



The development of personal services Hypotheses and perspectives

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Introduction

Over the past decade, the theme of personal services has been a powerful one throughout European governmental programs. The progressive aging of the population, growth in female employment and the heavy costs incurred by families for care, especially at a time of acute economic crisis as in the last year, have made the issue one of the most thorny and urgent in view of social and employment policies. Italy is seriously lagging behind other major partner countries in terms of policies that help families (especially the most disadvantaged), and in support of relief spending; the issue is becoming a burden of special significance. To get an idea of how much the subject of personal services weighs on the household economy of Italy, first it is wise to look at some data. According to a recent survey by Censis, domestic workers (the fundamental building block of the welfare system, and for some an irreplaceable part of the family) number about 1.485 million, of which 71.6% are immigrants. The majority (58.1%) work for a single family, and 41.9% are poly-client (3.2 families each); on average they work 35 hours per week and earn about €930 net per month. Between 2001 and 2008 their number has increased by over 400,000 (+ 37%). 2.451 million families hire domestic workers or home-based care providers for an elderly or disabled family member, amounting to 10.5% of Italian families.

35.6% of these employees live permanently with the family, and provide a 360-degree level of domestic services. The majority (82.9%) clean the house, 54.3% prepare the main meal, 42.7%, go the grocery shopping, 49.5% care for elderly family members, 32.4% assist a person who is not self-sufficient, and 28.8% provide specific medical care to one or more family members. More than one-third (36.6%) said that their job is also to provide companionship for a family member, confirming the fact that the services provided by this type of staff are not only of a purely professional capacity.

The data, presented in summary form, stress the economic dimension of the phenomenon with an average wage of €930 net per month; the volume of family resources for social services amounts to more than €15 billion, and the average annual family expenditure is €6,000. All this considers only the net costs of social security contributions. But as is widely known, most personal services are carried out "on the black."

It is therefore an area of vital importance, both for the employment dimension and for the heavy commitment borne by families. The Italian welfare state is stingy with households, and not just about resources for social spending, which accounts for 26.4% of GDP against the European average of 27.1%. The source of the lag is both quantitative and qualitative. As recalled in the *National Observatory on the Italian family welfare model*, individuals are the sole recipients of various interventions of social assistance, while measures to promote the family are rather marginal. In percentage terms, only 4.4% of social spending is targeted to families and child care, compared to the EU average of 8%. The imbalance is worsening under



other expenditure items such as disability, housing and social exclusion: These areas are systematically interwoven with the basic needs and problems of many Italian families, for which Italy is investing approximately 6.2 % of social spending, compared to the EU average of 11.4%.

The effects of these imbalances (in addition to the fact that the tax system penalises larger families) are many and all negative, starting with the criticism that investment in women's employment, among the lowest in Europe, has been seriously affected by the lack of services for domestic and professional commitments. The low participation of women in the labour market goes hand in hand with the reduced birth rate; demographically, Italy is one of the oldest countries in the European Union.

The overhead costs for care services are borne to a large extent by families, who are forced to devote increasing amounts of their income on care for seniors and children. Assistance is often provided by temporary or irregular workers, which is often associated with low quality of performance.

It is evident that the Italian model of services, which gives the family a de facto social cushion, is no longer sustainable and is contributing to the breakdown of the family as the lack of social investment by the government increasingly exposes many families to the risk of impoverishment. Spending on personal services represents non-essential spending; but it is essentially unavoidable, rests mainly on the poorest families and is linked to the ability to generate income, especially for women for whom the availability of personal services is a prerequisite for efficient maintenance of the household, especially in families with both children and elderly members.

For these reasons, an intervention is absolutely essential. The most interesting examples come from France, Belgium and United Kingdom, with programs centred on the use of job vouchers that have been tried with success. In Denmark and Sweden there has been development in the sector of personal services, but other forms of ancillary measures are absent.

Experiences in job vouchers for the development of personal services related to programs implemented in Belgium and France, plus special features of a UK voucher aimed precisely at meeting the demand for childcare services.

The French *chèque emploi service universel* (CESU) is the most significant development: It is available at authorised banks, and also includes social security forms through which the individual pays contributions for employees. For the release of benefits banks accredited by the State are involved, both those which employ workers who provide their services, any the facilities (paid agents or EIR) that offer the service. The CESU can be financed in whole or in part by a plurality of players (private companies, mutual or pension funds, social organisations, local authorities) for the benefit of their employees or associates. This is the most innovative aspect of the French system because, thanks to strong tax deductions for the use of job vouchers (similar to meal vouchers), the number participating in the financing of personal services increases, and responds well to the needs of employees in reconciling work and family activities. Key retention of staff is also evident. The government of this complex system of services is entrusted, in France, to the National Agency of Personal Services (ANSP). In Belgium, the job vouchers can be used only for services provided at the user's home (housework, ironing, sewing occasionally, preparing meals) or externally (expenditures, accompanied transport of disabled persons) within a maximum annual limit of 750 vouchers per user (up to 2,000 for users having borne a child with disabilities, elderly people receiving social assistance, and single parents with at least one minor dependent). The Belgian system is based on the relationship between five categories: companies that issue the job vouchers (chosen by a bidding process); users; institutions accredited by the Ministry of Labour (local employment agencies, administrative agencies, private commercial enterprises, reintegration organisations, non-profit associations, municipalities, public centres for social action, individuals as independent employers); *workers in personal services*; and the government, which co-finances job vouchers. As for hiring, it is of persons employed by an agency



authorised and regulated by a contract of employment.

As already mentioned, in the United Kingdom the voucher system is limited to childcare services. Once the plan of the childcare voucher was introduced, employees who meet the requirements are free to join. In most cases, employers run the programme through "employee contributions," i.e., a written agreement that reduces the wages of the employee an amount equal to that of the vouchers issued (for a chosen duration, or until the child reaches the age limit under the law). The employee does not pay taxes or social security deductions on that amount, and employers save on social security contribution payments. In this case, however, employers often decide to offer vouchers to employees to bear their cost, unlike the logic of the French CESU, for whom the possibility of full or partial funding is an option chosen by companies with greater frequency.

These are experiments of great interest, easily transferable - *mutatis mutandis* - to Italy, but they would require a massive system of tax relief. The applicability of these models implies a hardening of national policies that would support families and older children, even if, as demonstrated by the greater European experience, the development of a new and more skilled workforce in personal services (as in France) may make it an acceptable and sustainable cost to the State. For this reason, the development of innovations such as *ancillary labour*, would decline accordingly with vouchers for personal services, and would provide an opportunity not only for families (which have gained a new and more effective focus, plus an *active* role in choosing how they satisfy their demand for services through allocation of a flexible and immediately usable voucher), but also the whole system could redefine and upgrade the supply of services.

1. Supply of and demand for personal services: Social contexts and targets

As mentioned earlier, personal services (the primary need for care or assistance) are not a luxury but an essential need. For the most part, these are incomparable expenses for the family. The term "family" in this case must be understood not as an administrative core, but in its social context. Assistance to children and the elderly, for example, involves several families from the administrative point of view, but affects the entire social fabric of the family institution. Recalling some elements of context is essential in order to understand priorities and describe the demand for and supply of these services. First are the resources allocated to social spending, representing 26.4% of GDP against an EU average of 27.1%. Although the volume is lower, the imbalances are primarily qualitative in nature.

For example, Italy assigns 1.2% of GDP (Table 1) to social services, equivalent to €248.3 per capita. Among the countries surveyed it is the lowest amount, well below the €537 EU 15 average, and far less than the nearly €800 in Germany and €650 in France. Only Spain stands lower.

Breaking down the macro-item funding in specific categories, such as those relating to support for families with children and elderly members (focusing on the CD voucher, called *lavoro accessorio* in Italian, meaning incidental labour), the critical issues are even more pressing. In the case of family allowances for children, over the last three years Italy has had a slight but steady decrease in the average expenditure per capita (Table 2). Looking at the percentage of GDP, the total allocated remained at 0.4%. However, the average in euros has significantly decreased from €95.3 (as of 2004) to €83 (2006). These figures are far from the €300 of the EU 15, and from €380 in Belgium, €544 in Germany, and €433 in France.

A similar picture emerges by looking at the expenditure data for daytime care of the elderly. Despite a slight increase in three years, the average of Italy amounted to €5.4 per capita, still low when compared with €32 of the EU 15 (Table 3). In this specific case, even France or Germany (respectively €6.8 and €0.1 per capita) have taken a step backwards, when analysed under a comparative perspective. For these countries it is probably because this expenditure item is adequately covered by other means not attributable to what Eurostat defines as "assistance for the implementation of daily care" of the elderly.

In Italy the sustainability, growth and qualification of personal services are undoubtedly the

key players in the development and social cohesion of the country. Women's employment, the quality of care for families, the quality of life both in old age and childhood, the reconciliation between work and family, are largely determined by and will depend increasingly on the future ability of personal services to ensure responses sustainable for the Italian family. This sector is expected to grow, but could still be caught between the prospects for strong demand growth and an increasing precipitation on the black.

Italy is a country with very low birth rates and longer life expectancies; the dependency ratio of older people is set to increase further over the years (Fig. 1), recording higher levels than those of major European countries with the exception of Spain and as shown by UN forecasts to 2050.

This phenomenon is intended to produce a sustainability crisis in the social security system, and a chronic lack of available workforce that is only partly offset by immigration. (Source: United Nation - World Population Prospects.)

Individuals 76 years and older (those most in need of welfare services) will double in the next 40 years, from about 5 million to more than 10 million (Fig. 2). Overall, those 64 and older will grow, from 2010 to 2050, from 12 million to about 18 million.

At the same time, people of working age will fall by about 8 million, while there will be an additional 2 million under 15 years old.

The number of elderly in need of services, according to a recent survey by Censis, will rise from 2.7 million in 2010 to over 3.6 million in 2025, an increase of 30.7%, with large increases in all regions, particularly in the South (35.4%) and North-East (31.2%) (Fig. 3). These data leave no doubt as to the growth in demand for elderly care services. Currently, only 250,000 elderly (of which about 1/3 are dependents) are housed in special service facilities, with large differences from region to region, while the major part of the responsibility for dependent elderly is a direct burden on families, with huge impacts on keeping their social and economic status, especially those in lower income groups and residents in large urban areas of the country.

A Eurobarometer survey shows, for example, Italians (53%), exceeded only by Greeks (71%) and Portuguese (53%), are among the most convinced in Europe that residential facilities for dependent persons offer inadequate standards of service.

Per Censis, only 7% of Italians would be willing to transfer a dependent parent to one of these facilities, but 30% felt that a public offering of private home care is needed, and that it is be customised for the needs of families, confirming a high demand for services. Moreover, the lack of services to individuals and the absence of an effective family policy have a significant influence on employability, especially of women. Compared to the rest of Europe, Italian women are much less convinced they can work and establish a suitable relationship with their children at the same time (16% of Italian women, 32% European overall). Motherhood seems to be a n obstacle to finding and keeping a job:

- 1/5 of women leave their job after the birth of a child. Of female employees, 84.6% are single women; 76.5% of married women without children are employed, 55.1% of those with one child and 37.4% of those with more than one child;
- 3 million women up to 64 years old have not sought work because of problems related to maternal or family commitments;
- 564,000 women would seek work if they had the support of social services;
- 159,000 women would be willing to move from part-time to full-time employment if they were helped by social services;
- flexibility in entering and leaving the workforce is rarely used: only 32% have done it (53.4% in PA);
- part-time work is increasing, but is still below the European average (25.5% in Italy, against 36.1% for the EU 15).

