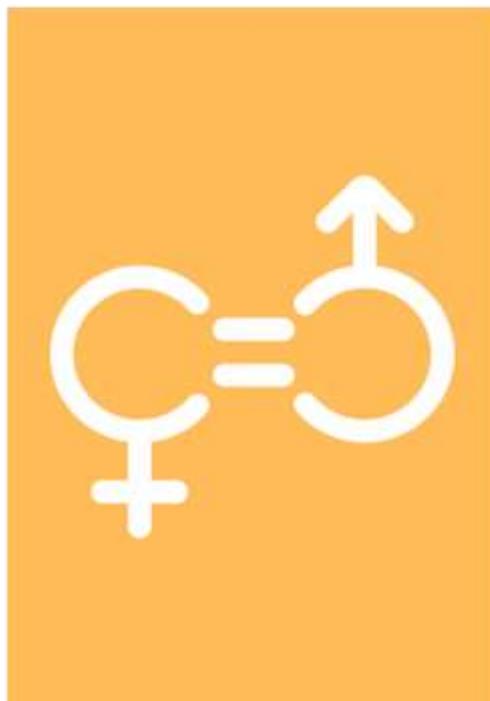
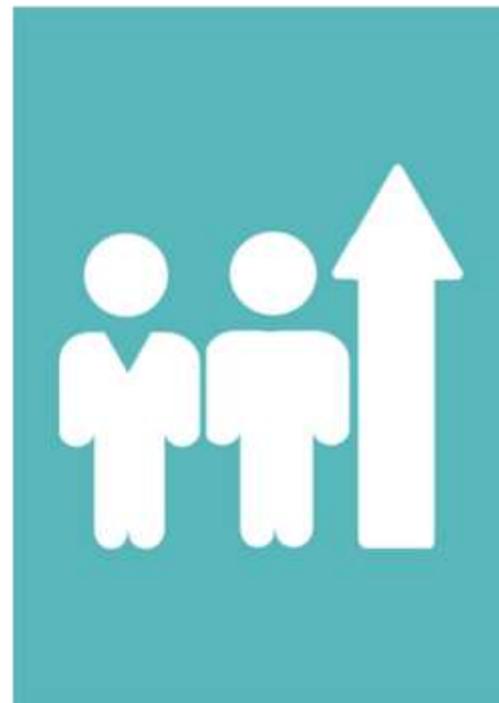


10 PROPOSALS FOR HIGH QUALITY, ACCESSIBLE AND AFFORDABLE PHS

June 2019



Memorandum for
the newly elected
MEPs and
designated
European
Commissioners

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Introduction

The European Federation for Services to Individuals (EFSI) was created in 2006 to bring together national federations and associations as well as private companies involved in the development of Personal and Household Services (PHS) in the European Union. Through its members, EFSI operates in 22 EU Members States.¹ EFSI promotes, defends and develops the PHS sector both at national and European level. Besides, it creates opportunities for PHS providers and stakeholders and gives them 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.

Personal and Household Services (PHS) are a broad range of both care and non-care activities that contribute to the wellbeing at home of families and individuals. Care-related services – approximately 60% of PHS activities – include childcare, elderly and disabled people care. Household support – approximately 40% of PHS activities – refers to maintenance services such as housework, ironing, home repairs, gardening, food delivery. Traditionally, care-related services are considered under the umbrella of social policies, therefore funded by public bodies, whereas household-related services are encompassed in employment policies aimed at creating new, formal jobs while reducing undeclared work. However, these two categories often overlap. For example, home cleaning could be provided to a dependent person or to non-dependent people with different socio-economical perspectives. This justifies a single-sectorial approach, as stated by the European Commission in a 2012 Staff working document.² In fact, **both PHS sub-sectors seek to improve the quality of life of service beneficiaries as well as the work-life balance of carers.**

The PHS spectrum is complex not only by the wide range of services provided, but also by the number of actors involved. Traditionally, people access PHS hiring the domestic worker directly. In more recent times, the provider organisation model appeared and led to the creation of public and private non-profit organisations providing social services. In the last thirty years, for-profit organisations entered the PHS sector, encouraged by the economic liberalisation and the implementation of fiscal incentives. Both the non-profit and the for-profit provider organisation models correspond to a classical form of employer-employee relation, where the PHS worker is hired by an intermediary. Finally, the digital revolution – which resulted *inter alia* in the creation of online platforms – is having a significant impact on the PHS sector since it contributes to increasing the share of self-employed PHS workers.

Given its **high potential to increase competitiveness and to foster growth and jobs**, the PHS sector has been identified by the EU Commission as a strategic economic sector as from 1993. Currently, the PHS sector employs overall 8 million workers and represents 4% of total employment in the EU-24.³ However, the level of PHS activity is not homogeneous in these 24 Member states,⁴ reflecting each country recognition of and/or investment in the sector. Against this background, PHS are considered as the second-fastest growing employment sector behind ICT.⁵ Indeed, PHS develop at an extremely rapid pace in order to respond to an increasing service demand. This demand-led growth results from some important demographic and societal changes

¹ Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and United Kingdom.

² Cf. European Commission. *Staff Working Document on exploiting the employment potential of the personal and household services* (SWD (2012) 95 final).

³ European Federation for Services to individuals (EFSI). (2018). *PHS Industry Monitor. Statistical overview of the personal and household services sector in the European Union*.

⁴ No data available for Bulgaria, Estonia, Greece and Latvia.

⁵ European Commission. (2015). *Thematic review on personal and household services*.

such as population ageing and changes in family structures. The number of elderly European citizens in potential need of long-term care (LTC) is increasing and is expected to reach 36.8 million individuals aged 80 and older by 2030. At the same time, the increasing women employment rate (66.5%)⁶ combined with the growing number of single parents is fuelling the demand for care and non-care services within the household. Accordingly, family carers are expected to decrease both because of population ageing and because of the growing participation of women in the labour market. Finally, PHS development is pivotal for both the ever-growing demand for services and the need for a better work-life balance, where reconciling work and household responsibilities is a long-standing concern in the EU.

Despite its major social contribution, the PHS sector is still insufficiently recognised and supported by public authorities. This underrepresentation could result 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 the 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. Paid, undeclared work currently represents up to 70% of PHS provision in countries where PHS supporting policies have not been implemented yet. Since the price paid for PHS corresponds almost entirely to the workers' wages, formal service provision could be very expensive. Accordingly, PHS is the third sector most affected by undeclared work. A recent Eurobarometer survey shows indeed that approximately 12 million EU citizens admitted having purchased PHS on the undeclared market.⁷

Moreover, the **PHS workforce is predominately represented by women.** In the EU-24, 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 disproportionately affected by this scourge. The participation of women in the black economy combined with poor working conditions expose female workers to the risk of social exclusion and poverty. Furthermore, gender balance in the PHS sector remains a distant goal since women still perform most of the self-produced, informal PHS activities within the household. Indeed, women spend an average of 3.5 hours per day on unpaid PHS activities, compared to men who devote only 1.5 hours to such activities. Therefore, men are traditionally absent from the PHS sector, whereas women are usually responsible for family care. As a result, they are often forced to reduce their working hours or even to withdraw from the labour market. This situation is not sustainable, nor it is economically and socially acceptable, since this gender division in PHS fuels broader gender inequality.⁸

Without the recognition it deserves, the sector will be unable to adequately meet EU citizens' needs. **PHS development should therefore be considered a priority at national and European level**, in the light of the above-mentioned social trends. Against this background, both European Institutions and national public authorities are called to consider the needs of all PHS actors: workers, users and employers alike. First, **decent working conditions** in combination with **professionalisation** opportunities would be beneficial for both PHS users and workers. On the one hand, **service quality and reliability** would increase. On the other hand, domestic workers would be granted **access to social protection**, to which they should be entitled as any other worker. Accordingly, more self-aware PHS workers would join sectoral organization, thus foster **social dialogue** at national level. Increased legal representation would boost the sector's **attractiveness** for both men and women, thus unleash its job-creation and grow-enhancing

⁶ Today, 66.5% of European women aged between 20 and 64 have a job. The 2019 Eurostat survey on Employment rate by sex shows that women's employment has been increasing on a continuous basis since 2010, going from 62.1 to 66.5.

