

SOCIAL VOUCHER PROGRAMS: TAILORED GUIDANCE

ALPHS

Advancing Personal and Household Services




Partners



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Ad-PHS - Grant agreement
no.: VS/2018/0344
This project is funded by the European Union



Over the last 50 years, social vouchers have been developed in more than 19 EU Member States to facilitate the implementation of social policies, including those targeting access to PHS and seeking the formalisation of the sector. Their efficiency in reaching social goals is now recognised, and accordingly they have become a crucial instrument in the personal and household services sector. Different stakeholders are involved in the implementation of social voucher mechanisms, from public authorities to trade unions, employers' organisations and voucher issuers, all sharing a common goal: the design of a balanced and comprehensive instrument that will benefit all citizens.



WHAT ARE SOCIAL VOUCHERS?

DEFINITION

1 - Vouchers

Generally speaking, vouchers can be defined as an instrument which carries a right to receive certain goods or services, or to obtain a discount when acquiring those goods or services, or to receive a refund, at the time of redemption. That right can be expressed in terms of monetary value, as a percentage (reduction), in units or in quantity.

2 - Social vouchers

Social vouchers, whether **paper or digital**, are **social benefits** collectively attributed **to workers** by their **employers**, both public and private, carrying the **right to access specific goods or services** that **improve their working conditions** and **facilitate their work-life balance** (such as access to food, culture, transport, childcare, holidays etc.). **Public authorities can also adapt social vouchers to distribute benefits and well-being to their citizens** as an alternative to allowances in cash or kind.

Such goods or services are accessible within a **dedicated network of merchants and providers**. This network is built on a **contract-based relationship** between each merchant/provider and the companies issuing social vouchers and ensuring their **proper use**, notably by **avoiding their conversion into cash**.

Social vouchers, usually supported by public policy and sustained by a **national tax and/or social framework**, enhance a **virtuous social and economic model while stimulating the local and national economy** to meet a **dedicated social purpose**. Such characteristics differentiate them from some remuneration mechanisms for seasonal/casual activities that may be proposed to occasional employers as solutions to simplify the administrative burden of hiring casual workers.

In the field of personal and household services (PHS), social vouchers are commonly called service or childcare vouchers depending on their scope.

FEATURES OF SOCIAL VOUCHERS

Social vouchers programmes have **specific common characteristics** that frame their implementation and make vouchers efficient in achieving specific public goals:

- 1. LIMITED GEOGRAPHICAL SCOPE:** valid only in a limited territory (state, region, sub-regional district or municipality)
- 2. REGULATED FRAMEWORK:** regulated by a specific social or tax framework intended to implement a social and/or employment policy
- 3. FOR LEGAL ENTITIES:** provided upon request of an enterprise or a public entity
- 4. ACCESS TO SERVICES/GOODS:** entitling an individual to obtain goods or services
- 5. DEDICATED NETWORK:** access to service providers which have a commercial agreement with the issuer
- 6. NO CASH:** cannot be exchanged for money
- 7. EASY TO USE:** administrative formalities are simplified for beneficiaries who can identify clearly what services they are entitled to, how to access these services and how much they will cost

DIFFERENCE BETWEEN SOCIAL VOUCHERS AND ADMINISTRATIVE SIMPLIFICATION TOOLS

It should be noted that social vouchers must be distinguished from “declarative and remuneration systems” often wrongly termed “vouchers” such as the *Dienstleistungsscheckgesetz* in Austria, the *CESU déclaratif*¹ in France, the *Libretto Famiglia* in Italy or the *Alphacheque* in the Netherlands. Although all these instruments share with social vouchers the objective of easing domestic workers’ formal employment, they differ in that they do not carry a right for an individual to receive services and are not necessarily combined with:

- the guarantee of labour and social rights for PHS workers similar to those of regular workers;
- access to specific social and fiscal incentives. When users are granted social and fiscal incentives – such as a tax credit – for purchasing PHS on the formal market, access to these incentives is not necessarily bound by the use of a specific instrument for the declaration of PHS workers. On the contrary, social vouchers fall under and should be used in compliance with a specific national fiscal and/or social framework.