The social and professional effects are so profound that they inevitably have an impact on quality of life in childhood, and, paradoxically, they aggravate the already strong discomfort that comes from the presence of elderly dependents in the family, which limits care and



assistance to minors. Children between one and two years old with a working mother whose grandparents are entrusted with their care represent 52.3%. 14.3% attend private kindergartens, 13.5% are in public kindergartens and 9.2% are cared for by a baby-sitter. The remaining 14% are cared for by different figures, often in a precarious and inconsistent manner. Among mothers who do not take advantage of a day nursery, 28.3% wanted to use them but were unable due to economic difficulties; 22% did not because there were no available facilities or they were too far from work or home; 19.5% because the facility was no longer available; 28.5% because of the high cost, and 16.3% because of the facility's inflexible schedule or structure.

Families with disabled persons (though not necessarily older) is approximately 10% of the total. 80% are not assisted by public home services; 60% are not supported either by public or private services. In Italy it is estimated that there are approximately 2.824 million disabled people, of which 960,000 are men and 1.864 million are women.

Disabled people (age 6 or older) living at home number approximately 2.615 million, representing 4.85% of the population. Of these, 33% (894,000, 3.4% of the population) are male and the remaining 67% are female (1.721 million, 6.2% of the population). The majority of disabled people are 60 and over, with 17% in their sixties (2.7 million) and 37.7% aged 75 and over. Disabled people under 60 total 620,000, with 188,000 younger than 14. It is thus an enormous potential burden for individuals corresponding to the needs of their dependents (especially to children and seniors) that these facilities and services (public and private) are almost entirely absent. Moreover, the strong presence of informal labour ("on the black") makes for no competitive private facilities and very expensive public ones, especially for families with low incomes. Unauthorised work inhibits the quality of performance, since these services are normally provided by unqualified, inconsistent and untrustworthy staff. For example, with regard to domestic workers, employees working in the household and those involved in supervising the children rose from 957,000 in 2003 to 1.217 million in 2008, an increase of 27%. Taking into account the rate of "on the black" employees, workers engaged in personal services are closer to 1.7 million.

Although it is not possible to provide a comprehensive estimate of the impact of informal labour on the market, data from ISTAT can help.

According to ISTAT, of over 23 million households (of which about 9 million made up of couples with children and 5.5 million with four or more family members), about 15.4% reach the end of the month with much difficulty. The extent of this difficulty is more extensive when it is taken into account that 32% of Italian families would be unable to support themselves with an unforeseen expenditure of €700, for example; the percentage rises to 46% in the South and reaches 41% in nuclear families with one income.

Given the poverty line indicated by ISTAT for 2008 (approximately €999 per month), over 2.7 million families live below that level. Care for the elderly and childcare facilities are extremely expensive, and they also inhibit the employability of household members. The theme of the development of personal services covers all major European countries. In Europe there have been trials, measures and programmes to ease household spending for services of care and assistance, through exploring the potential of incidental labour and various forms of tax incentives for those who incur expenses for these services. The solutions adopted in most European countries are manifold, and in the appendix the most significant intervention models are shown including work enhancement, both in terms of family support services and qualifications.

What follows is a description of the most significant measures undertaken in France, Belgium and the United Kingdom, countries where various forms of prepaid vouchers are used.

2. European models of personal services vouchers: Belgium, France and United Kingdom

France and Belgium launched the first trials of personal services job vouchers during the 1990s. The United Kingdom introduced *Childcare Vouchers* in 1989, but the current system was perfected in 2005.

The programs of the first two countries arise from the 'excessive cost of access to personal services, identification of poor working conditions, and insufficiently developed opportunities for training employees;' also, the demand for undeclared labour was too high, especially among households and small businesses forced to hire undeclared employees, often for financial reasons. The introduction of job vouchers and its gradual improvement, encouragement in the specific field of home services and significant tax relief individuals, provided a precise answer to several problems. The main objectives were to develop this sector through means that would guarantee the maximum freedom of choice to people in a variety of services offered by the market, and the simplification of administrative procedures and contractual requirements. These main associated objectives were: combating illegal employment, which is widely prevalent in domestic and care services; the creation of new opportunities for regular work in a fast-growing sector; the balancing of work and family (in Belgium this objective is particularly obvious: Since 2006, self-employed women are entitled, after giving birth, to a maternity allowance consisting of 105 job vouchers for the outsourcing of household activities), and strengthening assistance to those most vulnerable (children, the elderly and dependent persons).

In the Belgian case, the central objective is that of activation and reintegration of the unemployed, particularly into long-lasting employment. In fact, employers must offer a contract of not less than part-time and after six months, a permanent contract. Both Belgium and France have found a strong public commitment to promoting and maintaining the work voucher system, with heavy subsidies and significant tax cuts. In Belgium, the State co-financed €13.50 per each voucher, and gives users a flat-rate tax deduction equal to 30% (net cost €4.90 each, gross €7.00).

France already has an extensive system of tax incentives to benefit both families and businesses.

For families a reduction or tax credit equal to 50% of the resources used to purchase personal services is available, subject to an annual maximum of €12,000 (€13,500 for households with one dependent child, €15,000 more than one child, €20,000 for dependent persons). Companies and institutions (which co-finance vouchers for their employees or associates) are entitled to a tax credit on 25% of aid disbursed (within an annual limit of €500,000). Also, part of the co-financed job voucher is exempt from social contributions (within an annual limit of €1,830 per worker).

In Belgium, the job vouchers can be used only for services provided at the user's home (housework, ironing, sewing occasionally, preparing meals) or externally (expenditures, accompanied transport of disabled persons) within a maximum annual limit of 750 vouchers per user (up to 2,000 for users having borne a child with disabilities, elderly people receiving social assistance, and single parents with at least one minor dependent). The scope in France is more broad: in addition to domestic services, it includes care for the elderly and disabled, education services, small home projects and a range of innovative services such as beauty care at home for those who are not self-sufficient, administrative support and custodial services for animals. The Belgian system is based on the relationship between five categories:

- companies that issue the job vouchers (chosen by a bidding process);
- users;
- institutions accredited by the Ministry of Labour (local employment agencies, administrative agencies, private commercial enterprises, reintegration organisations, non-profit

associations, municipalities, public centres for social action, individuals as independent employers);

- workers in personal services;
- and the government, which co-finances job vouchers.

As with agency work, the plan involves a triangular relationship between firms, workers, and consumers and is regulated by an employment contract in writing (*contrat de travail titre-services*).

The French system is partially overlapped by pre-existing forms of domestic support covered by CESU. The CESU is comprised of two types:

- banks: a checkbook (available at authorised banks) which also includes the social contribution forms, with which the individual pays contributions to employees. It requires the involvement of banks accredited by the State, users who pay for the employees who provide their services, and any entities (agents or borrowers) that offer the service.
- *préfinancé*: totally or partially funded by several players (private companies, mutual or pension funds, social organisations, local authorities) for the benefit of their employees or associates. It is the most innovative aspect of the French system because, thanks to strong tax deductions through users' places of employment, it extends the number participating in the financing of personal services, allowing them to balance the needs of work and family; it also provides a means of employee retention. It is used similarly to meal vouchers.

Users can choose between:

- direct hiring, largely predominant, thus becoming direct employers;
- the use of an accredited agency that would perform the function of the employer;
- the use of brokers involved in the selection and administration of the worker, leaving the role of employers to others.

In the case of direct hiring for less than eight hours per week or four consecutive weeks, the CESU replaces the written contract of employment. In all other cases, an ordinary employment contract between the parties is required.

It should be added in France there is also the CESU *garde d'enfants*, a means of balancing work and family life. It is a system of pre-funded vouchers for the care of children from 3 to 6 years old outside the home, not just baby-sitting. The CESU "*conciliation*" is an active policy adopted by many local authorities. In this case, the State also covers the commission due the broker or agency.

In France, the management of this complex system is entrusted to the National Agency personal services (ANSP).

The creation of the plan was headed by ANSP Borloo, named after the French Minister of Labour in 2004, which aimed to address a number of critical issues in the field of personal services:

- 1) lack of definition of personal services;
- 2) low opinion of casual workers;
- 3) high cost of services;
- 4) fragmentation of the sector (except for home care services);
- 5) slow and complex procedures.

The plan started in 2005 with the following objectives:

- stimulate demand for personal services (the main instrument being CESU);
- simplify procedures (creation of ANSP in coordination with 18 ministries and the development of a local network of services distributed throughout the regions);
- develop the professionalism of the industry;
- improve working conditions.

In 2007, ANSP and the government reached an agreement and strategic objectives for ANSP were established:

- 1) structure and development of offerings. The ANSP favors the growth of facilities and services within the personal services sector, focusing on increasing the quality of services, especially through the system of quality certification;

- 2) support the growth of demand. The ANSP promotes CESU, an essential tool for ensuring the meeting of the demand for labour. Moreover, it educates the general public about the procedure for activating the job vouchers;
- 3) enhancement of labour skills. The planned actions are aimed at improving the quality of service through training, professional certification of workers, social security and best practices for the demand and supply of labour;
- 4) improve awareness of the field of personal services.

In 2007, an important innovation to the system was introduced with the aim of supporting the growth of demand and facilitating the use of CESU as a means of acquiring personal services. The innovation consists of the enlargement of the banking network for the repayment of CESU *préfinancé*. At present there are 43,000 affiliates, following the agreement between the State and the Association of French Banking Institutions. The Deposits and Loans Fund provides coordination among the financial system and the central banks of the CESU *préfinancé* agreement.

The results of the promotion of good-paying personal services jobs in Belgium and France are definitely positive. In Belgium, the workers involved in 2007 numbered over 87,000 (about 62,000 the previous year) and €49 million in job voucher reimbursements. There were about 600,000 participants and 1,942 accredited companies. In the same year in France, the workers employed totaled about 1.9 million, compared to 1.6 million in 2006. Users who chose the CESU bank option totaled more than 1.4 million, for a total of 250 million hours of work. The CESU *préfinancé* was chosen by almost 12 million, for a total of €168 million. Also in 2007 the corresponding jobs equivalent to full-time numbered 27,000 in Belgium and 46,000 in France.

2.1 Focus: the flow of Cesu *préfinancé* in France

The following diagram (Diagram 1) describes the flow of Cesu *préfinancé* job vouchers issued by credit institutions accredited. These can be public or private undertakings, groups of companies that distribute them to employees, health insurers, member benefits, or policyholders and public funding of social benefits. The job vouchers are identified with the name of the lender (which may also print their own logo on them), the defined value and the name of the recipient.

The funders of social services are public and private organisations that use vouchers to purchase these services for the economically disadvantaged, the elderly and families with dependent children.

2.2 Focus: *Childcare Vouchers* in the United Kingdom

The system of the United Kingdom provides that companies can offer their employees vouchers for a predetermined maximum amount in 2007: £55 per week or £243 per month to spend on regular childcare services. The preferred option is to hire good employees with their deduction from wages, thus decreasing the taxable share. The vouchers are printed or in electronic form. They are also used as cash, have a duration of longer than one year and can be used in a deferment capacity during times of greatest need, such as during school holidays.