⁷ European Commission. (2013). *Special Eurobarometer 402. Undeclared work in the European Union*.

⁸ These figures are confirmed and reported in the European Parliament Resolution on *Care services in the EU for improved gender equality*, issued in 2018.

potential. Besides, social dialogue would also have an **awareness-raising** effect and uncover the threats and risks linked to undeclared work. In order to **fight black and grey labour** in PHS, public authorities should also consider investing in PHS formal provision. At the same time, public authorities should outline suitable national legal frameworks, including social and fiscal benefits for all actors involved. First, this would meet PHS users' needs in terms of **accessibility and affordability of formal PHS**. Accessible, high-standard, affordable PHS would thus improve the level of **work-life balance** of all workers and family carers, regardless of their gender. Second, the **implementation of social and fiscal benefits** at national level should create a level-playing field for all stakeholders. Since financial support contributes to reducing the share of undeclared work, to increase service quality and to improve working conditions, public authorities are invited to consider the significant **earn-back effects of investment in PHS**.

Against this background, EFSI acknowledged and welcomed the recent commitment of both the European Parliament and the European Economic and Social Committee to PHS, as well as the opinions issued respectively on women domestic workers and carers in the EU,⁹ on care services for improved gender equality,¹⁰ on rights of live-in workers¹¹ and on long-term care to support decent ageing.¹² These initiatives reveal an increased European awareness on the momentous importance of PHS. EFSI shares the European Parliament concerns on insufficient long-term care and childcare services, which limit the participation of women in the labour market. In this regard, EFSI supports the European Parliament's call for a common EU recognition of the profession and value of domestic workers, as well as for quality, affordable and accessible care services in a work-life balance perspective. Besides, EFSI shares the European Economic and Social Committee concerns on the implications of demographic ageing. EFSI supports the European Economic and Social Committee call on Member States to further protect live-in domestic workers and increase social investment as an overall approach to improve the sector. Likewise, EFSI welcomes the focus on harmonising the minimum level of training and education of home helpers; better using digital technology to enhance older people's independence and make care at home more efficient and secure; guaranteeing suitable funding to ageing policies.

Therefore, **EFSI calls on the European Commission, Member States and the Members of the European Parliament to ensure that the PHS sector is duly recognised and considered pivotal to meet the EU social, employment and gender equality priorities, and to work together towards the implementation of the following recommendations.**

⁹ European Parliament. (2016). Resolution on *Women domestic workers and carers in the EU*.

¹⁰ European Parliament. (2018). Resolution on *Care services in the EU for improved gender equality*.

¹¹ European Economic and Social Committee. (2016). Opinion on *The rights of live-in care workers*.

¹² European Economic and Social Committee. (2019). Opinion on *Economic, technological and social changes in advanced health services for the elderly*.

PHS



CLEANING, COOKING, IRONING, HOME REPAIRS, GARDENING, MAINTENANCE, REMEDIAL CLASSES



CHILDCARE, LONG-TERM CARE (FOR OLDER PEOPLE, PEOPLE WITH DISABILITIES)



NEEDS



1 DECENT WORKING CONDITIONS

2 PROFESSIONALISATION

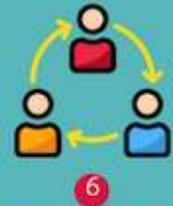


3 PUBLIC INVESTMENT

4 SUITABLE FISCAL FRAMEWORK



5 ACCESSIBLE, AFFORDABLE, QUALITY SERVICES



FULL RECOGNITION AND INCLUSIVE DEVELOPMENT

EFSI RECOMMENDATIONS

A MORE GENDER-BALANCED SOCIETY



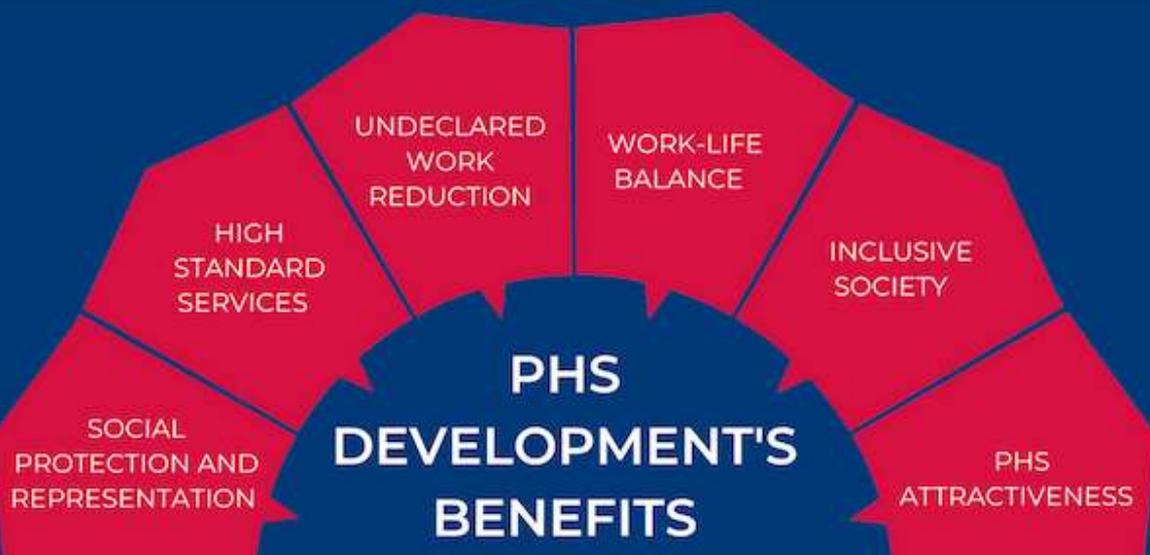
IMPROVED WORKING CONDITIONS



MEETING CITIZENS' NEEDS



BUILDING KNOWLEDGE ON PHS



OUR 10 POLICY RECOMMENDATIONS

To ensure that PHS are recognised as a key element to meet EU social, employment and gender equality priorities, EFSI recommends the following policy actions to be implemented between 2019 and 2024.

A more gender balanced society



- 1 Recognise the contribution of PHS to gender equality
- 2 Improve access to quality, affordable PHS as a precondition to improve the level of work-life balance

Meeting citizens' needs



- 3 Boost investment in PHS at European, national and local levels
- 4 Ensure the affordability of PHS through adequate social and fiscal benefits
- 8 Ensure that the PHS sector makes the best use of the latest digital developments

Improved working conditions



- 5 Ensure the implementation of the EPSR to improve working conditions in the PHS sector
- 6 Encourage the recognition and development of PHS workers' skills
- 7 Recognise and improve the rights of PHS migrant workers

Building knowledge on PHS



- 9 Contribute to bridging the knowledge gap on PHS at EU level
- 10 Collect information on undeclared work in the PHS sector and foster the exchange of knowledge and practices

Recommendation n°1: Recognise the contribution of PHS to gender equality

Nowadays, unpaid care work is the main cause of women exclusion from the labour market. Based on the traditional social roles of women-caregivers and men-breadwinners, care work is indeed traditionally performed by women. The imbalanced division of work within the household is one of the main features fueling gender inequalities. Besides, work in the PHS sector is seen as a natural extension of women's unpaid care responsibilities. Against this background, EFSI calls for a renewed European commitment to reduce the gender gap in the distribution of unpaid care and household work. Targeted employment laws and policies as well as suitable PHS services should be outlined and provided in order to increase women participation in the labour market. Accordingly, the increased female employment rate would foster women social representation, resulting in the reduction of gender gaps on salaries and pensions. Furthermore, in a PHS perspective, EFSI calls for decent working conditions in the sector in order to boost its attractiveness for both men and women.

