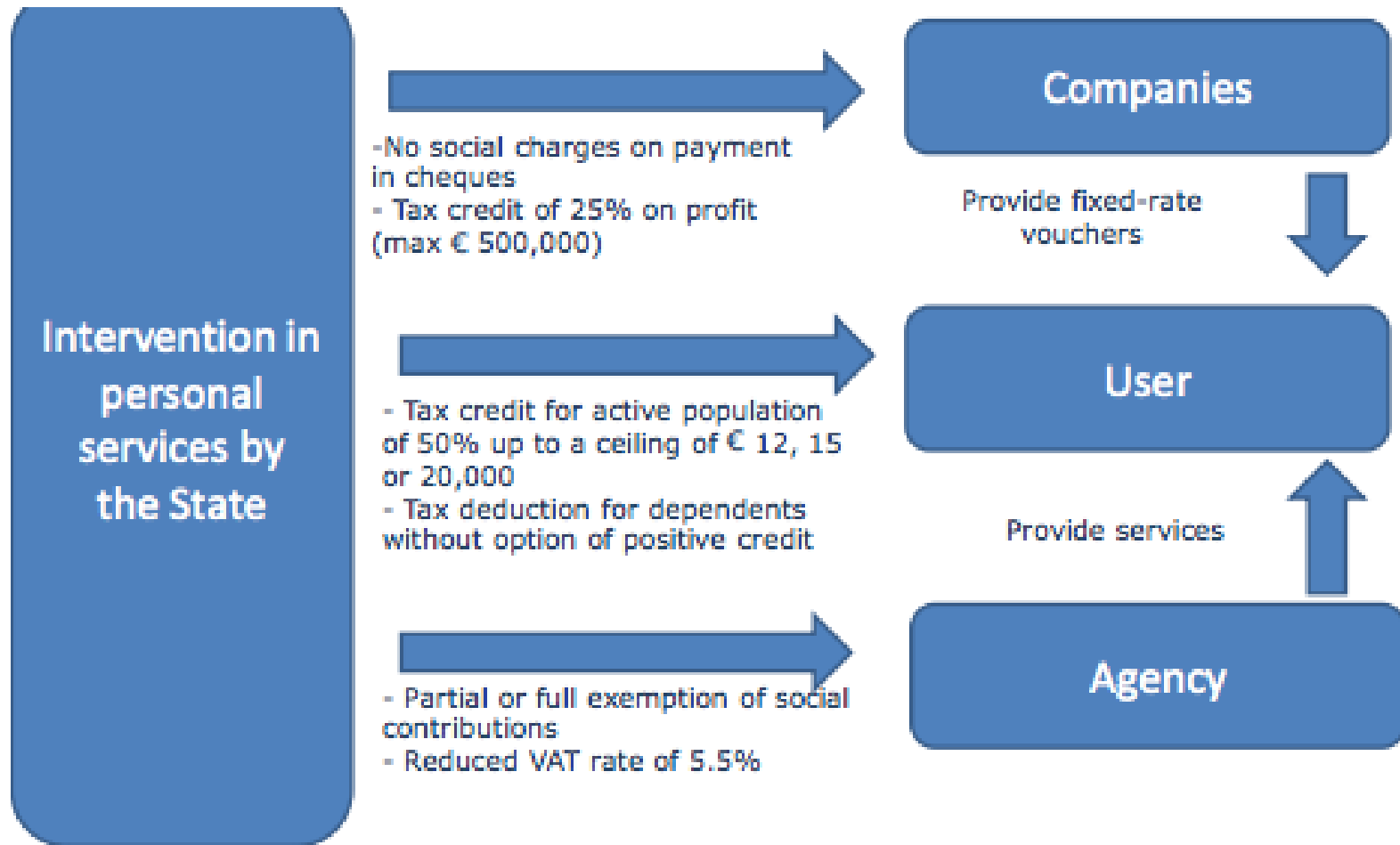
- Preparation and delivery of food, laundry collection, transport for disabled people, company for older or disabled people, and care of domestic animals.

Support from the State

- ❖ For users of PHS (households)
 - **Tax benefit** from the State
 - Contribution, from the State, to the price of services (reduced price of the voucher/service)

- ❖ For PHS companies/organisations (employers and social institutions)
 - **Tax credits on profit** (25% voucher)
 - **Partial exemption of social security contributions** (organisations working with dependents >70 years of age vs. other target groups)
 - Reduced rate of **VAT** (5.5%)