The system of *Childcare Vouchers*, in short, works as follows:

- employers interested in participating in the Childcare Voucher programme have the obligation to offer this option to all its staff who meet the requirements. The programme can be maintained by the employer or - more frequently - through a voucher service that works on commission.
- When introduced to the voucher plan, employees who qualify may choose to accept it. In most cases, employers run the programme through a "salary sacrifice," i.e., a written agreement that reduces the salary of the employee (in the chosen period or until the child reaches the age limit) for a sum equal to what is paid in vouchers (maximum £55 per week or £243 per month, with the value of the wage cut not to fall below the national minimum wage). The employee does not pay taxes on the amount deposited in vouchers, while the employer



saves on social security payments.

- Only in rare cases, the employer may offer employees the vouchers and support its cost.
- Employees receive vouchers directly from the employer or the service selected by the employer, on the dates determined by the employer (usually coinciding with the salary payment schedule). They are used for childcare services or to otherwise care for their children via services provided by facilities or persons registered and accredited as required by law.
- To accept the voucher and get a refund, services or individuals must register with the voucher provider, or employer, if the system is handled directly by the employer (with no apparent limit to the number of "arrangements"). Repayment is by electronic bank transfer, while the voucher itself should be sent to the supplier of the same by the person who provided the service - e.g., by post - and the supplier then reimburses the value by crediting the bank account.

Depending upon the tax bracket of the employee, the savings on the cost of childcare can be up to £1,195 a year.

As for employers, the system offers the opportunity to save up to £373 pounds per employee per year, as the company does not match the insurance contributions on the share of wages paid in the form of vouchers.

While a voucher system to support working parents had already been initiated in 1989, the current voucher system was introduced in April 2005.

Despite the opportunity to save significant sums through the exemption from taxes and contributions, a report recently released by TNS Global revealed that only 2% of working parents adhere to the system. The value of the vouchers used at present is estimated at around £90 million.

The reasons so far identified for the lack of interest of employees are:

- lack of knowledge by families and businesses about the operation of the system;
- overlap with other aid for families with low incomes, and consequent risk of loss of tax credits provided;
- with regard to employers, a change in the law on October 5, 2008 ordered that during the extended (optional) leave for maternity, women should retain the right to all benefits arising from the employment relationship, including vouchers for childcare. This could result in an additional and unexpected cost for firms participating in the system, and thus they have waived the service.

3. Lavoro accessorio (incidental labour) in Italy

The particular success of some European experiments in building integrated systems directed toward satisfying a growing demand for the skilled person (via CD vouchers, otherwise called job vouchers), leads necessarily to assess the transfer to an Italian context of the best performing models tested, with the premises more suitable to the redefinition of terms and features of so-called incidental labour.

The amendments to the legislation on benefits of incidental labour (arts. 70-73 of the Legislative Decree no. 276/03) affected art. 22 of Decree Law 112, June 25, 2008, converted by Decree Law 133 on August 6, 2008, and art. 7-ter. of Decree Law 5 of February 10, 2009, converted and amended by Decree Law 33 of April 9, 2009, significantly expand the scope of the institute, simplifying its use.

The institute is not directed only at those at risk of exclusion, or who had entered or left the labour market (repealed art. 71), but covers all incidental labour activities for which there is annual compensation for each customer (company, institution, or individual employer) exceeding €5,000 (€10,000 for family businesses; €3,000 for the recipients of social benefits) and are provided in the following areas:

- a) household chores related to the occupations of caregivers, domestic helpers, maids, baby-sitters, and so on (classified NUP06). ("Domestic workers maintain orderly and clean domestic environments, look after the elderly, children or dependent persons, provide basic maintenance of the house, wash clothes, do the daily shopping, cooking and serving meals");



- b) gardening, cleaning and maintenance of buildings, streets, parks and monuments (not just "small jobs," since this definition would open a dispute on their identification);
- c) supplementary tutoring;
- d) sports events, cultural or charitable work for emergency or solidarity, even by public purchasers;
- e) any work during the weekends and during holiday periods performed by young people under 25 years of age regularly enrolled in a course of study at a school of any level. Holiday periods span about 6 months (Christmas holidays from December 1 to January 10, Easter holidays from Palm Sunday to Easter Monday and Tuesday; summer holidays from June 1 to September 30);
- f) any work performed by pensioners;
- g) seasonal agricultural activities carried out by retirees, housewives and young people referred to in point e), or agricultural activities conducted in support of the entities referred to in art. 34, paragraph 6 of the Decree of President of the Republic 633 of October 26, 1972. In addition to seasonal farming activities reserved only for pensioners (who can earn income from incidental labour) and students, temporary work done by anyone with regard to agricultural enterprises are exempt from VAT and have an annual turnover of less than €7,000, consisting of at least 2/3 from the sale of agricultural products;
- h) a family business in trade, tourism and all service sectors for any kind of activity or performance, with the limit of €10,000 per year and according to the ordinary system of contributions (p. 4-bis, art. 72). A family business, like any other company, may use incidental labour with the subsidised insurance and contribution plan (not the more expensive; 4-bis) for all tasks provided by different categories in g);
- i) door-to-door delivery and street vending of newspapers or periodicals;
- j) as an experiment in 2009, wage earners' supplementary benefit or income support, in combination with incentives related to job performance enhancement in all production sectors, to a maximum of €3000 annually in compatibility with the requirement of availability for retraining and the acceptance of a reasonable job.

It is worth repeating that the potential buyers of these services are no longer exclusively families; the public and non-profit sector and companies of any size (within those areas and limits described above) can hire more workers.

In relation to the different areas of activity, a comparison between the benefits that can be paid under the simplified procedure of the job vouchers in France and Italy may be useful. As can be seen in the next table (Table 1), the use of this type of work in France is limited to personal care services, education support and some innovative positions, while in Italy there are a larger number of activities, and it is also extended to enterprises. Few activities permitted in France (administrative assistance, beauty care, care of disabled people) are not explicitly mentioned by Italian law, but they can be offered by students during their holiday periods.

The differences stem mainly from the different purposes of the two institutions: In France, the priority is the development and enhancement of personal services and overcoming the difficulties that prevented their use because of high costs; in Italy, the main intention is to protect a wide range of business activities in the service sector, which by their nature are inconsistent and their specific characteristics have high rates of irregularity. Returning to the analysis of rules, and the repeal of art. 71, paragraph 2 in particular, procedures are simplified by removing the obligation of providers of incidental labour to communicate their availability to authorised parties. Workers can become accredited through the INPS/INAIL call-centre (toll free), the Internet, or at INPS employment agencies and authorised brokers. Indeed, the new paragraph 5 of art. 72 identifies (provisionally, pending adoption) INPS brokers, employment agencies and special intermediaries referred to in paragraphs 1, 2 and 3 of art. 6 (universities, municipalities, chambers of commerce, institutions of secondary education, associations of employers and trade unions, associations, etc.).

Table 1 - Comparison between France and Italy

* France/Italy

Activities carried out in the domicile of the employer:

Home care and housework/Domestic work

Small gardening, including pruning/Gardening

Small repair work and DIY/Domestic work

Childcare/Domestic work

Home school support and courses/Tutoring

Computer repair and Internet/Tutoring

Administrative Support/NO (only students)

Assistance to elderly and disabled relatives, excluding medical treatment/Domestic work

Assistance for persons with disabilities, including interpretation for the deaf/Partly

Monitoring of patients, excluding medical treatment/Domestic work

Beauty care for dependent persons/NO (only students)

Maintenance and supervision of temporary housing, including second homes/Domestic work

Activities performed outside the domicile of the employer:

Preparation of meals, including food shopping/ Domestic work

Delivery of meals or expenditure/ Domestic work

Collection and delivery of laundered/ironed clothes/ Domestic work

Mobility support and transportation of dependent persons/NO (only students)

Driving dependent persons from home to work, a holiday destination and administrative errands/NO (only students)

Accompanying children, the elderly and disabled people outside the home (walking, transportation, etc.)/ Domestic work

Care and walking of pets, excluding veterinary activities/ Domestic work

NO/gardening, cleaning and maintenance of buildings, streets, parks and monuments

NO/sports events, cultural, charitable work for emergency or solidarity

NO/Door-to-door delivery and street vending of newspapers or periodicals

NO/Any type of activity for students under 25 during holiday periods

NO/Seasonal agricultural activities by pensioners and students

NO/Small-scale farming

NO/Activities in the area of trade, tourism and services

NO/Temporary work for companies in the areas mentioned above

In a similar way, customers (companies, institutions and individual employers) can register through the INPS/INAIL call-centre (toll free), the Internet, or at INPS employment agencies and authorised brokers. When the client calls for the voucher, he or she should disclose the personal details and social security number of each provider, beginning and end dates of the proposed activity, the location where the activity will be performed, and the number of vouchers for each proposed supplier. This fulfills the requirement of prior notice to INAIL. By Decree on March 12, 2008 by the Minister of Labour, the nominal value of incidental labour is certified at €10, with agency reimbursement of expenses of 5%. 13% is for the management of INPS and 7% for the INAIL. The net income to the worker is equal to €7.50. The INPS defines in detail the procedures for application of the law, and voucher booklets worth €50 are available (net €37.50); the worker can collect it at any post office, along with a computerised voucher (a magnetic card with which you can receive credits and withdraw from any ATM).

Per the changes (paragraph 3 art. 72), payments are exempt "from all taxation and shall not affect the status of unemployed or inactive incidental labour."

The experimental phase of the rules on contracts for incidental labour are immediately applicable, especially for personal services, thanks to the creation by INPS of the computing infrastructure and organisation needed to manage the voucher programme. The possibility of the coexistence of multiple brokers (INPS, employment agencies and special intermediaries) has not yet been clarified, especially given the complex and costly



management of the service. One broker would be the best choice, as well as intermediaries involved directly in the labour market.

The new programme that emerged from the changes of the last five years, (in particular those of 2008 and 2009) has as its primary objective the protection of a wide range of business activities in the service sector, which by their nature are inconsistent and their specific characteristics have high rates of irregularity, especially in agriculture. The inclusion of the unskilled labour market is not the main intention; it is recalled only by paragraph 3 of art. 72, which stipulates that providers of incidental labour not lose the status of unemployed or inactive incidental labour.

The convenience of the new programme is focused on lower contributions in relation to contracts of employment. Contributions have decreased for programme collaborations (25%, including management expenses from about 25% by co.co.pro, rising to 26% in 2010). The reduction is due partly to the total tax reduction on payments, and the simplification and flexibility of the employment relationship, which does not require a contract and lets the parties choose compensation, pension and insurance protections. The ability of these regulatory tools to combat undeclared work is clearly linked to the lowering of labour costs up to the level of temporary employment. Incidental labour offers the advantage of supplying viable alternatives to illegal work for those activities which, because of their characteristics, cannot be attributed to regular contracting; it is therefore necessary to understand how to reduce revenue losses for the worker, through contributions (25%) and fiscal measures (by employers, who have a crucial role in the emergence of these informal sectors).

4. Proposals for universal vouchers for personal services

As seen, incidental labour would be a useful addition to a new system that meets the growing demand for personal services. It is no coincidence that the *White Paper on the Future of the Social Model* warns of the growth in demand for personal services, and that those offered are often inadequate (in quantity and quality) or satisfied by unorthodox means. The same White Paper stresses the need to change the State's role: from the supply of services to defining and controlling the quality of assistance offered by a variety of public and private entities. The change could also be implemented through an integrated and universal incidental labour system through which quality personal services were made available for the elderly, dependent persons and to balance work and family time.

The need to focus on greater coordination of assistance offered by various public services is also important given the aging population, as they do not seem to meet the actual needs of families, which are often forced to resort to private facilities.