The contribution of PHS to gender equality is often overshadowed, whereas its relevance is striking. Indeed, as it was recently demonstrated by the International Labour Organisation (ILO),¹³ **unpaid care work is the main reason why women are excluded from the labour force**. Globally, women perform more than three-quarters of the total time spent in unpaid care work (76.2%), the most time-consuming unpaid activities being cooking and preparing food, cleaning, shopping and childminding. In 2017, in the EU-28 almost half of the inactive women aged 25-54 were not on the labour market for personal or family reasons (9.7% – out of 20.3% of inactive women – compared to only 0.7% of inactive men for the same reason). Furthermore, the inactivity rate of women increases according to the number of children below 6, whereas the corresponding inactivity rate of men hardly change.¹⁴ In this framework, social norms reinforcing the roles of women caregivers and men breadwinners account for a good share of this trend. The entrenched stereotype that women are responsible for unpaid care work at home has a spill over effect on the value attributed to women's contribution to the labour market. As such, **work in the PHS sector is seen as a natural extension of women's unpaid care work and is thus significantly undervalued**. The imbalanced division of work within the household between men and women is one of the most characterizing features of gender inequality. It affects women's levels and types of engagement in the labour market and also impacts their health and well-being. In particular, women should be attentively observed when it comes to stress-related diseases, since their mental load increases based on the need to balance dual responsibilities at work and at home.

Against this background, EFSI welcomes the European Parliament resolution on *Care services in the EU for improved gender equality*.¹⁵ The resolution highlights the need to **ensure affordable and qualitative personal and household services to every EU citizen regardless of their gender, with the aim to reduce the gender gap in the distribution of care and household duties, therefore to promote the participation of women in the labour market** in accordance with their will. The Commission's current strategic commitment to gender equality will end in 2019 and, even though women employment rate has reached historical levels, attitudes and behaviours

¹³ ILO (2019), *A quantum leap for gender equality: for a better future of work for all*.

¹⁴ Eurostat, Labour Force Survey.

¹⁵ European Parliament. (2018). Resolution on *Care services in the EU for improved gender equality*.

are changing very slowly and a renewed European commitment is needed. Particular attention should be paid on including highly feminised sectors or occupations – such as PHS jobs – in the EU law coverage. Against this background, EFSI considers that the post-2019 Commission’s work on gender equality should focus on the following priorities:

- **increasing the participation of women in the labour market** and fostering equal economic independence of both women and men;
- **encouraging an equal sharing of unpaid housework and care work** between men and women;
- **reducing the gender pay, wage and pension gaps** and thus fighting poverty among women.

In this framework, the forthcoming strategy should work on **reconciling the worlds of “work” and “care” as one of the key challenges to actively promote gender equality**. From PHS users’ perspective, **care needs must be addressed in a comprehensive and meaningful way** – for both women and men – thanks to suitable employment laws, policies and targeted services. Access to PHS, when intelligently designed and sufficiently financed, has a positive impact on redistributing unpaid care work, freeing women’s time and increasing their participation in the labour market. From PHS workers’ perspective, the European gender equality strategy should promote **the sector’s attractiveness for both women and men**. This requires decent working conditions, to be ensured and regulated as detailed below in Recommendations 5 and 6.

Finally, EFSI highlights the importance of establishing frequent **gender-disaggregated data collection** and production of statistics on paid work, unpaid care work, earnings, take-up rates for leaves, gross enrolment ratios in early childhood education and care, access to long-term care services. Besides, statistics on these data should align with the latest statistical standards, as detailed below in Recommendation 9.

Recommendation n°2: Improve access to quality, affordable PHS as a precondition to improve the level of work-life balance

Work-life balance could be fully achieved thanks to a better integration of working and caring responsibilities and a gender-balanced take up of family-related duties. In this view, EFSI welcomes the Proposal for a Directive on Work-Life Balance. EFSI also highlights that quality, affordable, accessible PHS are an essential precondition to work-life balance. Therefore, EFSI invites the Commission to integrate PHS-oriented strategies in the package of legislative and non-legislative WLB measures. With regard to non-care services, EFSI invites to consider the significant impact of household activities on work-life balance. With regard to care services, EFSI calls to focus on the provision of quality and inclusive childcare, in compliance with the Barcelona targets, to be reviewed and adjusted. In a PHS broader perspective, EFSI invites to collect examples of good practices related to the provision of affordable PHS and to assess their impact on work-life balance. Accordingly, EFSI calls for a multilateral financial support scheme for PHS provision, involving both public authorities and private stakeholders.

Since 2013, EFSI has been advocating for a comprehensive European strategy on work-life balance for both men and women, parents and carers of elderly or dependents. Therefore, EFSI welcomed the April 2017 Communication and related Proposal for a Directive on Work-Life Balance. EFSI acknowledges the Proposal's high-potential to support a better integration of working and caring responsibilities and a gender-balanced take up of family-related duties. EFSI also welcomes the progress made since 2017 towards the adoption of the Directive and invites the Commission to concretely deliver on the whole package of policy proposals mentioned in the Communication. However, the package of legislative and non-legislative measures does not set concrete and satisfying standards on quality, affordability and access to PHS.

EFSI argues that **improving access to quality and affordable PHS is an essential precondition to ensure work-life balance**. Therefore, EFSI calls on the European Institutions to review the package of non-legislative measures according to the following suggestions:

- Firstly, the contribution of PHS to work-life balance is considered only in relation with early childhood and education care (ECEC) and long-term care (LTC) services, whereas **the impact of non-care, household-related services is equally significant and should therefore be more consistently integrated**. Indeed, research has shown that the externalisation of daily household services has a very positive effect on work-life balance. In Sweden, for every purchased hour of household services through the RUT tax deduction system, married women aged 25-55 have gained 1.8 hours, 60% of which is used for paid work. In Belgium, 17.8% of service vouchers are used to purchase household maintenance services to better combine private and professional life.
- Secondly, EFSI invites to **collect concrete examples of good practices on affordable access to PHS in a work-life balance perspective**. Against this background, EFSI highlights the need for a multilateral financial support scheme involving national, regional and local authorities, as well as private stakeholders. Employers might indeed contribute in terms of subsidies and/or direct provision of PHS to their employees. Accordingly, the European Institutions should value these interventions in the collection of good practices and support them through tailored budget allocations.

- Finally, when it comes to childcare, the Barcelona targets set in 2002 are still far from being implemented in many Member States. Nonetheless, the Communication on Work-Life Balance calls to review the more recent Education and Training 2020 targets, which significantly lower the previous 2002 objectives focusing only on children aged 4+. Instead, childcare is critical from an earlier age since it impacts children's education and development, families' social inclusion, parents' work-life balance. Therefore, **EFSI invites to increase the supply of quality and inclusive childcare from the early years, regardless of the financial situation of the family.** To achieve this goal, EFSI believes that it is essential to **review the Barcelona objectives through a Council recommendation** setting renewed short-term and long-term targets. Furthermore, EFSI invites to **monitor childcare across EU Member States through the European Pillar of Social Rights' social scoreboard indicator on early childhood.** This would allow to set relevant support systems and help Member States comply with the reviewed benchmarks on childcare.

Recommendation n°3: Boost investment in PHS at European, national and local levels

The PHS sector has a potential to create new jobs, therefore to foster growth and increase competitiveness. Accordingly, social investment paves the way towards a thriving European economy. Social investment also contributes to reducing undeclared work and opens opportunities for workers professionalisation, which would thus contribute to improving service quality. Therefore, EFSI invites the European Commission to consider the earn-back effects of social investment in PHS. EFSI suggests using the EU semester to monitor and assess PHS policies across EU Member States, thus providing targeted financial support to relevant National Reform Programmes. In this regard, EFSI calls for a comprehensive approach to PHS development in the framework of the budgetary programme for 2021-2027. Investing strategies on PHS should therefore be included in programmes such as InvestEU, ESF+ and the EU Cohesion Fund.

As mentioned in the introduction, personal and household services have an extremely positive impact on society since they generate a virtuous cycle: quality household and care services contribute to improving work-life balance, foster the participation of women in the labour market and allow ageing at home in dignity. Therefore, EFSI urges the European Institutions and Member States to boost investment in the development of PHS in order to improve the well-being of all European citizens. In this regard, EFSI supports the European Economic and Social Committee call for suitable funding, especially for long-term care¹⁶ and live-in care services.¹⁷

Social investment has been integrated into the EU budgetary programmes since 2013, following the launch of the Investment Package which stressed the advantages of publicly financed care services. Even though it increases public spending, social investment opens opportunities for growth in productivity, while fighting undeclared work and fostering professionalisation. Contrary to what is usually thought, public investment – including on PHS – **entails numerous earn-back effects and generates revenue for the State**. Earn-back effects are defined as the effects generated by a measure firstly in terms of additional cash receipts for public budget/social security budget and secondly in terms of reduction in public expenditures. As such, studies conducted in several countries have concluded that the earn-back effects generated by PHS supporting policies significantly reduce the initial cost of these measures¹⁸ ¹⁹ and even produce benefits.²⁰ EFSI calls for a better recognition of the earn-back effects of social spending and accordingly advocates for further social investment both in National Reform Programmes and at European level.

