



# EFSI's contribution to the Public consultation on the Green Paper on Ageing

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## ABOUT EFSI

The [European Federation for Services to Individuals \(EFSI\)](#) is the voice of the Personal and Household Services industry at European level, representing national associations, employers' organisations, PHS providers and companies involved in the development of personal and household services, and currently operating in 21 EU Member States.

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

Established in 2006, EFSI is a membership-based organisation whose mission is to shape a more favourable environment for PHS industry in Europe, especially by improving the image and perception of PHS sector and promoting adequate policies in support of its development.

## PHS CONTRIBUTION TO AGEING SOCIETY

EFSI welcomes the European Commission's public consultation which is extremely timely as the deployment of a strong and long-lasting coordinated approach to ageing is needed. To date, there are nearly 9,5 million PHS workers in the EU 27, representing 5% of EU-27 total employment.

PHS workers – also termed domestic workers – provide both direct (care for elderly, persons with disabilities or children) and indirect care (cleaning, housekeeping) in households. Disregarding the dependent or not status of service recipients, 53% of PHS workers provide mainly direct care. As highlighted by the ILO, PHS workers belong to the care workforce<sup>1</sup>.

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<sup>1</sup> According to ILO definitions, domestic workers are those workers in an employment relationship working in or for a private household or households. Rather than defining domestic work according to tasks, the distinguishing feature of domestic work is

Categorised under various occupations - such as personal assistants, home-based personal care worker, live-in caregiver, to mention only the main ones - PHS workers provide essential services enabling older persons to pursue a good and dignified life in their own home. They help them to carry out activities of daily living such as bathing, dressing, and getting in and out of bed, or cooking. They also enable older persons to remain socially active and maintain the bonds with their family and community.

Over the years, home-based care has become the preferred option of a large majority of Europeans to age well. Home support is provided both by paid professionals – such as PHS workers – and by family members or relatives referred to as unpaid carers. It is important to stress that whereas PHS must be distinguished from unpaid and informal care, it is closely interlinked with family carers. PHS provision represents a professional and qualitative alternative to unpaid care and is organised in cooperation with family carers. Furthermore, PHS also enable family carers to balance their care duties with their professional lives by providing them access to everyday support or through respite care.

A recent report from the ILO reveals that 65% of Northern, Southern and Western Europeans as well as 53% of Eastern Europeans prefer extra-family support from the State, or not-for-profit or private providers for older persons staying at home rather than from family members<sup>2</sup>. However, on the ground the choice is first and foremost driven by the availability and affordability of home care services. Indeed, the State consideration and investment in home-care services in the past decades have been insufficient to meet older persons' needs.

The PHS sector is neither sufficiently recognised nor supported by public authorities. This often leads to a devaluation of PHS occupations, insufficient offer especially in remote areas and the recourse of undeclared work, which negatively impact both PHS workers and the quality of care PHS users benefit from.

Since the outbreak of the COVID-19 pandemic, PHS workers have demonstrated their commitment to provide care and support to people, including to people who can be far more at risk to COVID-19 than the general population. Their role has been crucial in guaranteeing the continuity of care and support to the most vulnerable. Ensuring services continuity while guaranteeing the safety of PHS workers and users has proven to be challenging, especially as the sector lacked State recognition and support at the beginning of the crisis as for example in priority access to personal protective equipment (PPE) or the recognition of PHS workers as “essential workers”. However, PHS providers succeeded in guaranteeing quality home care services and contributing to alleviate pressure on hospital beds (early release). The low contamination rates observed in the PHS sector, proved again, that home provision of care services for older persons is a safe alternative to institutional care<sup>3</sup>.

The COVID-19 pandemic has highlighted the challenges faced by personal and household services (PHS) providers and the attention given to the sector during the crisis must now be

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the workplace. The inclusion of domestic workers in the care workforce thus recognizes that care provision includes not only personal care but also non-relational, indirect care work, such as cleaning and cooking, which provide the necessary preconditions for personal caregiving. See International Labour Office (2018), *Care work and care jobs for the future of decent work*, International Labour Office – Geneva: ILO, 2018, retrieved February 9, 2021, [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_633135.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_633135.pdf)

<sup>2</sup> International Labour Office (2018), *Care work and care jobs for the future of decent work*, International Labour Office – Geneva: ILO, 2018, p. 191.

<sup>3</sup> Data collected by Home and Community Care Ireland (HCCI) shows that during the first peak (March-May 2020), up to 0,3% of people in receipt of home support confirmed positive for COVID-19 while 19% chose to suspend their care. During the second wave (January – March 2021), only 8.9% of them opted to suspend their care and up to 0.9% were tested positive for COVID-19.

concretely translated into a corresponding policy shift as Europe seeks to recover from the ongoing crisis and to adopt a long-lasting coordinated approach to its ageing population.