One of the key players for the development of a nationwide system is linked to the growth and quality of personal services. Women's employment, the quality of care for families, the quality of life in old age and childhood, and the balance between work and family increasingly depend on the ability of the personal services sector to ensure a sustainable response to the greater part of Italian society. This sector is expected to grow in every case, but could continue to be caught between the prospects for its application and an increase in on-the-black labour. From what has been observed (as to the context and potential demand for personal services), the evidence that has emerged has led to reflections on possible reforms of the current system in Italy.

Programmes already developed in other countries, notably France, Belgium and the United Kingdom, have shown the efficacy of a single system for the provision of personal services through vouchers that can be used either by households to purchase more of these beneficial services, or by public entities to deliver social protection measures in favor of the weaker segments of the population. This was possible thanks to the creation of a system of contribution and tax deductions that promotes the use of this measure not only by households, but also companies, which are willing to co-finance the voucher in order to encourage their employees to gain access to personal services, particularly those that aid in balancing work

and family life.

Therefore, the proposed provision (tailored to the needs of families through universal vouchers for personal services) must meet the following requirements:

- a) direct public and private resources to support the demand for personal services, based on the principle of vertical and horizontal subsidiarity, thus allowing families the freedom to choose the services that best suit their needs, and reduce costs and inefficiency;
- b) meet the increased demand for personal services given the aging population, dependent persons, greater participation of women in the labour market and the growth of single parent families;
- c) confront the risk of increased social exclusion stemming from the economic crisis, and turn this crisis into an opportunity for the reform of personal services;
- d) create a welfare system that would enable families to access personal services offered by public and private sources, making it affordable relative to their income;
- e) promote the certification of skills of workers who provide personal services, and accreditation of businesses and associations working in the industry to ensure high standards of quality and customisation of services;
- f) promote women's employment by improving the supply and variety of services that facilitate the balance of family life and work life;
- g) make a sustainable system of social services to people through empowerment, involvement and enhancement of all public, private sector and social enterprises in order to mobilise more resources;
- h) combat undeclared work prevalent in the area of personal services by promoting regulated services (in direct employment and in the creation of companies active in this sector) and enhancing professionalism with certification and disclosure of the benefits to public costs (in family support services) and future tax revenues from eradicating undeclared labour;
- i) have a universal, flexible and personalised voucher for the disbursement of personal services, merging similar systems operated by the State, regions, provinces and municipalities;
- j) provide a system that simplifies the use of personal services and reduces administrative and other bureaucratic burdens on the family.

The use of the voucher system meets these requirements and can be successful if, at least in part, the following conditions are met:

- the family buys the services with the voucher, and their cost is lower than undeclared labour;
- companies and organizations have advantages (not only tax) in co-financing vouchers, especially for those services that balance work and family life;
- the universal voucher for the purchase of personal services stands apart from the legal or contractual relationship with the company or the person providing the service;
- the voucher for personal services is consolidated with the universal voucher;
- all State institutions are encouraged to a single model of vouchers for personal services, through its co-financing, adaptation and personalization;
- private and public bodies authorized to issue and distribute vouchers are varied among firms specializing in the issuance and management of vouchers for the purchase of goods and services; the purpose of this is the easier management of the voucher system by promoting a more dynamic market and less complex procedures; simplification measures for issuing and managing the voucher for all players, and removal of complicated bureaucratic procedures.

4.1 The legal nature of the universal vouchers and connection to incidental labour performance

Technically speaking, the voucher should be a type of universal bearer bond, nominative and not transferable, for the purchase of personal services, issued by companies and public and private entities authorised by the State and regions based on the law, and provides

contribution and tax to both users of accredited service providers.

The universal voucher can be purchased directly by households to pay workers or firms that provide personal services, or firms that provide benefits to support employees in order to improve their work performance and balance work and family life. The voucher can also be purchased from public and private agencies that provide social services. The advantage for those who use the voucher (households and enterprises) is primarily in the difference between its value and its actual cost (which is lower) and, consequently, it allows for payment of services in the regulated market at lower costs than undeclared labour. The personal services are provided by public and private accredited companies, or by individual workers on the basis of existing legislation on labour relations, pension contributions and the provision of services.

In areas a) housework and c) tutoring and supplementary, services provided by the worker does not include (in reference to the same employer company, entity, an individual employer) payments of more than €5,000 a year, as provided by arts. 70 and 72 of Decree Law 276/2003, the procedure for payment of the voucher. Use of vouchers for payment of incidental labour in other areas is covered by the law (agricultural seasonal work, door-to-door delivery or distribution of leaflets, jobs for students, pensioners and the unemployed, etc.). Payments continue to be governed by rules and procedures in effect, and do not receive contribution and tax benefits provided to the payment of personal services. The nature of the contractual relationship can be clarified through its simplification:

- the universal voucher can be used as a meal ticket, but the payment for personal services rendered is for independent workers (caregivers, domestic helpers, assistants for the disabled, etc.) or for an enterprise (personal services company), either public or private (such as a nursery);
- in the case of odd jobs, an employment contract is not necessary; the rules that apply are those for temporary work. If the service is performed by a company, the voucher can be used to pay the bill.

4.2 Personal services

In the next table (Table 3) personal services are classified into three types: those performed at home by a worker or company, those performed outside the employer's home, and those offered by external facilities.

An international classification of personal services does not exist, as they were identified as services rendered by the employee (inside or outside the workplace) by the French ANSP (*Agence Nationale des Services à la Personne*); services offered by facilities are considered non-medical, which are charged totally (if private) or partially (if public) to the family.

4.3 The players in the sector of personal services

The players in the sector of personal services (as with universal vouchers) are:

- a) **families** that can purchase services directly from a company or public agency, or receive a voucher for the services mentioned in the preceding paragraph. They are encouraged to use the universal voucher within the regulated labour market because the actual cost of the voucher, which is lower than the face value, means a lower price than the undeclared labour market;
- b) personal service **providers** (workers, service companies, cooperatives) that are paid through the voucher, receive contribution and tax relief. Legal entities (companies, institutions and recognised organisations) receive contribution and tax benefits only if they are accredited and certified (by the region in which they operate or by the Minister responsible, if they operate nationwide, including in partnership with other entities) in the following areas: service quality, regularity of working relationships with employees, expertise in the case of services aimed at children under 3 years old, or dependent persons with disabilities;

Table 3 - Classification of personal services

Activities performed by the worker at the request of the employer:

- Housework
- Light gardening
- Light repair work and DIY
- Childcare
- Home school support and tutoring
- Computer repair and Internet
- Administrative support
- Assistance to elderly and disabled relatives, excluding medical treatment
- Assistance for persons with disabilities, including interpretation for the deaf
- Monitoring of patients, excluding medical treatment
- Physiotherapy treatment for dependent persons
- Maintenance and supervision of temporary housing, including second homes
- Activities performed outside the domicile of the employer:
 - Preparation of meals, including food shopping
 - Delivery of meals or expenditure
 - Collection and delivery of laundered/ironed clothes
 - Mobility support and transportation of dependent persons
 - Driving dependent persons from home to work, a holiday destination and administrative errands
 - Accompanying children, the elderly and disabled people outside the home (walking, transportation, etc.)
 - Care and walking of pets, not including veterinary services
- Activities performed in external facilities:
 - Nursery or daycare
 - Community centre
 - Playground
 - Childhood centre and workshops (recreational and educational activities for children up to 6 years)

c) **companies** that buy vouchers for their employees in order to balance work and family commitments. The voucher can be fully funded by the employer or co-financed by the employee on the basis of contractual agreements. Increasing use is derived, in this case, from the difference between nominal value and actual cost, determined by tax breaks for the employer and the fact that, not being part of the salary, it is not subject to taxes. The company has the advantage of being able to provide a significant benefit of value to the employee (although tied to an exclusive use). In addition, for the employer it costs much less than a salary increase. An employee who contributes to the purchase of the voucher has the double advantage of paying only a fraction of its face value; this part is also given a tax credit. For example, in France a voucher for the purchase value of €200, co-financed by €100, for the employee only costs €50, taking into account the tax credit. Even banks and insurance agencies can use the voucher as a promotional tool for the benefit of their clients and policyholders;

d) **regions, provinces and municipalities** can provide services to people through universal vouchers for elderly dependent persons and the disabled, poor families and single parents, etc., in the context of their own social policies. The use of the voucher is also an important instrument of regional policies that combat undeclared labour. In order to encourage the use of a single universal vouchers, as outlined in the next step, the cost of its management could be borne by the State;

e) **the agencies** that can provide personal services through vouchers for employees of member companies. This offers the same advantages as for firms and employees,; see item I);

f) **companies issuing** vouchers for universal services. Public or private entities can choose vouchers thanks to the expertise in the issuance and management by post offices and banks



with branches nationwide. Issuers will reimburse unused vouchers, so that businesses and government agencies can better monitor the effectiveness of spending and cost-effectiveness; g) **companies that pay vouchers** are banks, post offices, the INPS and other public bodies.

4.4 Contribution and tax benefits, and other incentives

As has been said many times, the success of universal vouchers for personal services is due to the fact that households can pay for these services at a lower cost than on the black market. Additional benefits arise from the fact that other players can mobilise other resources, including public services.

A new system of contribution and tax deductions is necessary, including optimisation of the pre-existing measures. The new system should allow a reduction of the actual cost of purchase by the family than the face value of the voucher (at least 40%), since on average undeclared labour costs 65% more than regulated. If the reduction was only 35%, it would bring the cost of regulated and illegal work to the same level, which is not enough to counter it, as evidenced by the experience of other countries.

Tax deductions on universal vouchers for personal services must be eligible for up to relatively high levels of family income in order to reduce all forms of undeclared labour. This means a large part of households (not just those on low incomes) benefit from tax breaks, as in France where three out of four families use vouchers for personal services. In fact, the public budget costs are offset by new tax revenue and the contribution of workers emerging from the black market.

One possible intervention is in the maximum deduction of €6,000, with higher levels for taxpayers with disabilities, families with disabled relatives, and in relation to the number of children per household.

These tax reductions should be shared, under the new State budget, between the State, regions and municipalities.

Based on the experiment in France (where 12,000 companies co-finance vouchers for their employees), in Italy there should also be a lowered real cost of universal vouchers by at least 25%, thus encouraging companies to offer them to their employees.

For employees who co-finance the vouchers, there must also be the same deductions provided for families.

Incentives for providers of personal services (companies, cooperatives, social organisations and private associations that are certified and accredited) may consist of VAT exemptions and reductions in social contributions. In France, these incentives have led to the accreditation of 5,500 providers, including 4,000 associations.

4.5 Coverage of the financial system of vouchers for personal services

To make the system cost of the vouchers compatible with the budget needs of the State, the reasonable use of resources already allocated to these services is necessary, as well as the stimulus for co-financing the system by companies and other potential players. The existing legislation provides tax deductions for childcare fees that families have had to pay; the maximum is €120. Daycare centres cost an average €300 a month, so the measure is insufficient.

The maximum amount deductible is €1,549 a year for pension contributions paid on behalf of domestic workers or babysitters. In this the expected tax deduction should be up to €2,100 per year.

For expenses incurred for nursing care and rehabilitation there is expected a total deduction for disabled persons, and 19% for non-disabled.

In the last two fiscal cycles, an appropriation of €25 million was approved for an experimental programme for disabled persons remaining with or returning to the family. The programme will be implemented by the regions.