Against this background, EFSI **invites to use the European Semester and related tools to monitor, assess, issue country-specific recommendations and accordingly provide financial support to Member States for the development of PHS**. Furthermore, the

¹⁶ European Economic and Social Committee. (2019). Opinion on *Economic, technological and social changes in advanced health services for the elderly*.

¹⁷ European Economic and Social Committee. (2016). Opinion on *The rights of live-in care workers*.

¹⁸ A 2016 study conducted by the French Ministry of Finances estimated at € 11.5 bn all public expenditures related to PHS. Considering the PHS-generated tax and social security revenue, it resulted a deficit of € 2.7 bn for the whole sector. Instead, the fiscal balance reached an equilibrium if household support services alone are taken into account (with a very slight surplus of € 70 m).

¹⁹ In 2016, in Belgium, the cost to public authorities of a full time equivalent (FTE) job in the service voucher system was estimated at € 25.354 per year. However, each FTE jobs generated an additional revenue of € 24.151.

²⁰ This is notably the case for the Swedish RUT system. A 2011 study conducted by Företagarna estimated the gross cost of the measure at SEK 900 mn (€ 96.59 mn) whereas the net increased income amounted to SEK 2 900 mn (€ 311.23 mn). This benefit was produced by the increase in companies' taxes, VAT revenue and social contributions.

Commission should develop a comprehensive approach to PHS in the forthcoming budgetary programmes for 2021-2027. A number of European instruments could contribute to the development of PHS in relation to: research and innovation (Horizon Europe), training and professionalisation of PHS workers (Erasmus+), strengthening of social cohesion (ERDF) and social protection and inclusion to ensure decent working conditions and to boost the sector's attractiveness (EaSI, to be integrated into ESF+). Against this background, EFSI welcomes the progress made towards the adoption of the Multiannual Financial Framework 2021-2027 and welcomes the launch of new European funds: InvestEU, ESF+ and the EU Cohesion Fund.

- **InvestEU:** This new programme identifies four main areas of investment, including social policies and skills development. However, given the variety and complexity of the topics falling within this scope, EFSI deplores that the budget allocated for social investment - currently amounting to € 4 billion – is significantly lower than the funds for each of the three other investment areas – amounting approximately to € 11 billion each. Therefore, **EFSI urges the Commission to consider social policies and skill development as a policy priority and consequently increase the related budget by 15%** as foreseen in the related Regulation.
- **ESF+:** EFSI welcomes the Commission proposal for a Regulation on the European Social Fund Plus and its alignment with the European Pillar of Social Rights (EPSR). Since ESF+ investments will be targeted mainly on **education, employment and social inclusion**, EFSI invites the Commission to **further invest on the development of PHS**, in compliance with article 18 and 21 of the Regulation on the enhancement of sustainable high-quality care services.
- **EU Cohesion Policy Fund:** finally, EFSI welcomes the proposal to better use the EU Cohesion Policy Fund in the framework of the European Semester process. EFSI advocates for a **strategic use of this budget in a PHS perspective**, since accessible, quality, affordable PHS contribute *inter alia* to improving the quality of employment, social inclusion and overall standards of living. Therefore, specific budget allocations should target PHS policies, especially in those Member States and regions where the sector is less developed.

Recommendation n°4: Ensure the affordability of PHS through adequate social and fiscal benefits

Considering that formal PHS provision is very expensive and that the current service demand outweighs formal supply, households tend to turn either to the undeclared market or to self-production. In this framework, a suitable social and fiscal framework is necessary to increase PHS affordability, thus to reduce the share of black and grey labour and to improve work-life balance. Efficient social and fiscal measures would include tax deductions/exemptions, subsidies, reduced VAT rates and reductions/exemptions in employers' contributions. Although national governments are responsible for domestic fiscal policies, EFSI calls for further commitment at EU level towards the deployment of suitable policy supporting instruments. In this regard, EFSI welcomes the Structural Reform Support Program (SRSP), deployed in the framework of the European Semester. EFSI calls for a stronger and broader promotion of this instrument, that should be leveraged to provide technical expertise on the development of PHS policies. Furthermore, EFSI also welcomes the proposal for a Council Directive amending the current rules on value added taxes (VAT) rates. EFSI calls for a swift adoption of this legislation, ensuring the application of the same VAT rates to the same kind of services. This legislation should also target PHS, which are currently partly excluded from the VAT rates reduction mechanism.

Several obstacles hinder the development of personal and household services, therefore without specific supporting policies the formal provision of PHS would be neither adequate nor efficient. More specifically, in the absence of specific supporting policies the share of formal PHS would be too low and its cost would be too high. Given PHS high employment content (i.e. the price paid for a service corresponds almost entirely to the worker's wage), the formal provision of PHS is much more expensive than undeclared provision (considering taxes and social contributions). Besides, PHS demand is currently higher than the formal affordable supply. As a result, households either turn to the undeclared market or resort to self-production. This hinders people's well-being and participation in the labour market. Against this background:

- EFSI calls for **suitable social and fiscal frameworks** regulating a comprehensive range of supporting measures on working conditions, professionalisation and PHS affordability. In this regard, multiple policy instruments can be deployed to **reduce both the price of PHS for users and the cost for providers**. Priority measures should include income tax deductions/exemptions, subsidies (in-cash or near cash payments, in-kind benefits as well as social vouchers), VAT reductions, reductions/exemptions in employers' contributions. In this regard, the European Commission should invite Member States to ensure a level-playing field on equal VAT rates, access to subsidies as well as social obligations for all PHS stakeholders, regardless of their legal status. In addition, specific policy instruments should also target and support employers who guarantee an adequate access to PHS to their employees, in a work-life balance perspective.²¹
- Although social and fiscal issues are mainly dealt at national level, EFSI considers that **concrete action must be taken at EU level** in order to help Member States assess their current PHS fiscal policies and outline new supporting policy instruments. In this regard,

²¹ For more information about the various policy instruments that can be implemented to support the formal and qualitative development of the PHS sector, see IMPact (2016) *PHS policies – implementation and monitoring guide*. Cf. www.impact-phs.eu

EFSI welcomes **the Structural Reform Support Program (SRSP)** launched in 2017 to provide technical support to national authorities in the drafting of institutional administrative and growth-sustaining structural reforms. The provision of tailor-made support, from the preparation and drafting to the implementation of *ad-hoc* reforms, meets Member States' need of technical expertise. So far, only one Member State resorted to the SRSP to conduct a spending review on one PHS policy instrument, with constructive outcomes. Instead, at least three Member States have launched an in-depth reflection on how they could support their PHS sectors without turning to the SRSP. These countries encountered difficulties in identifying sources of expertise and in assessing the effectiveness of relevant policy measures, to be illustrated by concrete European practices and examples. Therefore, **EFSI calls for a wider promotion of the SRSP across national public authorities. EFSI highlights the fundamental role that the Program should play in increasing public support to the PHS sector**, while stressing all related direct and indirect social benefits. In addition, it would be beneficial for the European Commission to rely on existing networks of experts. Accordingly, the Commission should inform Member States on the available pool of expertise that could be easily activated when requesting support from the SRSP. With reference to the PHS sector, EFSI invites the European Commission to mobilise the network that will be developed in the framework of the **Ad-PHS project**.²²

- EFSI has taken good note of the European Commission's **proposal for a Council Directive amending the current rules on value added taxes (VAT) rates**, issued in January 2018. VAT reductions should be prioritized on services which supply high social benefits such as: home services (housework, ironing, small gardening, small repair work); child-care services; homecare services for elderly people; home-based courses (not restricted to school help); home IT and Internet assistance; organisational activities and management of PHS provision (intermediation services, regardless of whether the organisation does or does not employ PHS workers); maintenance, upkeep and temporary home vigilance services. As mentioned above, **reduced VAT rates represent an effective policy measure to increase PHS affordability**. Besides, several studies demonstrated that reduced VAT rates have no distortive effect on the internal market. Currently, some PHS are not eligible for reduced VAT rates either by nature or by reason of how they are provided. Therefore, **EFSI calls for a swift adoption of new rules on VAT rates, ensuring that all PHS activities are eligible for reduced VAT rates and that each category of services benefits from the same VAT regime** regardless of the service provision mode.