Therefore, in the framework of the current public consultation on the Green Paper on Ageing, **EFSI calls on the European Commission to:**

- **clarify how the outcomes of this public consultation will be articulated with the upcoming initiative on long-term care** announced in the European Pillar of Social Rights Action Plan published on 8 March 2021,
- **adopt a comprehensive approach to long-term care, giving priority to home and community-based services** and based on the following key principles: **quality, accessibility, and affordability**. Actions towards improving quality of care must include the recognition of care work and improved working conditions in all care services,
- **recognise the important contribution played by the PHS sector** in addressing the challenges raised by ageing society and **commit to engage with all PHS stakeholders** in any future initiative related to care services,
- **adopt compulsory access targets for long-term care services**, comparable to the 2002 Barcelona targets. As rightfully stated by AGE Platform, these targets will contribute to measuring “*progress in access to long-term care and support. Data on access should be disaggregated by care setting – institutions, community and at home. Particular ambition should be given to the development of access to community and home-based services, in line with principle 18 of the Pillar and in accordance with the provisions of the Convention on the Rights of Persons with Disabilities, ratified by the EU and all member states*”<sup>4</sup>,
- **encourage investment in gender-proven infrastructures and services**, including childcare services, care services for older and disabled persons as well as care and household services for family carers. Earmarked investments in long-term care should notably be secured by the Structural Funds (especially in the European Social Fund +) and the Recovery and Resilience Facility.

## **EFISI’S CONTRIBUTION TO SPECIFIC QUESTIONS RAISED IN THE PUBLIC CONSULTATION ON THE GREEN PAPER ON AGEING**

**Question 5. How can EU policies help less developed regions and rural areas to manage ageing and depopulation? How can EU territories affected by the twin depopulation and ageing challenges make better use of the silver economy?**

New technologies are likely to change the way we care for the older persons, especially in remote and rural areas. Although the silver economy contributes to meeting older persons’ desire to age at home, home adaption, mobility, digital inclusion or even skills developments, reluctances remain towards their deployment. General awareness about the economic and ageing challenges, the opportunities to reduce costs while maintaining quality of work and meeting older persons’ needs, is the key to greater adherence to the silver economy.

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<sup>4</sup> Ageing with social rights: AGE Platform Europe’s contribution to the consultation on reinforcing social Europe November 2020, p.7, [https://www.age-platform.eu/sites/default/files/Reinforcing\\_Social\\_Europe\\_consultation-AGE\\_submission-Nov2020.pdf](https://www.age-platform.eu/sites/default/files/Reinforcing_Social_Europe_consultation-AGE_submission-Nov2020.pdf)

EFSI underlines that the silver economy sector cannot be built without integrating personal and household services, which play a decisive role in the life project of the person, whether he or she is already dependent or losing his or her autonomy. PHS stakeholders must therefore be involved at all stages of the actions that are part of the life project, whether it is a question of supporting the person or adapting the home.

Furthermore, home is both the living space of the persons being cared for and PHS workers' workplace. Users and professionals must cohabit in a home where each must find his or her feet, and their respective roles must be clearly identified. Both must be able to appropriate the use of new technical means, which must meet the needs expressed and ensure the comfort of all. The PHS sector must therefore continually evolve, by integrating technological advances in the service of autonomy, thought out and understood by and for all. To ensure a successful deployment of new technologies based on the above principles, EFSI recommends to:

- from the very beginning, **integrate the various home care and support professionals into the process of co-designing regional and local experiments.** While many local authorities have initiated experimental schemes for the older persons (coordination platforms, remote management systems, etc.), they may not have systematically involved homecare services stakeholders and older persons' representatives. Home and community care providers, or their institutional representatives, are able to make a valuable contribution, making the new technological service provided all the more relevant,
- **promote the emergence of solution packages that integrate and articulate remote service tools, combining technological performance and face-to-face human intervention.** Co-designed with professionals from the silver economy, housing and PHS, these packages would be tested on a voluntary basis, in conjunction with the public authorities concerned. The solutions would include PHS associated with the necessary connected tools (remote assistance, etc.) and would be made available to the people being helped. EFSI considers that their development and launch should be supported through Structural Funds,
- **promote the development and deployment of digital tools designed for care professionals and meant to preserve social links.** As such, the interoperability of software tools should be promoted from the establishment of calls for tenders' specifications. The deployment of these tools should also be fostered thanks to the implementation of funding aiming at the modernisation and upskilling of care occupations.
- **when it comes to the specific situation or remote and rural areas,** increased communication and coordination among all stakeholders should be guaranteed. Initiatives taken by public authorities, tech companies, care and health providers, as well as older persons' and family carers' representatives should be coordinated through structured and regular dialogues. Furthermore, peer exchanges should be introduced at European level between remote and rural regions facing similar challenges in the deployment of silver economy solutions.