Locally based public social services provide for various measures of home care and support for the disabled and elderly.

The unification of these pre-existing measures is therefore needed in order to create a single system of allowances and deductions, which rewards the family that uses the universal



voucher for personal services, not to mention its usefulness in combating undeclared labour and raising the level of deduction maximums to the extent indicated in the previous chapter. Similarly, at least part of the incentives must be aimed at businesses by way of deductions for the use of vouchers, to increase the real income of its employees and to balance work and family life.

To make it convenient for employees of companies funding of the voucher, it should be included (at least up to a maximum) as labour income, as it was for the meal vouchers exempt from taxation. For the part exceeding the limit, the current regulations on rewards could be extended and facilitated with a single tax of 10%.

The use of vouchers by regions, provinces and municipalities could be financed either by channeling and streamlining resources already allocated to social services, or through ESF funds allocated to services for women returning to work.

The savings for the government are not to be underestimated: They derive from the obligation of issuers to redeem unused vouchers to local authorities, and the general use of vouchers. The French experience shows that the use of vouchers by local authorities not only allows the control of expenditures must to be wholly directed at the purchase of personal services, but also the substantial cost reductions expected from the creation and maintenance of adequate public facilities. In addition it also contains waste, because the vouchers given to families are not transferable and may only be used by the owner, and those unused are refunded by the institutions where they have purchased.

Generally, an agreement between the State and regions should determine the allocation of costs and responsibilities for the support of universal vouchers.

In particular, it would bear the costs of issuing and administering the vouchers, creating a universal information platform available on the Internet, and facilitating research by both workers and the companies that provide services.

Furthermore, financing for all promotional activities and support of universal vouchers for personal services would strengthen national family funding policies in coordination with other funds designed to address non-support issues and social exclusion related to immigration. The unification (or at least coordination) avoids waste and overlap, and allocates the targeted aid to those most in need.

Finally, it should be considered that in return for the cost of achieving a universal voucher system, estimated at approximately €300 million per year (in France, with benefits and incentives more generous than those provided in this proposal, the cost is around €500 million per year), there are more contribution and tax revenues arising from illegal workers entering the regulated labour market; these are estimated at approximately €280 million for every 100,000 workers who emerge.

The balance between expenditure incurred by the State and the regions to support the universal vouchers and incoming tax revenues leads to an actual cost of tens of millions per year.

4.6 Certification of skills, accreditation and quality assessment

The certification of personal service providers is essential to assess and improve the skills of the staff who deliver them, in particular in those areas relating to family care, which is the largest. To avoid complicated counseling services and training courses for excessive length, the well-proven methodologies of the French system provide for the identification of existing competencies and targeted additional training in weak areas.

Furthermore, for families, a system of ensuring the quality of personal services is necessary, and should be required by companies or associations.

Legal entities (companies, institutions and recognised organisations) receive contribution and tax benefits only if they are accredited and certified (by the region in which they operate or by the Minister responsible, if they operate nationwide, including in partnership with other entities).

Regions must create a system of monitoring service quality, regularity of working relationships



with employees, expertise in the case of services aimed at children under 3 years old, or dependent persons with disabilities, and rely on an independent evaluator. Appropriate procedures are necessary for the withdrawal of providers that have not achieved the quality objectives established at national and regional levels, according to the score assigned to them by the independent evaluators.

4.7 The flow of personal services provided through the universal voucher

The flow of vouchers and the role of the involved players is relatively simple: The vouchers are purchased by families or received by employees and recipients of social benefits for the purchase of services for children, the elderly or disabled persons. Vouchers can be funded or co-financed by businesses to support employees; banks and insurance companies on behalf of their clients; regions, provinces and municipalities for the provision of social services; or public and private services for women re-entering the workforce.

Services are provided by workers, businesses, daycare centres, senior centres or other accredited associations.

Vouchers are paid by banks, post offices and public institutions affiliated with those who have provided services.

Plate 4 - Details of the model of universal vouchers for personal services (Image) Appendix

The following pages explain the systems of personal services in several European countries and a summary of the three models (France, Great Britain and Belgium) analysed in the second chapter.

Table 1 summarises the characteristics of different models of intervention. The picture attached immediately highlights the fact that incidental labor does not represent a widespread type of contract. Of the systems analysed, the contract has perhaps a foothold only in France, Belgium and Germany, while it is absent in Spain and the United Kingdom; in settings such as Denmark and Sweden, countries that use the Scandinavian welfare model are characterised by a particularly generous social welfare system that includes multiple plans for income support. The voucher is completely absent, or it represents a mode of action only in the education sector, such as in Germany. This means that the points of reference for the development of the job voucher in Italy essentially total two, namely Belgium and France. The British example is excluded because of the peculiarity of its voucher in that it is exclusively for early childhood services. These three systems, widely described in the text, are reported in detail summaries of the models developed in the three countries.

The Italian model of welfare belongs to the category sociologists call "Mediterranean," in that it is characterised by the crucial role of the family, which makes use of free services to women that cover all areas of care and services in the household; monetary transfers for the provision of services show a profound dichotomy between stronger and weaker beneficiaries. The strengthening of the incidental labour market through the French *Chèque Emploi Service Universel* (CESU), which follows the elements of Scandinavian-style welfare, may be a solution (at least in part, but economically beneficial) to the deficit in the service sector. The voucher would, therefore, be a first step toward *CD active welfare*.

The management of the Belgian, French and (in the case of childcare) UK programmes is focused on adjusting the regulatory framework for the players and the quality of services, as well as centralising the system in cases where the role of players is delegated to the central administration; this role provides for the establishment of flexible application measures that leaves individuals and businesses with the freedom to use the programme in accordance with customised requirements.

The details of the three models mentioned, which are useful in developing the Italian model, show that the model structure provides the voucher as a payment made by an authorised issuing company and allows the user to regulate the provision of services to individuals through financial assistance from the state in the form of subsidy for consumption, or possible



reduction of tax. The individual, therefore, does not create any contractual relationship with the person undertaking the work, as they are an authorised employee of the company that the individual has contacted.

In France, this has resulted in a three-part relationship: between the provider and recipient of the service stands the accredited company or agency that has a contract with the other two parties.

One of the most useful measures for the simple distribution of the voucher is the involvement of individuals or firms. In the United Kingdom, for example, when the plan of childcare vouchers was introduced, employees who qualify may choose to join these firms. In most cases, employers run the programme through a "salary sacrifice," i.e., a written agreement that reduces the salary of the employee (in the chosen period or until the child reaches the age limit) for a sum equal to what is paid in vouchers. The employee does not pay taxes or social security deductions on the amount of vouchers, while employers save on social security payments; in this case, however, employers often agree to offer employees the vouchers supporting their cost, as opposed to the application logic of French CESU, for whom the possibility of a full or partial funding is an option chosen most often by businesses. Presence of incidental labour contracts. Services provided by law, with specific reference to personal services. Presence of vouchers as a tool used to cover the costs of individual services. Presence of accredited entities for distribution/delivery. Nominal value of the voucher. Presence of economic measures.

BE

Incidental labour is called "personal services" and includes all the work provided in the home. The services involve care and maintenance of the home. These services help families and individual residents in Belgium.

This will involve the use of service vouchers ("titres-services"), consisting of payments issued by an authorised company (at present: Sodexo), which allows the user to regulate the provision of services performed by an authorised worker. YES

Businesses, such as employers and providers of incidental labor, should require ministerial authorisation. Sodexo is the company responsible for managing the programme (disbursement of vouchers, reimbursement of companies). The value of service vouchers, used to pay for an hour of work, is €20.80.

The voucher is valid for nine months after their issuance. The difference between what is paid by the individual and the value of the voucher is funded by the State, which reimburses the full value of the voucher to the company that employed the worker. Moreover, there is a tax deduction of 30%.

FR

Incidental labour in France is intended solely as a set of personal services. The scope of personal services includes services to families, services aimed at promoting health, and services aimed at improving the quality of everyday life. YES

Since January 1, 2006, this has been under the auspices of CESU. Payments may take the form of bancaire and préfinancé. YES

To be accredited, companies and associations that provide personal services must offer only services that fall between those covered by art. D129-35 of the Labour Code. The actual value of the CESU voucher is decided by the applicant, according to usage requirements and tax benefits. The amounts required are for a minimum of €15 to a maximum of €50. YES

Tax benefits are provided for employers and employees to the beneficiaries of the CESU. YES

IT

Personal services are seen as purely non-essential, defined "incidental," and not attributable to contracts of employment, as services are carried out on a temporary basis. The services provided under the programme are: seasonal agricultural work by retirees and young people; gardening; sports events, cultural or charitable work for emergency or solidarity; holiday work by young people under 25; housework. YES



Vouchers shall incorporate both accident insurance from INAIL and contributions to INPS, and the and shall be credited when the individual worker has been hired in a position; that position should be identified as open at an INPS office. YES

The Decree Law 112/08, converted into Law 133/08, identified INPS, employment agencies and brokers in their special role as service intermediaries. The nominal value of incidental labour is certified at €10, with agency reimbursement of expenses of 5%. 13% is for the management of INPS and 7% for the INAIL. The net income to the worker is equal to €7.50.

However, the convenience of the new programme is entrusted to the lesser contribution burden in relation to contracts of employment; the burden is eliminated in contributory collaboration projects.

UK

With particular reference to incidental labour, there are no specific provisions for employment contracts of this type. Services could be awarded with the vouchers to cover childcare. YES

The system of vouchers currently refers solely to childcare for children up to 15 years of age (16 if disabled), such as baby-sitting, kindergartens and game programs. YES

Employers may engage with or rely on a supplier of vouchers. Suppliers of vouchers with the highest market shares are known companies such as Sodexo and Accor. There is no default value: The economic value of the voucher varies. Companies or suppliers of vouchers offer several "sizes" and allow the worker to choose the maximum sum (£55 weekly or £243 per month). The system of childcare vouchers offers tax benefits to employees participating in the programme offered by the company as part of wages paid in the form of vouchers, and those sums are exempt from taxes and tax obligations.

Presence of incidental labour contracts. Services provided by law, with specific reference to personal services. Presence of vouchers as a tool used to cover the costs of individual services. Presence of accredited entities for distribution/delivery. Nominal value of the voucher. Presence of economic measures.

ES

In specific labour laws in Spain there is no definition of "casual work" or "incidental labour." Services rendered in the home are regulated by Royal Decree 1424/85 and include: home care or management, gardening, driving, household services, assistance to family members or people living at home. NO

Vouchers are not intended for personal services.

DK

In Denmark the government launched a programme in January 1994 that regulates the so-called "domestic services," but a contract of employment for such work does not exist. Currently the rule applies only to non-specialist housework and gardeners. NO

The Danish domestic services programme provides a subsidy for families to offset the expenditure for non-specialist housework. The Danish Agency for Trade and Enterprise has been tasked by the Ministry of Economic Affairs with the accreditation of domestic services employment agencies and verification of their VAT registration. There are no vouchers. The subsidy varies depending on the type of service requested.

SE

In Sweden the care is free and provided through a regional operating system. It is not meant for incidental labor.

DE

"Mini jobs - Midi jobs" - Incidental labour, defined by law. In Germany, Mini jobs are mainly domestic and also handle the care of dependent persons. NO

Vouchers for personal services are not provided, but they are for training.

Source: Based Work Italy 2009.