²² The project *Advancing Personal and Household Services (Ad-PHS)* was launched in December 2018 and will end in May 2020. The project is co-funded by the European Union (Budget line: BGUE-B2018-04.037727). Cf. <https://ad-phs.eu/>

Recommendation n°5: Ensure the implementation of the EPSR to improve working conditions in the PHS sector

Increased recognition, social protection and better working conditions are essential prerequisites to improve the PHS sector, and would also contribute to reducing the share of undeclared work. Both the European Pillar of Social Rights (EPSR) and the ILO Convention 189 on domestic workers could be used as framework documents to protect PHS workers' rights. Therefore EFSI invites the European Commission to translate the Pillar's principles into binding legislation, with a particular focus on labour standards and social dialogue. EFSI also invites to use the social scoreboard to monitor the Pillar's implementation in a PHS perspective, especially when it comes to education, skills and lifelong learning, gender equality in the labour market and labour force structure. Furthermore, EFSI invites the Commission to list all legal issue that prevent some Member States from ratifying the ILO Convention 189 and to open a broad debate on barriers hindering the improvement of working conditions in PHS. Finally, EFSI deplores that the current strategic framework on Occupational Safety and Health (OSH) does not address PHS workers under direct employment contracts. In this regard, EFSI urges to consider all the PHS workforce in the next Strategic Framework for 2021-2027 and to develop specific tools to frame and monitor PHS work-related diseases.

In 2017, the Juncker Commission launched the **European Pillar of Social Rights (EPSR)** presented as a “compass” to steer EU policymaking through a rights-based social investment approach, towards the creation of a “European Social Union” (ESU). However, only some initiatives related to the EPSR principles and rights have been undertaken so far. Therefore, **EFSI invites the European Institutions to move towards the full implementation of the Pillar** by translating its principles into binding legislation. Accordingly, Member States' social policies should align with EU priorities and recommendations. In this regard, EFSI also welcomes the creation of a **social scoreboard** to monitor the implementation of the Pillar across EU countries. The scoreboard is structured around three dimensions, covering 12 different areas that broadly encompass the EPSR principles. EFSI encourages the **EU to assess the scoreboard outputs in a PHS perspective**, especially when it comes to education, skills and lifelong learning, gender equality in the labour market, and the labour force structure. Accordingly, the scoreboard should be used to draft country-specific recommendations on social and employment policies targeting the PHS sector.

- Concerning principle 10 on a Healthy, Safe and Well-adapted Work Environment, **EFSI calls for further reflection at European level on Occupational Safety and Health (OSH) and on risk prevention in the PHS sector**. OSH strategic framework currently covers only part of the PHS workforce, notably workers employed by service providers. Instead, domestic workers under direct employment contracts are not considered. EFSI deplores the exclusion of some PHS employment models from the OSH European legislative framework and urges the Commission to ensure adequate protection to all PHS workers in the next Strategic Framework on Health and Safety for 2021-2027. Against this background, EFSI urges the **European Agency for Safety and Health at Work (EU-OSHA) to launch studies/analysis on the PHS sector, to better frame specific work-related diseases** – such as musculoskeletal disorders and exposure to dangerous chemical substances – and to **collect good practices on risk assessment**. Accordingly,

specific tools should be set up to monitor and prevent work-related diseases in the PHS sector.

- PHS workers' rights and well-being are still insufficiently considered in both EU and national legislations. Therefore, EFSI refers to the EPSR, article 8 on Social Dialogue, to call for better **representation of the PHS workforce**. Against this background, **EFSI invites the European Institutions and Member States to encourage and support both PHS employees and employers joining national sectoral organisations**. Social dialogue would foster negotiations on working conditions, access to social security and social protection and accordingly contribute to outlining **PHS-oriented employment and social policies**. As a result, PHS workers would be less exposed to the risk of poverty and social exclusion. Besides, strengthening social dialogue would also contribute to fighting black and grey labour and develop the **PHS formal market**.

In more general terms, **EFSI advocates for increased recognition and social protection for people employed in the PHS sector**. In this regard, EFSI welcomes and supports the European Economic and Social Committee opinion on "live-in"²³ domestic workers who should benefit from the same rights and equal access to social protection as any other worker. Indeed, to improve working conditions in the PHS sector, EFSI urges the promotion of regular labour standards for all PHS workers, regardless of their employment contract or migration status. With reference to the Pillar, improving working conditions would comply with article 3 on Equal Opportunities, article 5 on Secure and Adaptable Employment and article 12 on Social Protection. Furthermore, EFSI highlights that the **ILO Convention 189 on domestic workers** offers guidelines to improve working conditions as well as social protection in PHS. The EU support to the ILO Convention 189 is a strong signal of the European willingness to protect domestic workers' rights and improve their living conditions. In this regard, **EFSI invites the Commission to list all legal issues that prevent some Member States from ratifying the Convention and to open a broad debate on barriers hindering the improvement of working conditions in PHS**.

²³ European Economic and Social Committee. (2016). Opinion on *The rights of live-in care workers*.

Recommendation n°6: Encourage the recognition and development of PHS workers' skills

Skills shortages and underqualification are currently restraining the potential of PHS as for job creation, growth enhancement and responsiveness to social needs. The stigma related to PHS workers classified as low-skilled profiles does not reflect their need to develop both technical and interpersonal skills. Considering the booming demand for services, EFSI insists on the importance to develop both transversal and specific skills, for both caregivers and domestic workers. Professionalisation is fundamental to ensure quality and formal service provision and to promote social dialogue and PHS attractiveness. EFSI invites therefore the EU to acknowledge the important social role played by PHS actors and accordingly invest on skills development, both at European level – through instruments such as the European Pillar of Social Rights, the New Skills Agenda and a strategic use of European Funds – and at national level – through Country-Specific Recommendations on professionalisation.

Despite its high job-creation and growth-enhancing potential, the PHS sector is poorly recognised and its workforce is exposed to severe stigmatization. PHS workers often lack appropriate training programmes, recognition of prior learning mechanisms and opportunities for skills development. As a result, most PHS workers are classified as **low-skilled profiles**. Quite the contrary, PHS workers must acquire both technical skills (such as knowledge of basic hygiene rules, use of specific products and avoidance of dangerous chemical reactions, competences for the care of vulnerable persons, professional self-awareness and prevention of occupational hazards, etc.) and interpersonal skills (such as discretion, mutual confidence, autonomy, adaptation to the user's needs, etc.).

Underqualification and under-recognition fuel the risk of social exclusion. To counter this trend, **EFSI invites the European Institutions to acknowledge the important role played by PHS workers in our society and to invest in skills development programmes. Professionalisation** would indeed have a very positive impact on the PHS market. Firstly, it would create the added value of formal PHS compared to undeclared and/or informal unpaid provision, since qualified reliable professionals would ensure quality services. Secondly, professionalisation increases self-awareness, therefore PHS workers would be encouraged to join sectoral organisations and participate in social dialogue at national level. Finally, some PHS sub-sectors (mostly care services) grapple with acute labour shortages, especially considering that a significant share of PHS workers is now aged 50+ and will soon leave the labour market. Therefore, professionalisation – along with better working conditions and increased wages – is one key element to reinforce the sector's attractiveness and accordingly increase the number of qualified workers. Against this background, EFSI welcomes the European focus on professionalisation and invites to use the following instruments to foster upskilling and reskilling in PHS:

- EFSI welcomes the **European Commission Social Agenda**. In particular, professionalisation is enshrined in Article 1 of the **European Pillar of Social Rights** on Education, Training and Life-long Learning. Besides, the **New Skills Agenda for Europe** includes the Vocational and Education Training programme as well as the Blueprint for Sectoral Cooperation, which tackles skills shortage through a strategic use of EU funding. In this framework, **EFSI invites the European Commission to open a new call for**

proposal on the Blueprint in order to foster investment on training programmes targeting the PHS sector.