3. Public intervention tools

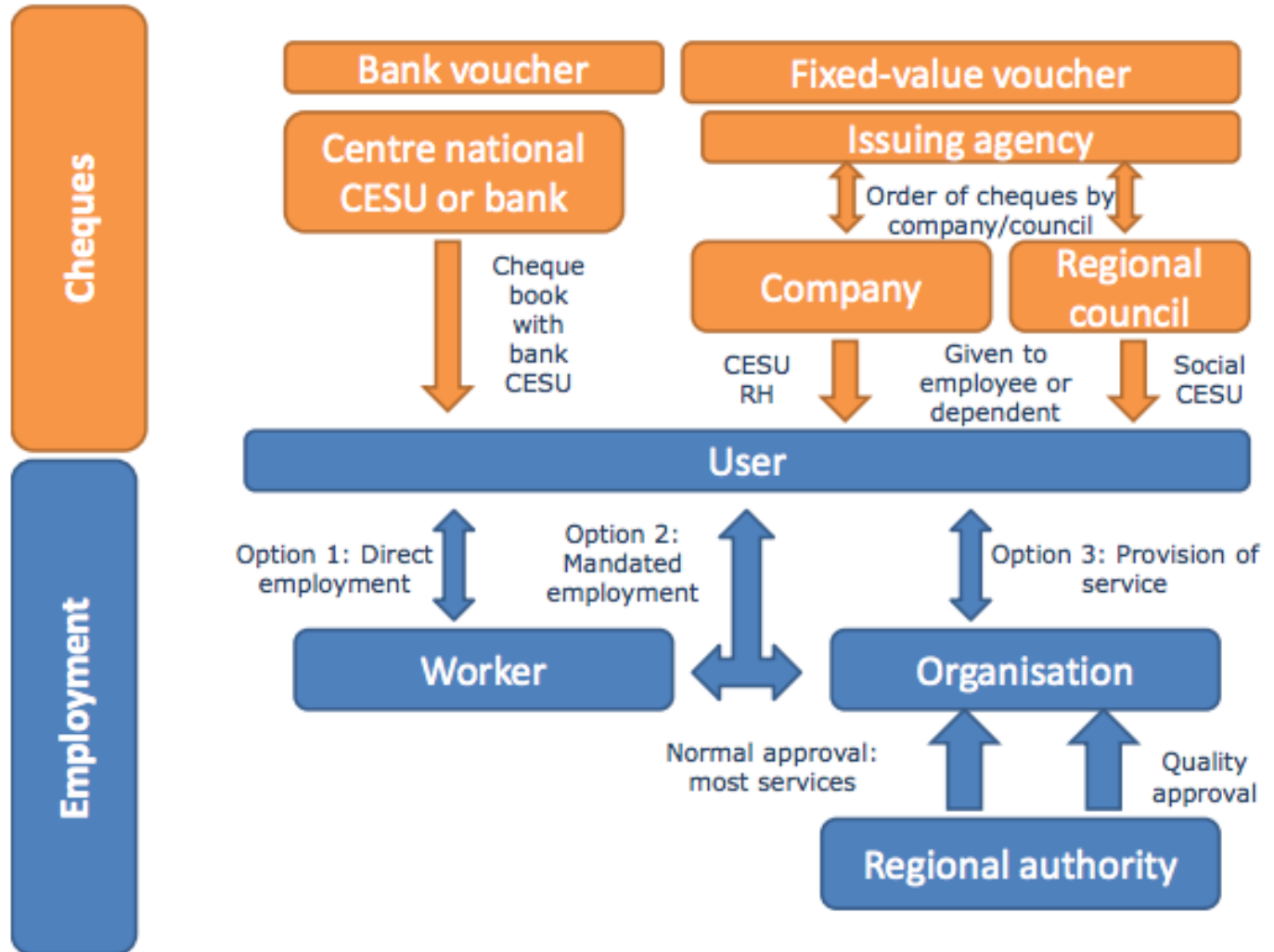




3. Public intervention tools

Figure 14: The organisation of the scheme

Organisation of the scheme



Type of employment relation

- **Direct employment** of a family worker within the home
 - ▶ Voucher user = consumer and employer
 - **Mandated employment**
 - ▶ Voucher user = consumer and employer, but with assistance for recruiting
 - Service provision through **approved organisation** (private companies or association)
 - ▶ Voucher user = consumer without administrative obligations
- 70% of workers employed through direct employment

Employers

- 25,300 organisations providing services in PHS (2011)

Access to social protection

- Access to paid leave, sickness and unemployment insurance

Employment indicators

- Number of workers (2011): 2,000,000
 - Evolution in the number of workers: +330,000 since 2005 (Borloo)
 - Remuneration (2010): €9.60 to €10 hourly wage, i.e. 30% above minimum wage ≠ monthly
 - Average 22 hours per week / worker
 - Qualification: limited information on efforts to train workers
 - High satisfaction of the workers with their employment – but lack of wage increase opportunities of promotion and the number of working hours
-

Budgetary impact

- Gross cost: €6,3 billion as a whole or €11,883 per FTE
- Net cost: €2,640 million as a whole and €5,060 per FTE

Earn-back effect

- GDP growth: + 1% in 2011
- Other direct earn-back effects (contributions of employers and employees, VAT & local taxes, less unemployment benefits and integration costs): + €2,640 million (2012)

Undeclared work

- 40% in 2005 → 30% in 2010
- 20% undeclared work left - potential for more progress



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23/01/2015 | Maarten Gerard

National scheme in support to Personal and Household Services

The case of service vouchers in Belgium

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1. History of Personal and Household Services (PHS) in Belgium
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PHS systems in Belgium

- Home care services & assistance for disabled persons
 - ▶ Provide assistance to the families, the elderly & the disabled
- Child care: diverse regional arrangements
- Local Employment Agencies (PWA/ALE) as of 1987
 - ▶ Activation of long term unemployed
- Service voucher system as of 2004
 - ▶ Reduce undeclared work
 - ▶ Provide employment for low-skilled
 - ▶ Facilitate work-life balance

The service voucher system is now the largest PHS measure in Belgium

Service voucher system

- One voucher equals one hour of work (of €9 for vouchers <400 and €10 afterwards)
 - Fixed list of possible activities to support household tasks:
 - ▶ Cleaning and ironing (inhouse)
 - ▶ Preparing meals (inhouse)
 - ▶ Ironing (outhouse)
 - ▶ Transport for disabled persons
 - ▶ Shopping service
 - Service providers offer mostly:
 - ▶ Cleaning and household help
 - ▶ Ironing (outhouse)
 - In 2013 about 122.5 million vouchers were registered
-

3. Functioning of the measure

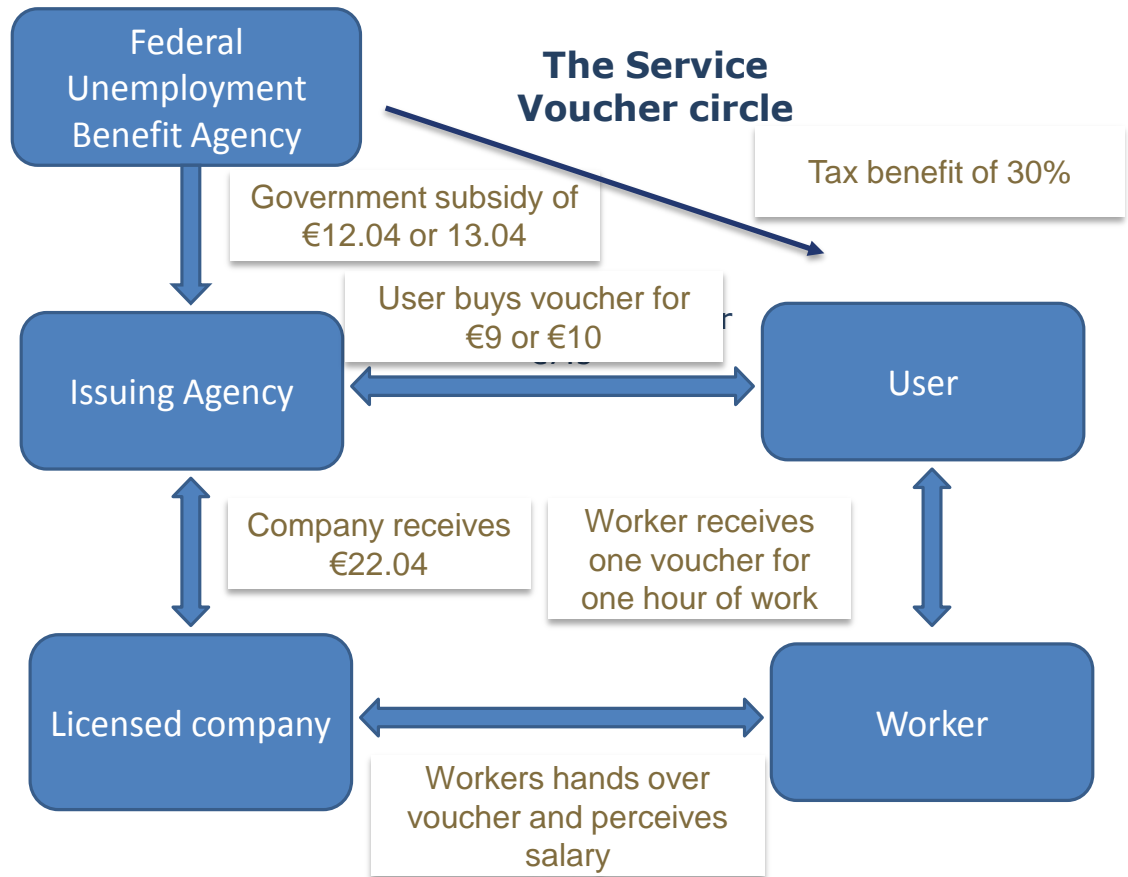
Actors in the service voucher system

Actors

- Users (household)
- Workers
- Licensed service voucher companies

Facilitators

- Government
- Issuing agency



Three methods of intervention

- Public tax benefit for users
 - ▶ Fixed voucher price of €9 (vouchers <400) and €10 afterwards
 - ▶ Tax deduction of 30% on voucher cost
 - ▶ Tax benefit up to a ceiling of €1,400
- Public subsidy for service providers
 - ▶ Subsidy per voucher (€22.04 minus the user contribution)
 - ▶ Financial support for specific training through a Training Fund
- Regulation concerning workers
 - ▶ Guarantee of open-end contract after 3 months
 - ▶ Minimum number of hours/week

- Triangular relationship between registered and licensed companies, workers and users

Employers or service providers

- **2,448 service providers** by the end of 2013
 - ▶ 49% of service providers are commercial entities
 - ▶ 27% has more than 51 workers, 13% has less than 5 workers