Benchmarking Profiles

PERSONAL SERVICES: BELGIUM

CHAPTER I. SCENARIO ELEMENTS

In Belgium, the law of July 20, 2001 defines proximity services and occupations as "commercial or noncommercial job creation, designed to meet individual, personal or family needs, as part of daily life and about the nature of home help home." The "proximity services" include all the work in and around the home, namely:

- help in domestic activities,
- out-of-home care allowed in cases of small fees for daily needs, ironing or mending activities carried out in one of the local enterprises to which the worker belongs;
- assistance in travel for elderly and disabled people.

This involves the use of service vouchers ("titres-services"), consisting of payments issued by an authorised company (at present: Sodexo), which allows the user to regulate the provision of services performed by an authorised worker.

I "titres-services" are available in two formats:

- paper
- electronic

The purpose of the voucher system service is the creation of additional jobs and regular domestic and care.

Service users are individuals resident in Belgium. After enrollment in the system, they may purchase service vouchers by the company Sodexo (which is the issuing company from January 1, 2008) to qualify for specific domestic help services. Subsequently, they can turn to an authorised agency, and request availability of a worker based on anticipated need.

Since 2006, self-employed women are entitled, after giving birth, to a maternity allowance consisting of 105 job vouchers for the outsourcing of household activities). The initiative stems from the desire to promote a better balance of family and professional life. In principle, anyone can be hired to perform services within the system of "titres-services;" it is not necessary, for example, to register with the Employment Service. The candidate to work within the "titres-services" can be unemployed; someone who has had unemployment benefits suspended or repealed; on income support; a part-time worker; an unemployed person not receiving benefits; or a person who works on the black. Within the system, according to the initial implementation, the candidate falls into one of the following two categories:

- Category A: Workers who receive unemployment benefits, income support or any form of social assistance during the course of their contract;
- Category B: All other employees under a "titres-services" contract of employment. These workers receive only the salary.

The employee has an employment contract, entitled Contrat de travail titres-services: This is a contract of employment for a specified or indefinite time, full-time or part-time. The employee may enter into additional fixed-term contracts with the same employer, but only for a limited time of three to six months, depending on whether he or she falls into Category A or B.

As with all jobs, the salary under a contract of this type is influenced by collective bargaining agreements of the authorised company to which the worker belongs, as well as agreements at the company level.

A worker employed under a contract of "titres-services" has insurance coverage and contributions.

Firms wishing to be included in the system of "titres-services" as employers of providers of proximity services must ask permission to the Federal Ministry for Employment by sending the appropriate application through the National Office of Employment (ONEM). Companies that may be credited: commercial companies, temporary employment agencies,



mutual companies, social enterprises, or self-employed businesses with one or more employees.

Interested companies assume an obligation to provide employment for one or more workers, with the specific contract of employment under "titres-services."

Specific provisions for the recruitment of workers are not involved: Employers may conduct placement at their discretion.

Authorised firms are included in a list maintained and updated on the Internet (www.titres-services-onem.be/fr_entreprisesagreees.asp) by the company Sodexo. Sodexo is the company responsible for managing the device of "titres-services;" it also runs issuance, distribution and redemption of vouchers to private authorised companies. The Royal Decree of December 12, 2001 defined the functionality of the system for use of "titres-services" to pay for basic local services carried out in or outside the home. The system for private individuals, because the voucher **cannot be used for business purposes**, provides for the coexistence of five different types of players:

- the company that issues bonds;
- private users;
- authorised firms;
- service providers;
- the National Office of Employment (ONEM).

Operation details are as follows:

- the individual requesting the voucher signs up for free with the issuing company (in Belgium: Sodexo), then receives a minimum of 10 vouchers at a cost of €7.50, valid for eight months;
- the user must use a company authorised by the federal government by agreeing on the methods of undertaking the chosen service;
- the company sends to the home a private employee to perform the service requested by the individual;
- the service completed, the individual pays the employee a voucher for each hour of work performed (via paper vouchers, which must be dated and signed, or via e-voucher);
- the worker sends or delivers the voucher to their company, which will in turn send it to the company that manages them (Sodexo) and is also responsible for the reimbursement to enterprises.

The maximum of "titres-services" purchased per year from each individual user is 750. The limit was increased to 2,200 for certain categories of people: single-parent families, the disabled, parents of minors with disabilities, older people who have assistance benefits.

CHAPTER II. SERVICE SECTORS

The system of "titres-services" refers to services rendered in or outside homes and household activities surrounding small daily necessities.

The Ministry of Labour, along with the social partners in relevant sectors (childcare, gardening, etc.), is investigating the possibility of expansion and diversification of services provided within the system of "titres-services" without incurring the possibility of unfair competition. This system of "titres-services," introduced in 2004, has been rapidly expanding and the number of job voucher reimbursements has increased from 5.6 million in 2004 to 49 million in 2007. The creation of new jobs in 2005 totaled 28,000, to reach 87,000 in 2007 (the year when forecasts made by the Ministry of Labour hoped to have 25,000 new jobs).

Authorised activities are limited to those in and outside the home. These activities, which help the families of residents in Belgium, are defined as follows:

- a) those performed at the address of the employer, such as:
- cleaning the house;
 - cleaning windows;
 - laundry;
 - ironing;
 - light sewing (mending);



- preparation of meals.
- b) those performed outside the family home, namely:
 - small purchases to meet the daily needs of the family;
 - ironing, including the mending of clothing to iron, if done in the premises of the employee and not in the home of the employer;
 - accompanying persons with disabilities (e.g., doctor visits or errands).

CHAPTER III THE REGULATION OF SERVICES

The person undertaking the work must be hired by an authorised company for a specific employment contract called Contrat de travail titres-services, and is either for full-time or part time.

The Contrat de travail titres-services shall be in writing and should be agreed upon and signed within two business days of their entry into service.

As repeatedly said, this is a regular employment contract, governed essentially the law of July 3, 1978 relating to employment contracts. It may be temporary or permanent, full-time or part-time.

The Contrat de travail titres-services must contain at least the following information:

- identification of all parties;
- number of authorisation of the employer;
- date of commencement of the contract;
- date of termination thereof, if permanent;

The amount of working hours and detailed working hours. If the contract is permanent, it establishes procedures for notice to employees about working hours. In the absence of such a provision, the schedule must be made known to the worker at least seven days before. The maximum working time stipulated in the contract is 38 hours. As for the minimum amount of time, this differs between workers of category A and B.

For workers belonging to category A, the specific rules are:

- during the first six months of work, the minimum duration of each benefit cannot be less than three hours (an employee who starts work at 9 am must be paid at least till 12 pm) and the weekly hours of work cannot be less than 1/3 of full-time;
- from the first working day of the seventh month (with the same employer), the employee must have a permanent employment contract, with full-time or part-time hours. The minimum duration of each shift is three hours.

For workers belonging to category B, the following specific rules apply for the entire term:

- the duration of each shift may be less than three hours (for example, to work from 9 to 11 am);
- for part-time workers, the weekly work may be less than 1/3 of full-time (for example, a six-hour work week is legal);
- starting from the first business day of the fourth month of employment with the same employer, the employee must have a permanent employment contract.

Regarding the possibility of rejection of proposals for additional hours of work: The worker in category B has the right to refuse, while the worker in category A (who receives a salary in addition to unemployment benefits, income, or other subsidy) is obliged to accept it. Furthermore, this type of employee must, from the first day of employment, notify in writing of his belonging to category A, and declaring his readiness for overtime, or additional part-time work with the same employer, which provides more hours of work, or finally for a possible full-time job.

In case of availability of the same type of work, whether full-time or part-time, with a greater number of hours, the employer must give priority to workers in category A. If the worker forfeits the additional hours (without justification), the employer is obliged, as appropriate, to inform ONEM or CPAS. The employee in this case could lose unemployment benefits or income support.

The worker in the field of proximity services to be hired by an authorised company may apply

to regional service agencies (ACTIRIS, FOREM, VDAB), or consult the list of authorised firms in which are published vacancies.

To be appointed under the system of titres-services, the worker does not have to meet any specific requirement.

Regarding the relationship between the worker and the individual employer, they may not be legal related or have the same residence, and obviously he cannot be both provider and employer, nor can he perform work in favor of the spouse or partner. The Contrat de travail titres-services has no special features compared to the usual employment contracts. Consequently, it is governed by the same rules governing ordinary contracts of employment.

The employee enjoys the following benefits:

- regular employment contract;
- compensation based on existing pay scales;
- social security coverage;
- accident insurance.

The employee shall, regardless of "titres-services," earn a monthly salary that cannot be less than expected for the sector. Regarding pay scale, two scenarios are possible:

- the minimum wage (as required by the collective bargaining agreement) is applied to workers who are employed by companies that use only part of the "titres-services," or employed by temporary agencies; the collective agreement (active from February 01, 2008 and enforced under Law 322.01) includes the following gross amounts:

€9.11 per hour for workers with less than a year of seniority;

€9.47 per hour for workers with at least one year of seniority;

€9.59 per hour for workers with at least two years seniority;

- the same contract applies to workers engaged in various business operations. Taxes, pension and insurance under the contract of employment "titres-services" do not differ from those in ordinary contracts. With reference to social partners, the "titres services" contract of employment falls within the specifics of the collective bargaining agreement.

CHAPTER IV. THE INCIDENTAL LABOUR VOUCHER

The value of "titres-services" is **€20.80**; they are valid for one hour of service work. Vouchers are valid nine months from their date of issuance. The voucher is also an instrument of will: the individual who uses it does not create any contractual relationship with the person undertaking the work, who is an authorised company employee and the company is liable for any damages caused by errors or omissions of the employee.

All persons resident in Belgium and who are included in the system can purchase the "titres-services" from Sodexo in order to benefit from the services already described.

From January 1, 2006, women who carry self-employment and who have recently given birth are entitled to free vouchers from the moment they go back to work. From May 2007, the number of these vouchers was raised from 70 to 105, and women who are self-employed may use them for personal services. In this case, access to "titres-services" is provided through the insurance fund to which the worker contributes; the vouchers are funded by the social security system. They can ask an authorised agency for the availability of a worker for required services.

For the purpose of disseminating the system of service vouchers, the federal government has encouraged its use at various levels. Thanks to grants from the federal government, the "titres-services" worth **€20.80** per hour cost individuals only **€7.50**; the difference is funded by the State, who reimburses the company the full value of the voucher. Individuals also benefit from a tax deduction of 30%, which reduces the cost of each voucher to €5.25 for the citizen.

For the purposes of tax deductions, on April 1 of each year Sodexo sends each user a tax certificate that relates to the "titres-services" purchased, so workers can attach it to their tax



return. For the tax year 2009 (income in 2008), users with low incomes may qualify for this benefit through a refundable tax credit. This system is very costly to the State, however, and so private sector participation is encouraged, with a consequent increase in employment for low-skilled workers most at risk of social exclusion. In 2007 the system of "titres-services" cost the State €393 million.

PERSONAL SERVICES: FRANCE CHAPTER I. PROGRAMME ELEMENTS

In France, "personal services" are a set of services that contribute to the well-being of its citizens, at their home or wherever they spend their free time. It is defined in the "Personal Services Development Plan" of the French Ministry of Labour and was decided during the National Assembly on Personal Services of November 22, 2004; it is now well known by all the stakeholders. Personal services, affecting more than 2 million people, are a sector of the French economy that has experienced major growth over the past 15 years, despite the presence of various obstacles in the system that has adversely affected their further development.