- Concerning the EU financing mechanism, EFSI acknowledges the **European Social Fund** allocations on skills development programmes for low-qualified adults. **EFSI invites the European Institutions to keep investing** on these grow-enhancing initiatives in the framework of the new **European Social Fund +** and **Erasmus + programmes**.
- With regard to the European Semester, EFSI welcomes the recent **Council Recommendation and related Commission Staff Working Document on “Upskilling Pathways”**. This initiative aims to promote skills acquisition and career mobility of all EU workers, including domestic workers. Moreover, EFSI calls for a strategic use of the **Country Specific Recommendations** to raise awareness across Member States – especially those with less developed PHS sectors – on the importance of professionalisation to achieve satisfying levels of qualified labour in the PHS sector.

In more general terms, and since PHS include a wide range of care and non-care activities, **EFSI advocates for the development of both transversal and specific competences** for both caregivers and domestic workers.

Recommendation n°7: Recognise and improve the rights of PHS migrant workers

Large-scale migration has a significant impact on the European labour market. In the PHS sector, the demand is partly filled by migrants, often undeclared and undocumented. Migration and black-labour are therefore strictly inter-related issues. Accordingly, migrants – especially female and *au pair* workers – are more exposed to exploitative working conditions. EFSI invites the EU to acknowledge the fundamental contribution of migrant workers to the PHS sector and to insist on decent and dignifying working conditions for all workers, regardless of their ethnicity, gender and status. In this regard, the Fitness Check assessing the EU Legislation on Legal Migration could be a useful tool to coordinate migration and employment policies, even though no concrete action plan has been outlined yet. EFSI suggests therefore to define further actions, following four main recommendations: monitor the respect of migrants' fundamental rights through *ad hoc* inspections on employment and *au pair* agencies; foster right awareness across migrants and encourage them to report abuses; extend labour channels to migrants, upon regularisation of their status; invest on skills development programmes addressed to migrants, such as the Skills Profile Tool for Third Country Nationals.

In recent years, the EU has been confronted with large-scale migration, which had a significant impact on the European labour market. Many third country nationals who entered Europe currently work under no formal contract. When forced into the black or grey economy, third country nationals have very few possibilities to obtain regular visa through employment. Besides, irregular migrants have limited access to labour rights protection, therefore they are more exposed to exploitative working conditions, social exclusion and poverty. This trend particularly affects the PHS sector. Since the European national workforces can no longer meet the increasing need for domestic and care services, **the demand is partly filled by migrants, sometimes undocumented and/or undeclared**. Moreover, migrants are also exposed to the misuse of the *au pair* system, eventually resulting in underpayment, overworking and the demand for unappropriated duties. Considering also that the sector is one of the main access points to the European labour market for migrant women, this group is particularly exposed to exploitation, dependence, precarity and even gender-based abuses. Ultimately, the participation of (female) illegal migrants to the PHS undeclared economy contributes to exacerbating stigmas related to social, racial, gender bias and to the lack of recognition and investment in domestic and care work.

Nonetheless, EFSI **highlights the positive contributions of intra-EU and extra-EU PHS migrant workers, regardless of their migration status**. EFSI invites therefore to prevent a situation where Europe meets its domestic and care needs through the exploitation of irregular migrant workers. The EU should instead **ensure that employment conditions in the PHS sector are decent and dignifying for all workers regardless of their status and gender**. Therefore, EFSI calls for further actions to regulate the employment of migrant workers in the PHS sector. In this regard, EFSI acknowledges the **Fitness Check assessing the EU Legislation on Legal Migration**, published in March 2019. This analysis stresses that labour migration could potentially tackle European skills and labour shortages, especially when it comes to **care and domestic services**. Nonetheless, stakeholders raised concerns about the **legal gap on the migration of low and medium skilled workers, including PHS workers**. Accordingly, the Fitness Check called for a better coordination of legal migration and employment policies – with a focus on

upskilling programmes – since these two legal frameworks jointly contribute to increasing productivity and labour market participation. Better synergies between these policy areas would thus allow **legal migration policies to meet the EU economic and social needs, while preventing and fighting labour exploitation**. However, no concrete action plan has followed yet. Therefore, EFSI invites to consider the following recommendations:

- First and foremost, EFSI urges to **monitor whether PHS migrant workers' fundamental rights are respected**, in compliance with the UN Migrant Workers Convention, and more broadly the ILO convention 189 on Domestic Work and the UN Convention on the Elimination of All Forms of Discrimination Against Women. Since migrants' factual access to fundamental labour rights is currently determined by the employer, EFSI also calls for *ad hoc* systems to check the recruitment process in employment and *au-pair* agencies and to make sure that contracts respect minimum labour standards, including access to social security.
- Simultaneously, EFSI highlights the need to **foster rights awareness across migrants** working in the PHS sector. Apart from being unaware of their rights, irregular migrants do not report abuses because they fear deportation. Non-governmental organisations (NGOs) and trade unions should therefore get involved and advocate for adequate employment conditions and full access to legal support.
- In compliance with the principles highlighted in the Fitness Check, EFSI invites to **foster a broad EU level reflection on the opportunities of extending the existing labour channels** – including work permits and labour migration - to PHS migrant workers, upon formal regularisation of their status. This would allow tackling the misuse of migrants' employment channels, such as the *au pair* system.
- Finally, EFSI calls for further **investments in skills development programmes** addressed to migrant workers and invites to consider language barriers when putting in place these training and/or assistive solutions. An example of good practice is the **Skills Profile Tool for Third Country Nationals**. In this regard, EFSI recommends a purposeful use of the Tool in the domestic and care sector and invites the European Commission to raise awareness across Member States on its functions.

To conclude, opportunities for decent employment should be provided to all PHS workers, regardless of their status and gender, this would be beneficial for migrants, employers, users and the sector as a whole.

Recommendation n°8: Ensure that the PHS sector makes the best use of the latest digital developments

The digital revolution is reshaping our society and the world of work alike. New technologies are increasingly pervasive in many sectors, including PHS. PHS workers must indeed retain an up-to-date digital skillset, especially considering that they assist vulnerable people with the use of new technologies. In this regard, EFSI invites to pursue research in technological progress applied to PHS and its impact on PHS workers and users, in the wake of the Active and Assistive Living (AAL) programme and the Digital Health Europe (DHE) project. Accordingly, EFSI invites the EU to invest on responsible innovation and digitalisation of the health and care sectors, with specific PHS-oriented solutions. Investment should also target digital training, in compliance with the New Skills Agenda for Europe. Finally, EFSI invites the EU – DG CONNECT and DG EMPL in particular – to consider the ever-increasing impact of digital platforms. Web platforms could contribute to meeting the booming demand for services and better coordinate different stakeholders, and at the same time should be monitored to ensure the full respect of PHS digital workers' rights.

The 21st century is shaped by momentous societal changes that have a significant impact on the labour market: globalisation, demographic changes and particularly digitalisation are reshaping our society and the world of work. When it comes to the digital revolution, new technologies are increasingly pervasive in many sectors including healthcare and household services. In this context, EFSI welcomes the European intention to **harness digital changes in the labour market for the benefits of all workers, society and economy alike**.