Employment

- Total employment in 2013: **149.782 workers**
 - ▶ Gender: Predominantly women (97.4%)
 - ▶ Age: 53% is more than 40 years old, 23% is older than 50
 - ▶ Education: 54% is low qualified, about 4% is high qualified.
 - ▶ Nationality: 72% has the Belgian nationality, while 20% comes from the EU27
-

Quality indicators for 2013:

- **Inflow of workers:** 18.8% of workers were new in the system
- **Contracts:** 30.5% of all offered contracts were open-ended
- **Hourly wages:** On average the hourly wage amounted to € 11.06.
- **Working time:** The majority of workers works less than halftime (64.2%), while only 11.2% of workers works full-time
- **Working hours:** On average service voucher workers work 18.4 to 22.2 hours a week
- **Training:** 26.6% of workers received training through the Federal Training fund
- **Outflow of workers:** 19.6% of workers left the system between 2012 and 2013

Undeclared work

- 16.6% declared to use undeclared labour before the system
- 4.6% of workers did undeclared work before entering the system

Budgetary impact

- The total cost for the measure in 2013 was € 1.930 million
 - ▶ Government intervention for the vouchers: € 1.637 million
 - ▶ Cost for the functioning of the system: € 15.6 million
 - ▶ Tax deduction for users: € 278.2 million

Earn back effects

- ▶ Direct earn back effects (unemployment benefits & taxes): €790 mil.
- ▶ Indirect earn back effects (companies and added employment): €66 mil.
- ▶ Second order effects through employment of users, VAT,...

Gross cost of €7,165 / FTE to minimum €2,973 / FTE



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National scheme in support to Personal and Household Services

The case of the Netherlands

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1. History of Personal and Household Services (PHS) in the Netherlands
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Legal basis for household workers

- AWBZ/WLZ (Wet Langdurige Zorg) and WMO (Wet Maatschappelijke opvang): last changes in January 1st 2015
 - ▶ AWBZ/WLZ: Care for those in need (in-or outhouse)
 - ▶ WMO: Personal support budget for people in need of care
 - ▶ Alfa-workers support those with care needs through WMO-AWBZ
- Service at Home (Regeling Dienstverlening aan huis 2007)
 - ▶ Regulate the situation of household workers
 - ▶ Simplify regulation for employers
- Various studies examining potential measures
 - ▶ Implementation of Swedish tax measures
 - ▶ Implementation of service vouchers

Service at Home

- Covers 95% of the market (including self-employed workers)
- Very broad regulation in terms of activities
 - ▶ All tasks concerning the household
 - ▶ Not bound to the home (shopping, childcare,...)
- Division of activities
 - ▶ Care-situation services: 105,555 households for 25 million hours
 - ▶ Care at home: 78,247 households for 28 million hours
 - ▶ Cleaning: 714,730 households for 103 million hours
 - ▶ Maintenance: 270,978 households for 42 million hours
 - ▶ Child care: 174,875 households for 60 million hours
 - ▶ Other activities: 56,191 households for 14 million hours

Minimal public intervention

- Free price-setting
- Regulation for the households
 - ▶ Exemption of employer contributions when household workers work less than 4 days/week
 - ▶ Financial contribution if care related through WMO or WLZ
- Regulation for workers
 - ▶ Basic standards in working conditions: sick leave, paid vacation

Employers

- Direct employment relation: households
- 1 million households or 13% of households in the Netherlands.
 - ▶ 17% of users is older than 65 and 9% is younger than 25
 - ▶ At least 33% of households has a higher than average income
 - ▶ 42% of users is highly educated, 21% has a low education level
 - ▶ 27% of users are single, 39% have children
 - ▶ 22% hire more than one worker for different tasks

Employment

- 272 million of hours worked
 - ▶ Nationality: 80% of workers from Dutch nationality
 - ▶ Age: 19% is younger than 25 and 10% is older than 65

- There is little data available. Workers obtain limited employment rights (paid leave and sick leave)
- Workers responsible for tax and social contributions
- But according to a survey of Panteia (2014):
 - ▶ 25% of households pay less than the minimum wage
 - ▶ 81% of households do not pay workers during sick leave
 - ▶ 89% of households do not pay the working during holidays

- There are no indications on the use of or impact on **undeclared labour**. However many workers can still be active as undeclared workers as employers/households do not have to register their workers and workers are responsible for their own tax declaration.
- There is **no direct budgetary impact** for the government as there is no direct financial intervention. However the government does not receive employer contributions by households acting as employer. This could be a substantial loss as the total market (calculated by user payments) is estimated on €2.5 billion a year, but also generate earn-back effects in care and the labour market.



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National scheme in support to Personal and Household Services

The case of United-Kingdom

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1. Personal and Household Services in United-Kingdom
2. Types of services
3. Public intervention tools
4. Employers and employment conditions
5. Quality of employment
6. Indicators

- **Housework services**

- ▶ Minimum public intervention.
- ▶ Currently no specific financial incentive. However, in 2012 UK's government looked interested in the Swedish RUT scheme as a way to boost women's participation in the labour market and to reduce undeclared work.

- **Home care services**

- ▶ Provide assistance to elderlies and their informal carer.
- ▶ Development of a quasi-market for long-term care services.

- **Child care**

- ▶ Sector regulated by free-market principles.
 - ▶ Favour maternal employment, ease access to childcare services for working parents, favour the development of children (especially for disadvantaged children).
-

- **Housework services**
 - ▶ All tasks concerning the household (cleaning, ironing, gardening, shopping, etc.).
- **Home care services**
 - ▶ Home helps; home health care services; access to specialist therapists; podiatrists; alarm systems; meals on wheels services and respite care services.
- **Child care**
 - ▶ Nurseries or crèches; registered child minders or nannies, holiday play schemes, children's outdoor activity centre (run by school or local authorities).

■ **Housework services**

- ▶ Tax benefit : **general regulation on “occasional work”** apply for DW which are paid less than £ 149 a week. Employers and employees benefit from a social contribution exemption.
- ▶ Simplified administrative procedure: **PAYE scheme** (pay as you earn) is a tool to ease payroll calculations for employers.

■ **Home care services**

- ▶ Following a needs and means assessment, **services are provided in-kind or in-cash** (through the personal budget mechanism). Implementation varies across the constituents countries.
 - ▶ In-cash benefit for users:
 - **Attendance Allowance**: based on the needs of the recipient. Its use is free of any obligation.
 - **Carers allowance**: for people spending at least 35 hours a week caring for someone. Can be distributed through the Carer Break Voucher.
-

■ **Child care**

- ▶ Subsidies to the providers:
 - **Universal free part-time early education for all 3-4 years old.** Based on the income of the family, the State fund from 12.5 to 15 hours a week of ECEC.
 - ▶ Co-financing from companies for their employers:
 - **Employer supported childcare vouchers.** Salary sacrifice arrangement by which employees agree to forego part of their salary and receiving a corresponding value in childcare voucher (exempted from NI contributions).
 - ▶ In-cash benefits for users:
 - **Child tax credit.** Based on the income and number of children under 16 (or under 20 for disabled child) living in the household.
 - **Childcare element of the Working Tax Credit.** Working parents on low and middle income with children under the age of 16 can receive help with childcare costs up to 70% up to a certain threshold. The childcare services must be registered or approved.
 - ▶ Tax benefits for users:
 - **Child benefit.** A tax-free monthly payment to anyone bringing up a child.
-

- **Housework services**

- ▶ Direct employment and triangular relationship (for services provided by commercial actors).

- **Home care services**

- ▶ Triangular relationship.