To understand the meaning of some parts of this document, is necessary to understand the fundamental difference between the Italian and French experiences. In Italy, there are two figures in this type of contract - provider and user of the service; in France the system is entirely based on a three-part relationship between the provider, the user and temporary employment agencies; the provider must be hired through a temporary employment agency.

After the approval of Law 2005-841 on July 26, 2005 (relating to the development of personal services), on January 1, 2006 the *Chèque Emploi Service Universel* (CESU) entered into force in France: It replaces the previous *Chèque Emploi Service* (ESC) and *Titre Emploi Service* (TES). This may take the form of *CESU bancaire* or *CESU préfinancé*.

An individual who wants to use the *CESU bancaire* must register at a CESU management centre and collect it at their bank. It is a kind of checkbook, where each "check" should be completed by the holder that will include: net amount to be paid, name of the provider of the service, number of hours worked and hourly wage. Once completed, a copy must be sent as soon as possible to CESU in order to enable it to provide for the collection of social security contributions. The provider may then deposit the CESU at their bank or ask it to be paid.

In the case of the *CESU préfinancé*, vouchers are issued by institutions authorised by the Agence Nationale des Services à la Personne (such as Accor Services and Chèque Domicile) and co-financed (in whole or in part) by private lenders; participating businesses offer their employees the vouchers for free or at a value lower than the nominal value, similar to meal vouchers.

The objectives in regulating the personal services sector are as follows:

- stimulate demand and facilitate access to personal services through tax cuts and partial recruitment of their costs;
- simplify procedures by establishing the National Agency for Personal Services, which brings together 18 ministries and the development of a network of regional representatives;
- develop the professionalism of the industry through the creation of national "brands" in order to strengthen the confidence of consumers;
- improve working conditions (quality of services provided, increased remuneration, training for operators).

For both the *CESU bancaire* and the *CESU préfinancé*, the vouchers are used by private citizens residing in France in payment for personal services covered by the definitions above. A provider who wants to work in personal services may apply to agencies and associations of specialised services, according to the area of activity: early childhood services, school support, computer assistance, etc. The provider may also be called directly by an individual who has applied through Urssaf (social security agency), and can perform the services requested.



In any case, the employee will be regularly employed and therefore may benefit from all of the protections provided for legal workers, such as insurance and social security, with full security and access to career prospects.

Workers in this sector (whether independent, associate, or "sent out" by an agency) have access to vocational training, career counseling and certification of acquired experience. To emphasize the relationship with social partners, training centres and schools, these are offered with the aim of highlighting the "human" trades by providing comprehensive training and qualifying for the area of personal services.

To be accredited, companies and associations that provide personal services must offer only services that fall between those covered by art. D129-35 of the Labour Code. The certification is issued by the Ministry of Labour, and companies are given a rating for the provision of "simple" or "quality" services. The latter is mandatory for facilities that offer services to "weak" users (under 6, over 60 or disabled people). The certification is valid for five years but every year, the accredited company must provide a qualitative and quantitative report of its activities. The accreditation allows for the benefits provided by law: Exemption from social security contributions by the employer, but limited to minimum wage employees.

The sector of personal services is governed by Law 2005-841 of July 26, 2005; ANSP (National Agency for Personal Services) was asked (by decree of October 14, 2005) to manage the promotion of development and quality, under the responsibility of the Ministry of Labour.

Administratively, the agency coordinates the activities of 18 ministries that are operating within or have links with the sector of personal services in order to provide a single point of contact for all players and simplify administrative procedures. The agency also carries out a mission of support and development of employment in the personal services sector, in collaboration with all partners involved and the local community.

CHAPTER II. SECTORS OF ACTIVITY

The competencies included in personal services are different in nature and can be grouped into five major categories:

- family services (supervision of and support for children, school support, home tutoring, care of the sick, etc.);
- health services at home or in the workplace (home care, psychological support, information and prevention, etc.); \
- support services for improving the quality of daily life (computer assistance, meal delivery, small repairs, barber, house maintenance, etc.) or in the workplace (in business concierge services, assistance in practical matters, etc.);
- services more strictly related to home and practical matters (baby-sitting, outdoor area consultations, etc.);
- intermediary services (legal advice, assistance with paperwork, help in finding accommodation, etc.).

In 2007, after the regulation of the industry through Law 2005-841 of July 26, 2005, personal services generated €4.6 billion; further work is currently growing rapidly (11% in the same 2007).

Similarly, the volume of hours worked in 2007 increased by 5.5%, compared to 4.1% in 2006. Still referring to 2007, 312,000 new jobs were created, over 85% of them by families who recruited through the employment agencies. The sector of personal services is currently one of the most dynamic economic sectors in France.

Industry figures today.*

- Turnover in 2008: €15.6 billion;
- Growth rate in 2008: 10%;
- 2 million individuals receiving services at home;
- 16,000 entities accredited by the National Agency for Personal Services;



- Jobs created each year since 2006: more than 100,000;
- 2 million employed people;
- Hours of home care services in 2008: 1.370 million.

The development of the voucher*

CESU bancaire

- 1.4 million private employers use the CESU bancaire;
- 733,300 employees declared by private employers.

CESU préfinancé

- €176 million in purchasing power through the CESU préfinancé by enterprises and communities in 2007;
- Nominal value of the average CESU: €14.41;
- 12,300 businesses and community co-funding the CESU for employees;
- 635,000 CESU préfinancé beneficiaries (employees and benefit recipients);
- 85,900 members of CR CESU:
 - 76,400 salaried by a private employer (15,000 of which are accredited nannies);
 - 9,500 legal entities (of which 1,600 are crèches[nurseries]).

Market demands*

- 6 million potential users of personal services;
- 300,000 households in need of solutions for monitoring and care of their children;
- 200,000 cases of undeclared work, estimated only for domestic help services (study by the European Commission).

Market potential*

- 1 million jobs created, where each French user has 2 hours of service per week;
- Less than 2% of employees in France benefit from a programme of personal services paid for by an employer, 20% in some European countries and 60% in the United States;
- More than 2.7 million single-parent families;
- 1 child in 5 lives in a single-parent family;
- 47% of French people have a personal computer at home;
- 16 million households do their own gardening.

* ANSP (Agence Nationale des Services à la Personne) data.

The personal services programme is successful in creating jobs at an annual cost of €7,253 per employed person (2007 data). This cost represents 47% of the annual SMIC (minimum wage); it is therefore lower than an unemployed person receives from the State. It is useful to recall that the cost (per employee, generated by the policy of reduction of social contributions on low wages) is approximately €10,000. The activities are well defined and described in Article D129-35 of the Labour Code.

Home-based personal services

- Housework
 - Light gardening
 - Light repair work and DIY
 - Childcare
 - Home school support and tutoring
 - Computer repair and Internet
 - Administrative support
 - Assistance to elderly and disabled relatives, excluding medical treatment
 - Assistance for persons with disabilities, including interpretation for the deaf
 - Monitoring of patients, excluding medical treatment
 - Physiotherapy treatment for dependent persons
 - Maintenance and supervision of temporary housing, including second homes
- Activities performed outside the domicile of the employer:**
- Preparation of meals, including food shopping
 - Delivery of meals or expenditure

- Collection and delivery of laundered/ironed clothes
- Mobility support and transportation of dependent persons
- Driving dependent persons from home to work, a holiday destination and administrative errands
- Accompanying children, the elderly and disabled people outside the home (walking, transportation, etc.)
- Care and walking of pets, not including veterinary services
-

CHAPTER III. THE REGULATION OF SERVICES

In principle, depending on the type of request made by the party seeking to use the service, three types of usage define the relationship between the parties:

A. The person in need of services hires the employee directly and also takes care of the administrative procedures, including URSSAF (insurance). The citizen, in this case, is both employer and consumer and can pay the employee through the CESU, thereby regulating social security and insurance contributions on behalf of the employee.

B. A temporary employment agency is responsible for the contract of a worker on behalf of the private individual who needs a particular service. Again, the individual is both the employer and consumer, but may require the agency to take care of all administrative procedures. In this case, the agency can decide to implement a management fee.

C. The temporary employment can hire employees through an internal contract, and then make them available to private individuals who may request it. In this case, the employer is no longer a private citizen but the service agency or accredited organisation. Whichever procedure is chosen among those listed above, the citizen who wishes to use the CESU bancaire must register with the CNCESU management centre in order to collect the vouchers. Customers receive a kind of checkbook and, for each service, they must enter the net amount to be paid, the name of the person who performed the service, the number of hours worked and the hourly rate. A copy should also be sent to CNCESU for the withdrawal of social security contributions, which occurs a few days after CNCESU receives their copy. The next year, employers must declare the amounts paid to providers and the social contributions paid in order to receive a reduction of 50% on the relevant tax to a maximum of €12,000.

With a CESU préfinancé, the salary of the employee can be adjusted using the vouchers if payments are made by other means.

Responsibilities according to the mode of payment

Mode of payment

wages Cash, check

money order, bank transfer CESU préfinancé CESU bancaire

Social Security documents

mandatory prepared by private employer

Employment

URSSAF documents prepared by the private employer

sent to CNCESU simply using

the detachable CESU slip

Paycheck from CNCESU or Pajemploi for

The so-called maternal assistants

Recipients of unemployment benefits or citizens who wish to perform their own work under the personal services policy must be enrolled in one of the agencies accredited by ANSP.

Subject to the requirements mentioned above, the service will be paid through the CESU, which can be cashed at a bank like any other type of check.

After a few days, a CNCESU certification is sent that serves as a paycheck.

Employees who have provided a service and been paid by individuals through the CESU are subject to the rules established by labour law. Those rules (pay, holidays, end of contract, etc.) are:

- in the national collective bargaining agreement;



• in the Labour Code for all matters not expressly mentioned in the collective agreement. Members also have social security and departmental training programme benefits available to employees.

Moreover, the fact that a recipient of unemployment benefits can do an activity that falls between those covered by the definition of personal services under Law 2005-841 of 2005 without losing benefit entitlements is an additional protection, as during the entire period of the activity in question they can count on income support. To calculate the value of CESU payments, the tax advantages it offers to its users must be taken into account. See in this connection the following point.

Engaging in voucher-based personal services has a double advantage:

- working legally, with consequent social security benefits provided with regular work;
- working without losing any subsidies (if unemployed).

The recipient benefits especially from the tax point of view, namely:

- 50% reduction or credit on income tax payments for personal services;
- 50% tax credit on payments for services involving monitoring and assistance to children under six years, outside the home;
- reduction of social security contributions as an employer, and total relief if elderly or disabled and aged 60 and over.

If contracted by accredited agencies:

- 50% reduction or credit on income tax payments for personal services;
- 50% tax credit on payments for services involving monitoring and assistance to children under six years, outside the home;
- 5.5% VAT only on the services in question.

Enterprises and institutions that co-finance vouchers for employees or associates are entitled to a tax credit on profits of 25% of the value of the co-financing (up to €500,000 annually). Moreover, the co-financed part of the voucher is not subject to social contributions (up to a maximum of €1,830 annually for each worker). In both cases, the service provider is negotiated directly or through an intermediary; work is guaranteed by a collective bargaining contract with the accredited broker, in which social partners have always been a major player.

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CHAPTER IV. THE PERSONAL SERVICES VOUCHER

The CESU *bancaire*, including a special license fee, can be funded (wholly or partially) by an individual or entity on behalf of their employees. In this case, when issued, a nominal value is assigned. This value does not exceed €99.99 as per the resolution of December 19, 2007.