Digitalisation in the PHS sector concerns both automation and robotics in household services and technological progress in the care sector, which contributes to prolonging independent living. However, digitalisation is not restricted to safety alarms, voice assistance systems, robotisation and AI. Indeed, new technological solutions offer broader opportunities to the PHS sector, since they simplify work organisation while strengthening the relationship between customers and providers. Beyond this operational aspect, digitalisation provides opportunities to better organise the PHS offer, ensure a better response to the increasing demand for social services and at the same time foster the sector's visibility and attractiveness. Against this background, relevant authorities as well as PHS stakeholders are called to **further cooperate to ensure a purposeful use of the latest digital development in the PHS sector**. This would be crucial both to **improve service quality and to offer attractive working conditions**. In this regard, EFSI puts forward three major recommendations to make the best use of digitalisation in the PHS sector:

- Firstly, **EFSI invites to pursue investments in technological research applied to PHS**. In a long-term care perspective, EFSI welcomes the EU-funded projects on digitalisation and robotics, such as the Active and Assistive Living (AAL) Programme and the recently launched Digital Health Europe (DHE). Financed by the EU research and innovation programme Horizon 2020, DHE supports the digital transformation of health and care as part of the Digital Single Market (DSM) strategy. The project works on three main axes, including the use of digital tools for person-centred care and preventive diagnosis, which fosters *inter alia* the interaction between patients and healthcare providers. Against this background, **EFSI invites the Commission to maintain these essential contributions to responsible innovation and digitalisation in the health and care sectors**. Moreover, EFSI calls to **pursue further research on digitalisation applied to home care services**

and to assess its impact on PHS caregivers. Thus, EFSI calls for **more PHS-oriented digital solutions** and accordingly for **increased allocations on PHS digitalisation** from relevant EU funds, such as Horizon Europe – the new programme on research and innovation – and the European Social Fund +, that will include the EU Health Programme.

- Secondly, **EFSI highlights that PHS workers need constant upskilling to stay abreast of new technologies.** EFSI highlights the key role played by PHS workers in assisting vulnerable people with the use of new technologies. Investment in digital training would thus contribute to the professionalisation of the PHS workforce, while increasing service quality and adaptability. Therefore, EFSI welcomes the **focus on digital skills in the framework of the New Skills Agenda.** EFSI also acknowledges the creation of the **Digital Skills and Job Coalition**, committed to expand the digitally skilled workforce towards a fully-fledged competitive Digital Single Market. In addition, EFSI welcomes initiatives on **new ICT devices for digital skills acquisition**, such as DigComp, the European Digital Competence Framework. Against this background, EFSI suggests **opening a dialogue between PHS stakeholders and competent public authorities in order to outline suitable policies on digital training and ensure that PHS workers retain an up-to-date digital skillset.**
- Finally, EFSI invites **DG CONNECT and DG EMPL to further cooperate on the development of innovative digital instruments for the PHS sector**, with a specific focus on **web platforms** (e.g. interaction networks, online marketplaces and on-demand service platforms). Platform workers are on the rise, especially in the PHS sector. These non-traditional, non-standard, new forms of work – if developed in line with the formal market regulation – can help tackle challenges such as labour shortages and undeclared work. Indeed, platforms match supply and demand more efficiently, can facilitate formal hiring – if duly regulated – and ensure service accessibility, flexibility and adaptability. Finally, platform work contributes to breaking PHS workers' isolation and foster the sector's recognition on the labour market. In this framework, **platforms should be considered as an opportunity to better structure the sector.** Therefore, EFSI calls on DG CONNECT and DG EMPL to jointly **develop specific monitoring tools to ensure that platforms operate in response to the increasing demand for PHS and, more importantly, in full respect of PHS workers' rights and national regulatory frameworks.** Additionally, and since current socio-demographic evolutions must be addressed in a comprehensive way, all stakeholders should get involved in the process, regardless of their size, type of organisation, geographic coverage or activity. This holistic approach is particularly important when it comes to the deployment of person-centred integrated care solutions and could be fostered thanks to new digital tools. Indeed, EFSI calls on DG CONNECT and DG EMPL to jointly **launch a reflexion on how platforms could contribute to the coordination of PHS stakeholders**, while reinforcing the sector's effectiveness and attractiveness.

Recommendation n°9: Contribute to bridging the knowledge gap on PHS at EU level

The PHS sector has high job-creation and grow-enhancing potential, as well as a major capacity to meet the booming demand for social services. Nonetheless, EFSI deplores the under-recognition of the PHS sector and suggests to: finance projects aimed at bridging the knowledge gap on PHS and sharing good practices, such as the Ad-PHS project; pursue research at EU level on PHS-related trends such as migrant work, undeclared work, labour shortages and work-related hazards, following the thematic reviews conducted by DG EMPL in 2015 and 2018; improve the EU statistical nomenclature, since current imprecisions make it difficult to raise awareness on the importance of PHS and to monitor trends in the sector.

The PHS sector is in constant evolution and subject to numerous pressures such as population ageing, the increased participation of women in the labour market and insufficient political and financial support from public authorities. Whilst a growing number of voices at local, national, European and global level are calling for better support to the PHS sector, its importance in terms of macroeconomic contributions is relatively unknown across the European Union. Similarly, little is known about the policy instruments implemented by many Member States to support the sector. Thus, **EFSI deplores the knowledge gap affecting the PHS sector and presents three recommendations towards PHS full recognition:**

- Firstly, **EFSI invites both the European Commission and the European Parliament to finance EU projects spreading knowledge on the PHS sector and fostering the discussion on current challenges and improvement opportunities.** Against this background, EFSI invites the European Parliament to **consider refinancing the Ad-PHS project²⁴ beyond 2020.** Aimed at creating a platform of relevant PHS stakeholders at European level, the project will assess and disseminate knowledge on relevant PHS policy instruments implemented in 21 EU Member States. It will also provide guidelines on topics such as social dialogue, social vouchers and digital platforms and networks. Ad-PHS success lies in its capacity to involve a wide range of national PHS stakeholders (public authorities, trade unions, employers, civil society, academia, etc.) to discuss national challenges. In this framework, stakeholders share their expertise and compare their experiences with other EU Member States practices. Much effort is required to build this network, and its benefits could be fully deployed only over the medium and long term.
- Furthermore, **several trends impacting the PHS sector – such as migrant work, undeclared work, labour shortages or work-related hazards – require further in-depth research at EU level** in order to have a clearer picture of their extent, characteristics and driving factors. Therefore, EFSI calls on several EU bodies such as the European Foundation for the Improvement of Living and Working Conditions (Eurofound), the European Labour Agency (ELA), the European Union Agency for Fundamental Rights (FRA), the European Agency for Safety and Health at Work (EU-OSHA) and the European Centre for the Development of Vocational Training (CEDEFOP), to include a specific PHS sectoral approach in their work programmes. Their research work would thus **fuel discussions at EU level on how to improve employment conditions and service quality in the PHS**

²⁴ The project *Advancing Personal and Household Services (Ad-PHS)* was launched in December 2018 and will end in May 2020. The project is co-funded by the European Union (Budget line: BGUE-B2018-04.037727). Cf. <https://ad-phs.eu/>

sector. In this regard, EFSI welcomes the **thematic reviews on the PHS sector conducted in 2015 and 2018 by DG EMPL and invites the European Commission to launch further studies**, notably on EU countries where information about the PHS sector remains scarce.

- Finally, EFSI reiterates its **call on the European Commission to improve the EU statistical nomenclatures.** At present, statistical categories on the PHS sector are still inaccurate. As a result, a limited range of estimates is available since it is difficult to collect precise and comparable macro-economic figures on the sector. Therefore, it is difficult to monitor and assess employment trends in the sector. Likewise, inaccurate statistical categories prevent awareness raising on the key socio-economic role played by PHS. Against this background, **EFSI welcomes the new statistical definitions of domestic work and domestic workers adopted by the International Labour Organisation (ILO) in October 2018.**²⁵ These new definitions **should now be integrated in the European Union Labour Force Survey (EU LFS).** In addition, EFSI calls on the European Commission to **consider the crucial role of PHS in the forthcoming revision of the Statistical classification of economic activities in the European Union (NACE).** This revision should better identify PHS workers within the various available categories, regardless of their employment status (employed by a service provider, employed by a private household, self-employed, etc.).²⁶

²⁵ 20th International Conference of Labour Statisticians. (10-19 October 2018). *Resolution concerning statistics on work relationships.*

²⁶ For more information see: EFSI. (2018). *PHS Industry Monitor. Statistical overview of the personal and household services sector in the European Union.*

Recommendation n°10: Collect information on undeclared work in the PHS sector and foster the exchange of knowledge and practices

Undeclared work is an issue of great concern across the European Union, since many sectors – such as PHS – are heavily affected by this trend. In this regard, EFSI welcomes the launch of the European Platform Tackling Undeclared Work (UDW) and its research on preventative approaches for tackling undeclared work, which focused *inter alia* on service vouchers. However, EFSI deplores the lack of significant follow-up to this research and calls for further actions to raise awareness on the cost-effectiveness of preventative measures. Besides, EFSI also deplores that PHS is not among the four sectors that will be specifically monitored by the Platform in 2019-2020 and invites to extend broader reflection on PHS in future programmes. Finally, EFSI acknowledged the integration of the Platform tackling UDW in the European Labour Authority, which will focus on the transnational dimension of undeclared work. However, EFSI stresses that the complete scope of the Platform tackling UDW should be integrated into ELA roadmap, including the identification and monitoring of both preventative and compliance-oriented measures, at both national and international level.