- **Child care**

- ▶ Triangular relationship, direct employment relationship and self-employed (registered child minders).
- ▶ Around 2,5 million OFSTED registered childcare place in England (2008).
- ▶ The sector is dominated by private, voluntary and independent providers, which make up more than 80% of provision.

▪ **Housework services**

- ▶ DW are exempted from legislation on working time, minimum wage and health and safety requirements.
- ▶ No data available on workers employed by private firms.

Home care services

- ▶ Median level of pay for domiciliary care workers: £ 6,50 per hour.
- ▶ 70% of domiciliary care workers are not holding any qualifications.

▪ **Child care**

- ▶ Low level of professionalization with only 10% of child-minders and 23% of day-care staff holding a qualification above A-level equivalent.
- ▶ Child-minders' average annual income : £11,100.
- ▶ Few data available.

- **Housework services**

- ▶ 136 000 domestic workers working in private households and 61% of them were women (2008).
- ▶ No indicators available on commercial household services.

- **Home care services**

- ▶ 1,3 million people received community-based services including home care and home help (2010/2011).
- ▶ Approx. 675 000 domiciliary elderly care workers (2010).
- ▶ Total expenditure for domiciliary home care reached £3,9 bn (2011).

■ Child care

- ▶ 39% of children under 3 and 84% of children between 3 and 5 are enrolled in formal childcare (2010).
- ▶ About 2 millions families use formal childcare but only 740 000 of them receive any support:
 - 493 000 families benefited from the Childcare element of the Working Tax Credit (2011).
 - 450 000 families benefited from the Employer supported childcare vouchers (2011).
- ▶ Approx. 204 000 workers employed in the childcare sector.
- ▶ Expenditures estimated at (for 2013) :
 - £ 640 million per year for the Employer supported childcare voucher.
 - £1.9 billion a year for the provision of free early years places for 3 and 4 yo.
 - £1.3 billion a year for the childcare element of the Working tax credit.
- ▶ Partial estimation of the earn-back effects



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23/01/2015 | Aurélie Decker

National scheme in support to Personal and Household Services

The case of Finland

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1. Personal and Household Services in Finland
2. Types of services
3. Public intervention tools
4. Employers and employment conditions
5. Quality of employment
6. Indicators

- **Tax scheme for domestic help “*kotitalousvähennys*”**
 - ▶ Introduced in 2001
 - ▶ Aim to discourage undeclared work and encourage formal employment

 - **Home care services & assistance for disabled persons**
 - ▶ Provide assistance to the families, the elderly & the disabled. Since the 1990s, Finland has strongly encouraged community care
 - ▶ Driven by the principle of users’ freedom of choice

 - **Childcare**
 - ▶ Since 1996, all children under 7 have been legally guaranteed a place in municipal day care once parental leave comes to an end.
-

- **Tax scheme for domestic help “*kotitalousvähennys*”**
 - ▶ Cleaning ; gardening ; renovation and home repairs ; care for an elderly person or a child in the home ; installation ; maintenance of support of information technology and telecommunication in the home.
 - ▶ 73% of users purchased renovation and home repairs services, 25% of the tax deductions were associated with cleaning services.

- **Home care services & assistance for disabled persons**
 - ▶ Domiciliary care services and services in support of informal care given by relatives. In practice, focus on personal bodily care at the expense of household services.

- **Childcare**
 - ▶ Day care centre, family day care or group family day care including round the clock care if needed.
 - ▶ 57% of children aged between 3 and compulsory school age were enrolled in FT childcare (2011).

- **Tax scheme for domestic help “*kotitalousvähennys*”**
 - ▶ Users can receive a tax deduction/credit up to € 2 400 per year per person (€ 4 800 per household) for expenses over € 100 to cover :
 - 45% of the expenses when users bought the service from an organisation.
 - 15% of the wage and 100% of the employer social contribution when users employ directly the worker.
 - ▶ Eligibility is restricted to users which have not already been supported through care policies.

 - **Home care services & assistance for disabled persons**
 - ▶ Services are provided in-kind or in-cash, following a needs and means assessment. Non-mandatory LTC voucher introduced in 2004 for the use of the in-cash benefit
 - ▶ Care allowance for informal care (national min. amount of € 381 per month in 2014).
-

■ **Childcare**

- ▶ **In-kind services:** provided by the municipalities. Parental fees are determined by the family's size and earnings and varied between € 0 and € 264 per month.
- ▶ **Universal child allowance** granted for every child under 17. Monthly payment ranges from € 104,19 for a single child up to € 189,63 for subsequent child.
- ▶ **Child home care allowance** granted for every child under 3 who is not in municipal day care. Basic allowance is set at €341,06 per month.
- ▶ **Private day-care allowance** granted to children under school age which are looked after in private day care or professional child-minder. Basic allowance is set at €173,64 per month. The allowance is directly paid to the care provider.

4. Employers and employment conditions

- **Tax scheme for domestic help “*kotitalousvähennys*”**
 - ▶ Workers can either be employed by a registered for-profit provider (i.e. triangular relationship) or directly by the household.
 - ▶ Over 90% of the users purchase the domestic help from a registered for-profit provider and only 10% employ the worker directly.

 - **Home care services & assistance for disabled persons**
 - ▶ Triangular relationship between selected (open-competition) and registered providers, workers and users.
 - ▶ 25% of domiciliary care providers were private organisation (2008)
 - ▶ No data available on employment conditions.

 - **Childcare**
 - ▶ Majority of triangular relationship. Possibility of direct employment by household.
 - ▶ No data available on employment conditions.
-

- **Tax scheme for domestic help “*kotitalousvähennys*”**
 - ▶ There is little data available. Employment conditions are stricter for workers employed by an organisation than those applying for domestic workers employed by private individuals.

- **Home care services & assistance for disabled persons**
 - ▶ Little data available. LTC workers have at least a two-year professional education.

- **Childcare**
 - ▶ No data available.

- **Tax scheme for domestic help “*kotitalousvähennys*”**
 - ▶ 370 000 users in 2010.
 - ▶ 10 000 FTE jobs created of which around 1 000 FTE in the housework sector (2004).
 - ▶ Share of undeclared work decreased from 60% to around 25% (2004).
 - ▶ Earn-back effects estimated at €12,7 million resulting in a net benefit for the State of €1,57 million (2004).

 - **Home care services & assistance for disabled persons**
 - ▶ 7,4% of the population over the age of 65 received care at home (2011).
 - ▶ No thorough analysis found on the employment effects and earn-back effects of childcare provision.

 - **Childcare**
 - ▶ No thorough analysis found on the employment effects and earn-back effects of childcare provision.
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23/01/2015 | Mats Kullander, Oxford Research

National scheme in support to Personal and Household Services

The case of RUT and ROT in Sweden

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1. History of Personal and Household Services (PHS) in ???
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Some services which in other parts of the EU fully or partly is carried out through PHS schemes are in Sweden publicly financed and/or organised, for instance childcare and elderly care.

PHS schemes have been introduced in two sectors:

1. House reparation, renovation and maintenance of houses. This scheme is called ROT-avdrag.
2. Cleaning, cooking, laundry, baby-sitting. This scheme is called RUT-avdrag.

ROT was introduced briefly during the 1990s and early 2000, and in its current form since 2008. RUT was introduced 2007. Especially RUT has caused public debate.

- RUT: Cleaning, cooking, laundry, baby-sitting.
- ROT: Repair and maintenance, modifications, extensions (ROT). Only available for home owners and tenant-owners.
- Main objective of the schemes is to reduce undeclared work.