### Question 10. How can the risks of poverty in old age be reduced and addressed?

Among the 9,5 million PHS workers in the EU-27, 90% are women. At least, 3,1 million of them are undeclared and to these undeclared workers suffering from precarious working conditions, we can add nearly 2 million PHS workers do not enjoy the same labour rights and social protection as other workers in their respective country. Therefore, a large share of PHS workers will benefit from low pensions when comes retirement ages or partial entitlement to pensions rights which increase their risks of facing poverty in old age.

To this observation, we can add social norms reinforcing the roles of women caregivers and men breadwinners. 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. For decades, care has been treated, not as an essential value worthy of social investment, but a drain on public budgets. Therefore, those working within the care sector have been among the lowest paid workers, many with a migrant background and women from Eastern Europe. Paradoxically, those who care for our most loved ones face a greater risk of poverty in old age.

- Thus, **EFSI calls for a revaluation of care occupations reflecting their important social contribution**. An EU coordinated approach is needed towards more convergence in the PHS sector:
  - to transform informal PHS jobs into regular jobs covered by labour law and social protection,
  - to grant all PHS workers access to the essential social protection that every worker deserves in case of inability to work for reasons beyond their control or when becoming unemployed or reaching pension age,
  - to grant all PHS workers improved working conditions, including adequate wages.

### Question 13. How can the EU support Member States' efforts to reconcile adequate and affordable healthcare and long-term care coverage with fiscal and financial sustainability?

Several obstacles hinder access to long-term care services. Without specific supporting policies the formal provision of personal and household services 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, de facto reducing older persons' access to these services. 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.<sup>5</sup>

- 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, the European Commission's Directorate-General for Structural Reform Support (DG REFORM) has a major role to play, especially through the Technical Support Instrument (TSI). 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 Structural Reform Support Program (predecessor of the TSI) 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 sector without turning to the SRSP/TSI. 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 TSI across national public authorities. EFSI highlights the fundamental role that the Instrument should play in increasing public support to the PHS sector**, while stressing all related direct and indirect financial and social benefits, and therefore ensuring the financial sustainability of PHS supporting public policies.
- 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); childcare 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.

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<sup>5</sup> 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](http://www.impact-phs.eu)

**Question 14. How could the EU support Member States in addressing common long-term care challenges? What objectives and measures should be pursued through an EU policy framework addressing challenges such as accessibility, quality, affordability or working conditions? What are the considerations to be made for areas with low population density?**

EU Member States face common challenges when it comes to ensuring accessibility, quality and affordability to long-term care services. In this regard, EFSI considers that any EU actions aiming at improving the quality of care must include the recognition of care work and improved working conditions in services, including wages, training, career opportunities and safety at work (see above reply to question n° 10). Meeting older persons' needs for care would not be possible without massively recruiting the care sector. As such, according to Cedefop<sup>6</sup>, from 2005-2015 employment in the personal care workers category grew by about 15%. In the coming decade the growth will continue, but at a milder rate, not expected to go further than 5%. Nevertheless, a bit over 30% of the 2015 workforce will need to be replaced by 2025 ('replacement demand'), creating about 2.8 million jobs for personal care workers. Therefore, specific attention should be paid to PHS workers working conditions and EFSI calls on the European Commission to:

- **help Member States to estimate more precisely their care needs in the medium and longer term.** At present, EU Member States provide for the most only a limited access to institutional care and/or home care services, by far not enough to meet the need. The lack of long-term care services continues to be grossly underestimated, including its economic and social impacts on carers, people being cared for and on gender equality in general.
- **promote care occupations and reinforce their attractiveness**, through notably national awareness raising campaigns initiated by public authorities in cooperation with PHS stakeholders.
- **recognise the multiple work arrangements** (live-in, live-out, single or multiple employers) **and various employment relationships** (placement agencies, provider organisations, contract concluded with the end users or more recently care workers operating as self-employed) pre-existing in the sector when considering improving the working conditions of care workers. Any initiative – be it at European, national, or local level – aiming at improving the working conditions of care occupations should cover all PHS workers regardless their employment relationship and work arrangement.
- **encourage the organisation and structuration of PHS stakeholders, and in particular of workers and employers.** At present, PHS stakeholders are insufficiently organized and recognized by public actors in most Member States. This hinders the development of a collaborative approach toward the aim to raise qualification and training requirements, wages and health and safety at work. The European Commission should foster the structuration of PHS stakeholders towards the establishment of a structured social dialogue.

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<sup>6</sup> Cedefop (2016).

- **promote trainings in the PHS sector**, including apprenticeship and life-long learning. At European level, the creation of a Blueprint for Sectoral Cooperation on Skills on PHS would allow the various players in the sector (companies, employers and workers federations, research or training institutes, public authorities, etc.) to exchange views within sectoral alliances for skills. It would contribute in rising the value granted to care occupations by recognising their multiple skills (from prevention to day-to-day support). Ultimately, this would allow the development of a strategy and an action plan that effectively respond to the sector's skills and staff retention challenges.

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