Nowadays undeclared work is an issue of great concern across Europe. In the PHS sector, a significant share of care and domestic services are still provided by workers under no formal contract, including undocumented migrants. The rate of undeclared work in PHS reaches 70% in countries that did not implement any PHS supporting policy yet.²⁷ Besides, undeclared work could further spread in the new platform economy, if competent authorities fail to deploy specific institutional monitoring tools. Against this background, **EFSI deplores black and grey economy in PHS**. 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. Moreover, fighting undeclared work could also contribute to reducing the burden of illegal migration, by integrating migrant workers into the European labour market and fostering their regularisation. Against this background, EFSI welcomes the **European Platform tackling Undeclared Work (UDW)**. Created in 2016, this instrument aims to increase awareness on the negative impact of black labour and to support Member States fighting undeclared work. In this regard:

- EFSI welcomes **the thematic discussion on preventative approaches towards undeclared work**, held at the Platform's plenary meeting of March 2018, which focused *inter alia* on the impact of service vouchers.²⁸ Firstly, EFSI acknowledged the Platform's suggestion to target vouchers only at sectors where undeclared work is prevalent and where labour inspections are difficult, such as PHS. Secondly, EFSI observed that the Platform considered the specific interests of both PHS recipients and PHS workers. Indeed, the Platform issued recommendations on price competitiveness²⁹ as well as social security benefits. Thirdly, EFSI supported the Platform's request to monitor vouchers schemes via both *ex-ante* and *ex-post* evaluations. Against this background, vouchers could be used to progressively formalise the PHS sector. However, EFSI deplores the lack of significant follow-up on the Platform recommendations and **calls for further actions to reduce undeclared work in the PHS sector**,

²⁷ French Directorate General for Trade, Industry and Services (DGCIS). (2011). *Etude sur les services à la personne dans sept pays européens*.

²⁸ European Platform Undeclared Work. (2018). *Elements of a preventive approach towards undeclared work: an evaluation of service vouchers and awareness raising campaigns*.

²⁹ Prices should correspond to the minimum price paid for one hour worked and should be competitive compared to undeclared work.

in cooperation with PHS stakeholders. So far, only labour inspectors and some EU social partners have attended the Platform's meetings. Instead, other competent stakeholders could only comment the meetings *a posteriori*. EFSI invites therefore to open discussions to external experts and stakeholders directly involved in the development of PHS. In particular, EFSI invites the Commission to raise awareness across Member States on the cost-effectiveness of preventative policy instruments. Furthermore, the Commission should also reflect on how to tackle potential budget constraints resulting from an increase in the rate of formal work. In this regard, the Commission should consider instruments such as *ad hoc* tax incentives, including income tax deductions and exemptions.

- EFSI acknowledges the **Platform 2019-2020 work programme** setting three thematic priorities and new targeted sectors. Overall, EFSI welcomes the focus on spreading knowledge and good practices to foster joint action and mutual learning on the fight against undeclared work. In this regard, EFSI also welcomes the guide and toolkits on disseminating knowledge across Member States, workers and employers alike.³⁰ However, **EFSI deplores that PHS is still not included in the four targeted sectors**³¹ identified in the 2019-2020 programme, even though the Practitioner toolkit highlights that household services are heavily affected by undeclared work. **The PHS sector should instead be addressed thanks to a comprehensive and sector-specific approach within the Platform.** Accordingly, EFSI invites the European Institutions and national authorities to **focus on the PHS sector in future programmes on undeclared work.** Such programmes should explore first and foremost which preventative measures could target the PHS sector, their efficiency and cost-effectiveness. In addition, such programmes should also **address the issue related to labour inspections in private households** and innovative practices in this field. Currently, inspections are not carried out in private homes, whereas households should be considered as the actual workplace of PHS workers.
- Furthermore, EFSI acknowledges the proposal for the creation of a **European Labour Authority** (ELA) and recent progresses towards its establishment. This new body will support Member States implementing the EU legislation on cross-border labour mobility and social security coordination. Besides, **ELA will integrate a number of existing committees and networks including the European Platform tackling UDW.** In this framework, EFSI welcomes the ambitious, holistic approach of a fully operational ELA, offering opportunities to cooperate on the **transnational dimension of undeclared work.** However, EFSI also stresses the importance of **pursuing research and fostering action to tackle undeclared work at national level.** In this regard, EFSI expresses its concern about Member States participating in ELA activities **on a voluntary basis**, meaning that the only effective instrument to monitor black and grey economy at national level would remain the European Semester. **EFSI insists on the importance of a fully operational tool to tackle undeclared work at all levels**, since assessments in the context of the Semester alone would be insufficient, thus detrimental to the PHS sector. Therefore, **the complete scope of the Platform tackling UDW should be integrated into ELA roadmap, including the identification and monitoring of both preventative and compliance-oriented measures, at both national and European level.**

³⁰ European Platform of Undeclared Work. (2019). *Communicating effectively: A guide to disseminating knowledge from the European Platform tackling undeclared work.*

European Platform of Undeclared Work. (2019). *Practitioner toolkit: Information tools and approaches to reach out to workers and companies in the fight against undeclared work.*

³¹ In the 2019-2020 work programme, the four sectors identified for specific action are agriculture, aviation, tourism and the hotel-restaurant-catering sector (HORECA). In 2017-2018, the sectoral focus was on construction and road transport.

Conclusion

In the light of the analysis above, EFSI argues that the PHS sector significantly contributes to improving European citizens' quality of life. Moreover, if adequately developed, PHS would have a leverage effect on job creation and growth enhancement. Ensuring both quality PHS and decent working conditions in the sector is therefore crucial to tackle current demographic and socio-economic trends in the most effective and timely manner. Conversely, **if relevant authorities continue underestimating challenges related to undeclared work, lack of professionalisation, continuous underinvestment and poor recognition of PHS, consequences would be extremely detrimental for all PHS stakeholders and the whole European society alike.**

As population ages, older Europeans require more PHS support to meet their daily care and household needs. The ageing trend also affects family carers and domestic workers, resulting in the shrinking of the working population providing PHS. Without suitable financial support and investment in professionalisation, the formal supply will not be affordable, nor satisfying in terms of quality. Therefore, the formal market will not be able to meet the increasing demand for PHS. **A vicious cycle would thus be generated, since the lack of sufficient investment in PHS would contribute to increasing the level of undeclared work and accordingly decreasing State revenue and reducing the possibility to provide financial support to the sector's development.** Furthermore, since paid and unpaid PHS activities are mainly performed by women, the formal labour participation of women would be particularly hindered. Female domestic workers would be increasingly forced to enter the black market, whereas working women could not access affordable and quality PHS. On the one hand, women will be more exposed to social exclusion and poverty. On the other, women's work-life balance and labour market inclusion would be significantly at risk. In more general terms, **if the sector remains under-represented, under-recognised and under-regulated, the gender gap in employment will further increase, slow down growth and eventually lead to a less competitive European economy.**

Therefore, EFSI invites the European Institution to acknowledge the PHS sector's potential and better invest on quality standards related to both care and household services. Moreover, EFSI calls on the European Parliament and the European Commission to provide European support to Member States in the development of national strategies on PHS. Besides, all PHS stakeholders should be involved in the process: PHS providers, workers and users as well as their organisations. In broader terms, EFSI calls for **the adoption of a Council recommendations on PHS outlining key principles and evidence-based recommendations for the development of PHS across the EU.** Finally, we count on you to turn these recommendations into concrete actions so that high-quality, accessible and affordable PHS will become a reality for all EU citizens.

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