3. Public intervention tools

- Both RUT and ROT: The tax reduction amounts to 50% of the labour costs up to a maximum threshold of approximately SEK 100,000 (€10,630) which is equivalent to a maximum tax reduction of SEK 50,000 (€5,300) for each individual in one year.
- The private household only pays the actual price (including deduction). It is the company who does the paper work and who receives the rest of the cost through the Swedish tax agency.
- In 2010, 1.1 million people bought household services with tax deduction (RUT and ROT). Around 7.6 million hours of cleaning and household (ROT) services and 53 million hours of renovation work (ROT) were performed.

4. Employers and employment conditions

- The household hires a company who delegate to an employee to carry out the service, ie a triangular relationship.
- The service providers must be registered companies (ie not individuals). They may be self-employed or companies with employees. About half of the companies working in the tax deduction sector have been established after the reform.

- ROT: The construction sector is a sector with problematic working conditions. This might be a bigger problem within the companies specialized towards household clients. A report on companies operating in this sector in 2009 found that especially the smaller companies had poor routines regarding working environment.
- RUT: A number of studies have been made regarding employment conditions in the sector, but they do not give a comprehensive picture. Still, there seems to be a problem with undeclared work with poor working conditions, and a now enlarged official sector with, as it seems, decent employment conditions.

- The buyers of ROT 6% indicated that the work would not have been performed unless they had access to the deduction. This corresponds to 44,000 jobs, or 2.6 million working hours (Swedish Tax Agency, 2011).
- In 2010 there were over 60,000 companies using the tax deduction, about one third of which were created after 2007, ie after the introduction of the reform.
- The occurrence of undeclared work has decreased by about 10% between 2005 and 2011, within the categories of jobs covered by the ROT and RUT deduction, according to a Tax Agency study.
- No study has made a thorough analysis of the earn back effects in monetary terms.



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23/01/2015 | Ester Dini

National scheme in support of Personal and Household Services

The case of Italy

This project is
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1. History of Personal and Household Services in Italy
2. Types of services
3. Public intervention tools
4. Employers and employment conditions
5. Quality of employment
6. Towards a PHS policy: The Universal Voucher Bill
7. Indicators

1. Brief history of PHS sector in Italy

- Despite the growing relevance of the PHS sector, Italy **lacks an overall and comprehensive policy** aiming at promoting its evolution, the reduction of undeclared work, and the creation of a PHS formal and structured economy
- The most important and widespread measure is the **Indennità di accompagnamento (Attendance allowance)**. Launched in 1988, it provides economic support for people with severe disabilities
- In 2004 a **tax benefit** for families employing domestic workers has been introduced in order to reduce undeclared work, but its impact has been secondary
- The 2008 job market reform introduced a **labour voucher** whose main target was to regulate occasional work in PHS sector; the measure turned out to be completely ineffective, due to its limited range of application
- At present the Parliament is discussing a **Universal Voucher Bill**, aiming at providing the PHS sector of an overall policy scheme through the introduction of a voucher system.

- **None of the measures indicated is destined specifically to a distinct area of PHS.**
- According to recent studies on PHS sector the **most relevant part of services demand regards chores (83%)**, and in particular cleaning (82,1% of families demand), cooking (60,4%), and family shopping (53,1%).
- 41,5% of the families purchases simple assistance services for the elderly (control of medication, personal hygiene, aid at getting dressed) and 27,2% for child care services. 20% of families demand professional assistance for not self sufficient people

3. Public intervention tools

- **Indennità di accompagnamento.** People with severe disabilities can benefit of a monthly allowance supplied by the National Social Security System. The monthly amount of the allowance is 504€, regardless of the household income level. In 2013 almost 2 millions of Italian families have benefited from the Indennità. The public cost of the measure has exceeded 11 billions of €. Among families using PHS, 20% benefits from this measure
- **Labour voucher.** Introduced with the aim of fighting against undeclared work in the sector by easing procedures for payment of occasional services. The cost of the voucher is entirely sustained by families, and no public co-financing is expected. In 2011 around 1,5 millions of vouchers were sold, but it is impossible to determine the number of users and workers.
- **Tax benefit.** Families employing domestic workers for PHS can deduct from their taxable income the costs for employees social security, up to a maximum of 1.549,37€. In 2012 almost 90.000 Italian families have benefited from tax reduction, for a public cost of 143 million of €

4. Employers and employment conditions

- **The Labour voucher scheme** envisions a strict definition of the kind of activities and the employment relationship. Activities listed in the law must be carried out in an occasional and discontinuous way; they always imply a direct relationship between family and workers, and no role has been designed for any intermediaries. Moreover, there is a strict definition of the profile of the people entitled to work under the voucher system: long term unemployed, housewives, students, retired people, disabled and non EU citizens
- **Tax benefit scheme** implies a direct relation between the family-employer and the worker-employee, ruled by the « domestic work contract ». The family employs the domestic worker and pays part of his/her social security cost, which can be later deducted from the household income
- Recent studies have underlined that **the lack of intermediation in the Italian PHS system** represents one of the principal burden to the development of the sector: at present only 14% of workers is employed in a company, agency or cooperative, while the great majority has a direct relationship with families

PHS sector still represents an informal system in Italy, where quality of employment is strongly affected by

- High presence of **foreign workers**, mostly coming from Romania, Ukraine, Philippines, which represent around 80% of the total
- The existence of a widespread area of **undeclared work**, amounting to approximately 48% of the total
- The professional profile of workers is **scarcely specialized**
- The **underevaluation of the role of competence** from families and workers: only 14,3% of PHS workers attended a specific training path and just 23,7% is enrolled in a public register of “domestic helpers”.

- In June 2014 a Bill aiming at introducing an Universal Voucher System for PHS it has been presented before the Parliament
- The Universal Voucher scheme envisions
 - the possibility to **deduct from taxes 33%** of the costs that families sustain for purchasing PHS up to 5000 € or 8000 € in case of not self sufficient people,
 - the opportunity for national and local institution and private companies to **use the voucher system** in order to provide economic support to families needing PHS
- Services can be provided by domiciliary workers or independent workers, as well as by companies, cooperatives or private agencies

- **No specific study** has been conducted in order to evaluate the impact of the different existing measures.
- An important **analysis on economic and occupational impact of the Universal Voucher Bill** has been carried out in 2014, in order to support the proposal approval. **Indicators** used are
 - New families accessing the PHS marketplace (482.000)
 - New workers in the sector (178.000)
 - Impact of regularisation (326.000)
 - Public cost of scheme (3,5 billion)
 - Revenues created by new occupation (553,3 million)
 - Revenues created by regularisation (1.015 million)
 - Savings by unemployment subsidies (83 million)
 - Vat revenues by stimulating new consumptions (625 million)
 - Public net cost (688 million)



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23/01/2015 | César García Arnal

National scheme in support to Personal and Household Services

The case of Spain

This project is
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1. History of Personal and Household Services (PHS) in Spain
2. Types of services
3. Public intervention tools
4. Employers and employment conditions
5. Quality of employment
6. Indicators

Evolution of PHS regulation in Spain

- In **1971** the first planning through the approval of the **National Plan of Social Security of Attendance to the Elder people** ones is realised that it at home contemplates to the direct action of “aid as well as the creation of geriatric units in public and private organizations.
- **GAUR Report (1975)** considered as the first Spanish sociological study in the matter of long term care.
- **The Social Integration of Persons with Disabilities Act, 1982 (LISMI)**
- **General Health Law , 1986**
- **Basic Provision of Social Services Plan , 1988**
- **Non- Contributory Benefits Act 1990**
- **Gerontologic Plan, 1992**

Current Regulations PHS

- **Act 39/2006** of 14th December, on the Promotion of Personal Autonomy and Care for Dependent Persons
- **RD 615 / 2007** 11th of may, regulating the social security regime for caregivers for dependent persons.
- **Act 39/1999** 5th of november to promote a work life balance and family
- **Organic Act 3/2007** 22th of march on effective equality of men and women.
- **Act 27/2011**, of 1st August, on adapting and modernisation of Social Security System

The services to the person in Spain is divided into:

1. **Assistance to the family:** they are those services to facilitate reconciliation work - family, equality and non discrimination. (Care of children and elderly people, classes and home school support, it support and internet at home)
2. **Assistance in the home:** assisting people in sensitive situation (sick, the elderly and disabled) in those core activities and necessary of these collective(cleaning and home care, repairs, gardening...)
3. **Assistance for people with health problems and complementary services to the Act long term care** (Care and assistance to home telecare, support on the go... .)