The actual value of the CESU is decided by the person who requests it, according to his needs and the tax benefits that it affords. The amount required must have a minimum of €15 and a maximum of €50.

By promoting the personal services programme, the government sought to strengthen the economy and simplify the procedures necessary for its growth.

Administrative simplification ensures the development of this sector, as the parties involved in this type of contract abide by a series of administrative practices that have in fact continued to curb its growth. An effective example is the individual or employer who uses the *vouchers* to hire someone for light gardening jobs, and is exempt from contributions for the value of the work. This will be replaced by a certificate that the CESU will send directly to the employee, who will benefit from the rights provided, for not working on the black.

The CESU vouchers are purchased by individuals who are resident in France who are willing to pay for personal services performed by employees at home, and for services and care of children outside the home.

In addition to providers of personal services (enrolled in accredited agencies), employees can access the *voucher* if their employer has chosen the partial payment via CESU bancaire.

The social security and tax advantages for both employers and employees enjoying the CESU arise primarily from the co-financing of CESU, since its contribution in the co-financing of personal services is not subject to social security contributions for an annual maximum of €1,830 for each recipient. Enterprises and institutions that co-finance vouchers for employees or associates are entitled to a tax credit on profits of 25% of the value of the co-financing (up to €500,000 annually) and it considers the costs incurred by the company, first to offer services to their employees at work (nursery business, concierge etc.), but also to finance the total or partial value of the CESU of each employee. Example:

- For €100 of co-financing (subject to corporate income tax) the expenditure is deductible with a tax rate equal to 33.33%; the tax savings will be €33. The company receives a tax credit equal to 25% of the sums paid (€25), which represents a net cost of €42 each €100 deposit, with the other €52 available from the State.
- For the beneficiary, the amount corresponding to the participation of the employer the aggregate value of the CESU that have been attributed are not subject to tax on income of individuals within the cap €1,830 per year.

PERSONAL SERVICES: UNITED KINGDOM

CHAPTER I. PROGRAMME ELEMENTS

Labour regulation in Britain is largely left to the market: The government rarely intervenes in agreements between employers and workers. Specific provisions on personal services do not exist. The issue of personal services is currently the focus of the government, which has opened a public debate with its citizens, including the establishment a special site where they can get information and express their opinions on a review of the system of personal services.

Since 2005, a form of regulation on the use of personal services through vouchers was introduced as part of the National Child Care Strategy (NCS). The explicit purpose of introducing this system is to offer support to parents who work full time, and to create a balance between work and family commitments.

The existing system in the United Kingdom provides that companies can offer their employees vouchers, which since 2007 have amounted to a maximum of £55 per week or £243 per month, to be spent on childcare. The preferred option of employees is to the vouchers by deducting them from their salary, thus reducing the amount subject to withholding tax.

Coupons can be on paper or electronic. They are used like cash, last over a year, and can be



deferred for use during periods of greatest need, such as during school holidays.

The system of vouchers relating solely to parents (natural, adoptive, or those exercising parental authority over children) who are working (both full-time and part-time), and who have one or more children up to 15 years old (or 16, if they are disabled). The vouchers are valid until September 1 after the child's 15th (or 16th) birthday.

Under the system of vouchers for childcare, the services must be provided by qualified persons, including the following:

- Childcare centres established under a foreign accreditation system recognised by the Ministry of Defense;
- Recognised foster care programmes (the child does not have to be among those in custody).

England Only

• Persons registered under Part III of the Childcare Act of 2006, i.e., persons enrolled in the following registers run by Ofsted:

- First year registry
- General registry of childcare (mandatory)
- General registry of childcare (voluntary)
- Schools - assistance from a school administration is approved if it takes place:
 - Outside of normal school hours;
 - on the school premises; or
 - on premises subject to inspection of school activities handled by Ofsted, or equivalent independent monitoring body for some schools.
- Other entities engaged in childcare:
 - Nursing home workers or those employed by an agency registered under the regulation of home care agencies in 2002, providing childcare;
 - Persons accredited in accordance with the Tax Credit Plan of 2005 (approval of childcare providers) to assist children at home, or in other domestic environments.

Wales Only

- Childcare centres approved by the National Assembly of Wales (through the inspectorate of care standards for Wales);
- after-school care for children, provided by a school on its premises or by a local authority;
- accredited persons on the basis of the 2007 Approval of Childcare Providers plan (Wales) who care for children in their home, or more children in the house of one of them;
- nursing assistants from an agency registered under the 2004 Domiciliary Care Agencies plan, which provides childcare in its activities.

Scotland Only

- childcare centres accredited by the Scottish Commission for the Regulation of Care;
- after-school clubs for children, accredited to the Scottish Commission for the Regulation of Care;
- in-home childcare, provided by or through agencies, childcare services, baby-sitters and nannies who register.

Northern Ireland Only

- childcare centres registered with a Fund for Health and Social Services;
- after-school care for children, provided by the school on its premises, or by a local education authority;
- persons accredited per the 2006 Tax Credits (Approval of Home Child Care Providers) Scheme to assist children at home.

With respect to individuals who can provide the service of childcare, the emphasis is on the strong need for accreditation, and the ability to provide these services to all workers, not only to specific disadvantaged groups.

Distribution and reimbursement vouchers. Employers may issue vouchers, or rely on a supplier. In the list of voucher providers with major market shares, there are companies known



for providing restaurant vouchers, such as Sodexho and Accor, and even a non-profit: Employers for Childcare.

Briefly, the system of childcare voucher works as follows:

- Employers can join the Child Care Voucher Programme, and thus are obliged to offer the option to all its employees who meet the necessary requirements. The programme can be managed directly by the employer, or by a company that provides vouchers for a fee. In the latter case, which is the most common, the supplying company ensures compliance with the rules of law and helps the employer in implementing the system, both within the company (in terms of administrative and communications staff) and outside (with the providers of childcare services used by employees and the data bank for redemption of the vouchers).
- Once the plan of vouchers is introduced in the company, employees who meet the necessary requirements may decide to enroll. In most cases, employers run the programme through a "salary sacrifice," i.e., a written agreement that reduces the salary of the employee (in the chosen period or until the child reaches the age limit) for a sum equal to what is paid in vouchers (maximum: £55 weekly or £243 per month; the value of the salary cut cannot fall below the national minimum wage). The employee does not pay either taxes or social security deductions on the amount received in vouchers, while employers save on social security payments. Only in rare cases, the employer may offer employees the vouchers and support its cost.
- Employees receive vouchers directly from the employer or the service selected by the employer, on the dates determined by the employer (usually coinciding with the salary payment schedule). They are used for childcare services or to otherwise care for their children via services provided by facilities or persons registered and accredited as required by law.
- To accept the voucher and get a refund, services or individuals must register with the voucher provider, or employer if the system is handled directly by the employer (with no apparent limit to the number of "arrangements"). Repayment is by electronic bank transfer, while the voucher itself should be sent to the supplier of the same by the person who provided the service - e.g., by post - and the supplier then reimburses the value by crediting the bank account.

CHAPTER II. SECTORS OF ACTIVITY

The system of vouchers currently supports only childcare for children up to 15 years old (or 16 if disabled), such as housing, kindergartens and game programmes.

However, for some years already, several parties have called for an extension of the entire system, based on other programmes similar to those used for children, to workers who are responsible for other family members with limited self-sufficiency. A petition was presented to the Prime Minister of Britain in the summer of 2007.

The proposed system (supported by many large companies as well as the object of study by the London School of Economics) provides that employers offer vouchers to their employees with elderly or disabled family members, tax-free, which are spendable on qualified assistance. With the system of vouchers, the recipients choose the level of assistance required as provided by a number of accredited suppliers. The services would not otherwise be covered by public assistance, and the funds would be additional and not a substitute for funds offered by the State. The vouchers would cover a range of services needed by elderly and disabled persons, including extra-care home, small home repairs, gardening, etc.

Research from the London School of Economics points out the economic benefits of the proposal; with a government investment of £37 million, £83 million could be generated for services, with which 5.5 million hours of additional assistance would be financed. In a world with a rapidly aging population and increased demand for related support services, identifying a new model is necessary and urgent in order to help workers who have the task of assisting the elderly or disabled members of their family.

The need for assistance is one of the main causes of early retirement, which, at present, affects as many as 70% of workers under 50 years old with care responsibilities, and 80% of

those between 50 and 60 years old. While in Britain a system of vouchers to support working parents has already been active since 1989, the current system of vouchers for childcare was introduced in April 2005. Despite the opportunity to save significant sums through the exemption from taxes and contributions, a report recently released by TNS Global revealed that only 2% of working parents adhere to the system. The value of the vouchers used at present is estimated at around £90 million.

The reasons so far identified for the lack of interest of employees are:

- lack of knowledge by families and businesses about the operation of the system;
- overlap with other aid for families with low incomes, and consequent risk of loss of tax credits provided;

- with regard to employers, a change in the law on October 5, 2008 ordered that during the extended (optional) leave for maternity, women should retain the right to all benefits arising from the employment relationship, including vouchers for childcare. This could result in an additional and unexpected cost for firms participating in the system, and thus they have waived the service.

The services covered by the system of childcare vouchers cover all forms of professional assistance to children, including:

- childcare;
- crèches;
- nursery schools;
- play centres;
- after-school clubs;
- holiday programmes;
- baby-sitters and skilled nannies

CHAPTER III. PERSONAL SERVICES REGULATIONS

With particular reference to personal services, there are no specific provisions for employment contracts of this type. The only conditions for the establishment of employment involving care under the system of vouchers are:

- Accreditation of the supplier (company, school or individual) of the competent bodies;
- workers (even if they are properly accredited) must have no ties of kinship with the child unless assistance is provided outside of the home of the minor, or that the same assistance is also provided to one or more children unrelated to the provider.

Workers who provide services of assistance receive the same protections (in terms of labour law and social security) as other workers.

The voucher has a fixed nominal value and depends on the individual agreement between employee and employer. Vouchers are usable for payment, in whole or in part, for services relating to children by one or more qualified and registered providers.

The same tax, pension and insurance payments for workers who provide care is the same as for all other working relationships.

In the UK there is no specific regulation regarding the employment relationship in personal services sector. There is no default value: The economic value of the voucher varies. In general, companies or voucher suppliers allow the employee the opportunity to apply for vouchers worth an amount of their choosing up to a maximum of £55 weekly or £243 monthly. Administrative simplification is beyond the scope of the measure.

The childcare vouchers cannot be purchased, but are offered by employers to their employees who voluntarily participate in the programme, as a percentage of their salary (a maximum of £55 per week or £243 per month) in exchange for the childcare vouchers. Beneficiaries of the "childcare vouchers can be:

- Birth parents;
- adoptive parents;
- persons who exercise parental authority over children up to 15 years old (16 if disabled), who



work full-time or part-time.

The system of childcare vouchers offers tax benefits to employees who enter the programme offered by their company; the share of wages paid in the form of vouchers is exempt from taxes and fees.

Based on the employee's tax bracket, savings on childcare costs are up to £1195 per year, or if both parents receive vouchers, up to the £2390.

Also employers have certain advantages, because the system offers them the opportunity to save up to £373 pounds a year for each employee, as the firm is exempted from insurance contributions on the share of income paid by vouchers. As mentioned before, a change in the law has recognised women on maternity leave; from October 2008, they enjoy the right to full benefits granted under the employment relationship, including vouchers; even without salary, this change has meant an additional cost for companies.