3. Public intervention tools

- **Prevention services in situations of dependence and promotion of personal autonomy.**
 - Are aimed at preventing the onset or aggravation of diseases or disabilities and their aftermath, through the development of interventions for the promotion of healthy living conditions, specific programs of preventive and rehabilitation for the elderly and persons with disabilities

- **Home Help Services (SAD).**
 - Set of actions performed in the home of the people in a situation of dependence in order to meet their needs for daily life, loaned by entities or companies, accredited for this function, and may be the following:
 - Related Services with personal attention in the realization of the activities of daily living.
 - Services related to the care of the needs of the home or domestic: cleaning, washing, cooking or other.

- **Telephone Home Help Services**

- Are intended to meet through the use of information and communication technologies and support of the necessary personal media, as an immediate response to emergency situations, or insecurity, loneliness and isolation and to promote the permanence of the users in their everyday environment. You can be a stand-alone service or complementary to the home-help

- **Daytime and Night time Centers Services.**

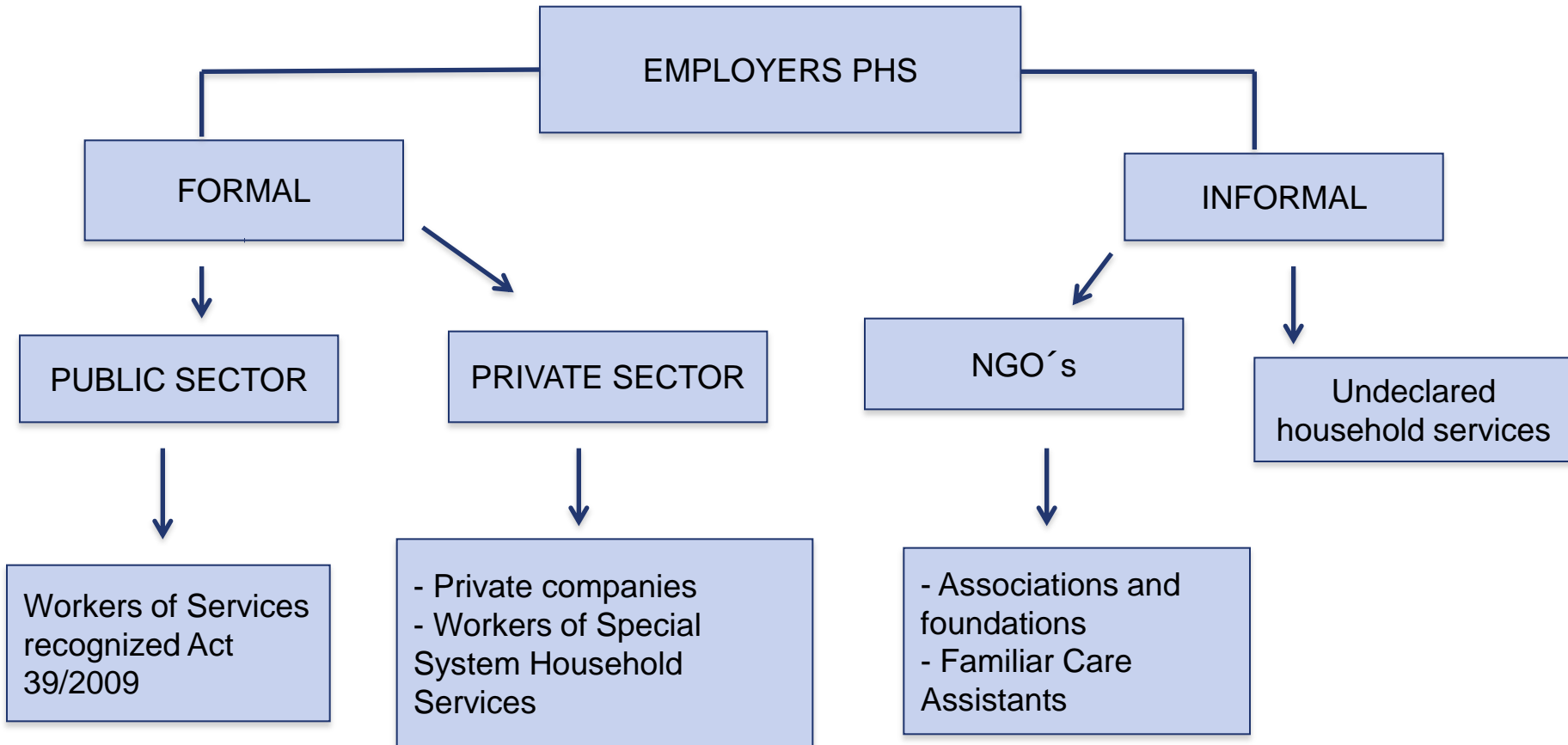
- Offers a comprehensive care during the daytime or night-time period to the people in a situation of dependence, with the goal of improving or maintaining the best possible level of personal autonomy and support to the families or caregivers. Typology of centers:

- Day Center for seniors.
 - A day care center for children under 65 years.
 - Day Center for specialized care.
 - Center at night.

- **Services of Residential Attention.**

- It offers an integral and continued attention, of personal character, social and sanitary, that will be lent in residential, public or credited centers, considering the nature of the dependency, taken care of degree of the same and intensity of that the person needs. It can have permanent or temporary character. Different types from residential centers can exist:
 - ▶ Residence for elderly people in a situation of dependence.
 - ▶ Center for the care of people in a situation of dependence, by reason of the different types of disability

4. Employers and employment conditions



4. Employers and employment conditions

Employment relationships in PHS

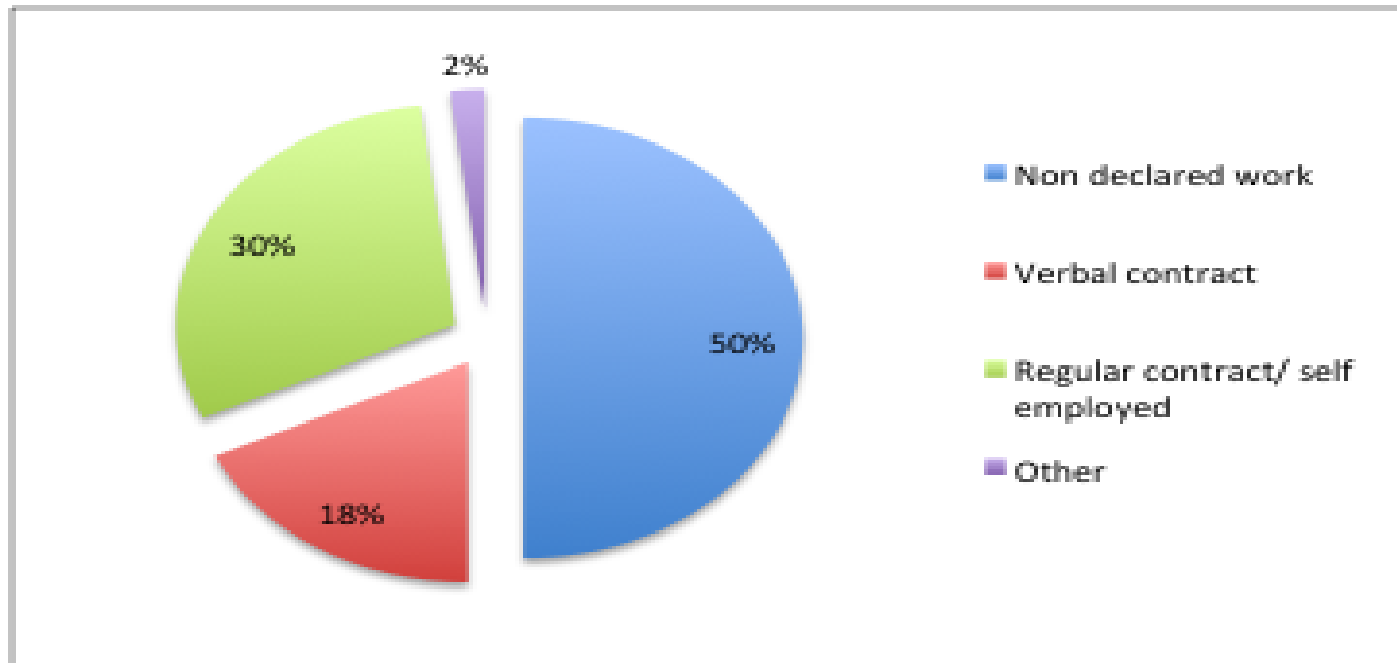
Officer (public worker)

Self - Employed

Regular worker

Household workers in
Special System

Employment relationships in Household Services



Remuneration

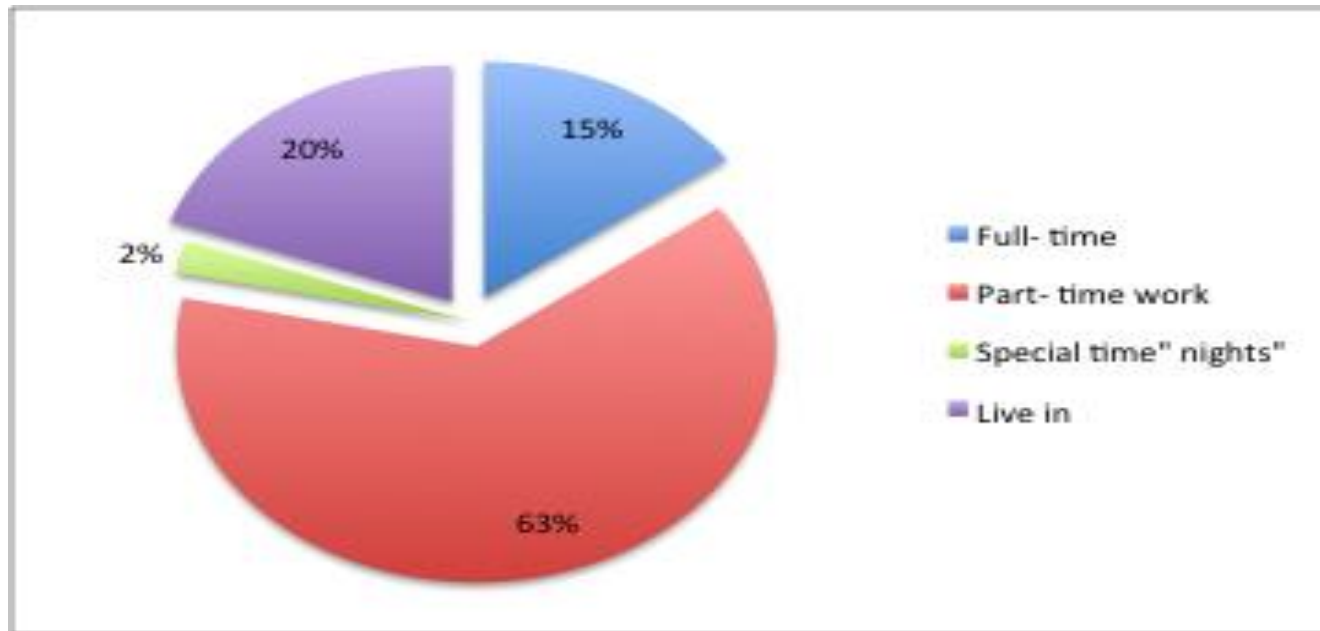
Regular worker: National Minimum wage: 641,40€

Per hours worker: The wage is calculated by the worked hours. The minimum price is 5.02€ per hour.

Live - in worker: Discounts by the wage in species (by the meals and the lodging)maximum of 30% of the wage, but the worker always has provided the national minimum wage.

5. Quality of employment

Proportion of partial time/average number of working hours per worker

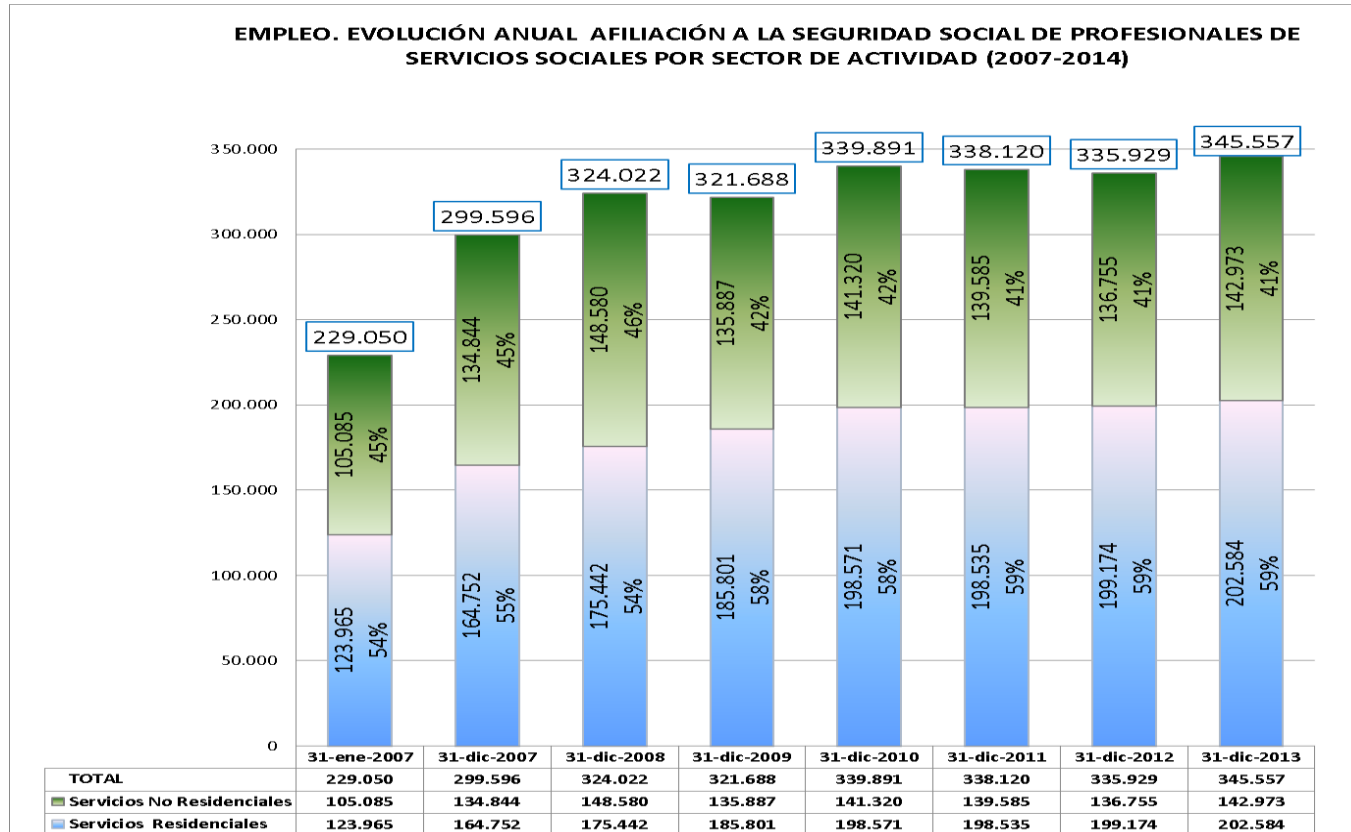


Qualification and professionalization for workers in SAAD.

- Eldercare providers
 - ▶ Degree in Auxiliary Nursing
 - ▶ Degree in Assistant for long term care
 - ▶ Certificate of Competence, long term care in social institutions

- Personal Assistant and Assistant Home Care
 - ▶ Degree in Auxiliary Nursing
 - ▶ Degree in Assistant for long term care
 - ▶ Certificate of Competence, long term care in social institutions
 - ▶ Certificate of Competence, long term care at home

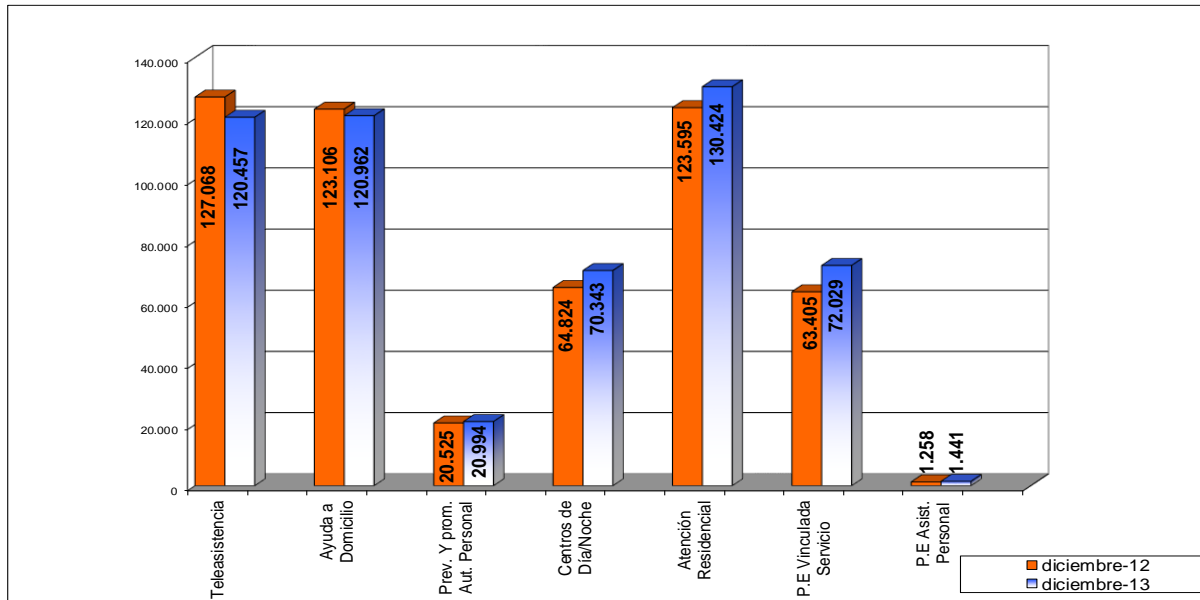
Employment



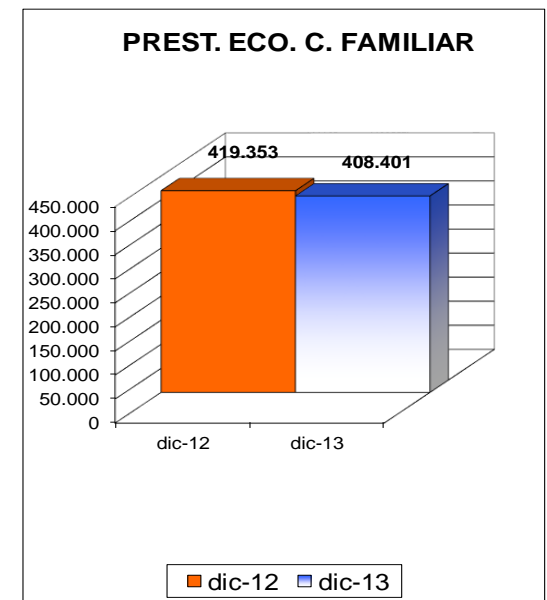
Employment / Budgetary Impact

	dic-12	dic-13	Diferencia
SERVICIOS	523.781	536.650	12.869
%S/TOTAL SERV + P.E	55,54%	56,79%	1,25%

	dic-12	dic-13	Diferencia
PREST. ECO. C. FAMILIAR	419.353	408.401	-10.952
%S/TOTAL SERV + P.E	44,46%	43,21%	-1,25%



SERVICIOS:
INCREMENTO: 12.869 (1,25%)



PRESTACIONES ECONÓMICAS
CUIDADORES FAMILIARES:
DISMINUCIÓN -10.952 (-1,25%)



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Coffee break

11:30 - 11:45 am

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**Results of the analytical work : impact indicators
exploited in the existing national studies & discussion
with the audience**

11:45 - 12:45 am

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23/01/2015 | Aurélie Decker
Project coordinator

Wrap-up and following steps

3:00 - 3:30 pm

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Wrap-up and following steps

1
definition of
measurement
and
monitoring
criteria



Oct. 2014

Feb. 2015



2
Assessment
of existing
national
practices

3
Assessment
of public
authorities
needs



June 2015

4
Establishment
of the toolkit

Aug. 2015



5
Assessment
of the toolkit

Dec. 2015



TOOLKIT
Feb. 2016

- Tacking stock of today's discussions :
 - ▶ **List of criteria** to be tested in WP 2
 - ▶ **Meeting report**

Wrap-up and following steps

1
definition of
measurement
and
monitoring
criteria

Oct. 2014

Feb. 2015

3
Assessment
of public
authorities
needs

June 2015

Aug. 2015

5
Assessment
of the toolkit

Dec. 2015

2
Assessment
of existing
national
practices

4
Establishment
of the toolkit

TOOLKIT
Feb.2016

- ▶ February 2015, start of WP 2
- ▶ Lead by *IDEA Consult*

Assessment of existing national practices

- **Objective** → Test the feasibility and availability of the criteria in three countries
- **Approach:**
 - ▶ Apply the grid for measures in Belgium, France and Sweden
 - ▶ Asses the budgetary and employment effects
 - ▶ Draft recommendations on improved data collection
- **Methods:**
 - ▶ Deskresearch
 - ▶ Data collection (national data)
 - ▶ Interviews

Assessment of existing national practices

- **Results**
 - ▶ An analysis for Belgium, France & Sweden
 - ▶ Recommendations on better data collection for missing data



To be presented during the **next working seminar**
Prague – July 2015



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Before leaving, please fill out the participants' survey !

THANK YOU FOR YOUR ATTENTION

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