Furthermore, “declarative and remuneration systems” are used only by end-users who are directly employing their domestic worker enabling them to easily declare them and to meet their obligations towards social security bodies.

Therefore, this document addresses only social voucher programmes. Efficient “declarative and remuneration systems” such as the French *CESU déclaratif* are presented in the tailored guidance on developing the rights and obligations of employers and workers.

¹ It is important to distinguish between declarative CESU and prepaid CESU implemented in France. Although they bear the same acronym, they are two distinct tools. Declarative CESU is a declarative and remuneration systems whereas prepaid CESU is a social voucher programme. Therefore, the current document focuses on prepaid CESU only.

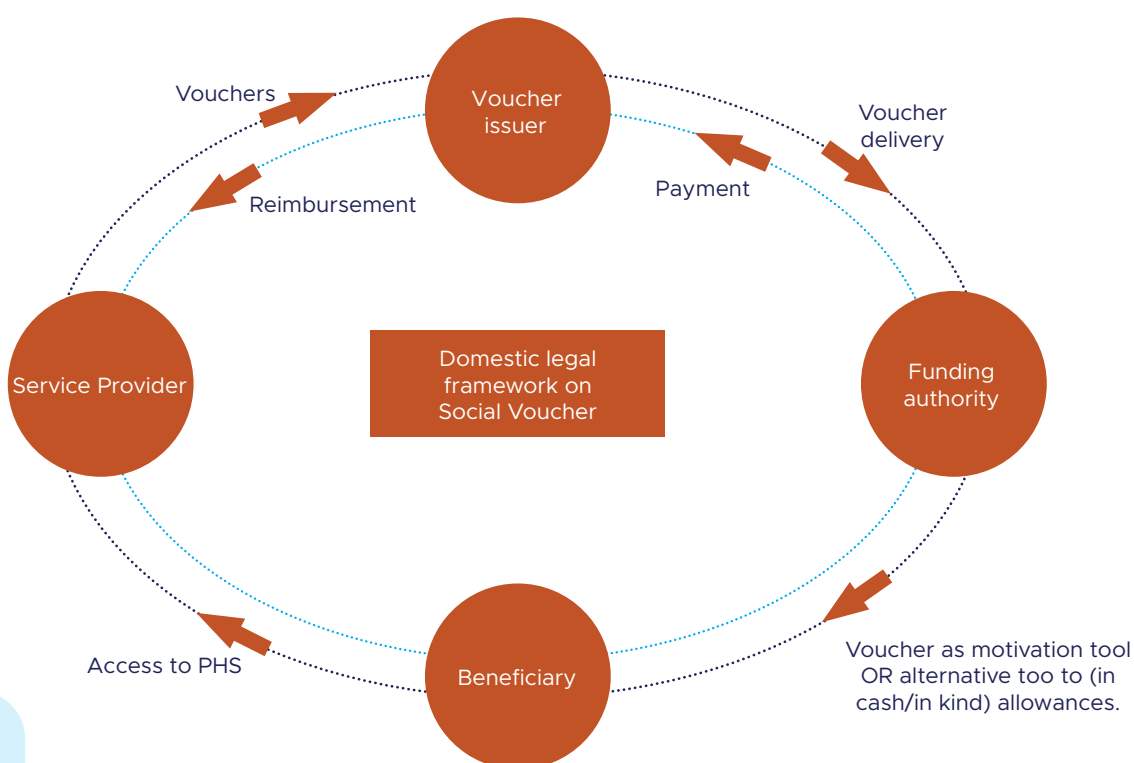


HOW DO SOCIAL VOUCHERS WORK?

Social vouchers are issued under a **specific legal framework that identifies which users are entitled to receive them, how the whole mechanism is managed and how it is financed**. In this framework, social vouchers can be distributed either by employers or by public authorities. In the latter case, access may be subject to a registration process (i.e. open to all citizens) or be means and/or needs tested (i.e. open only to a specific target group). In most cases, voucher issuing companies are responsible for the management of the social voucher programme.

Social vouchers' beneficiaries exchange them at **designated service providers**, which later follow a simple process to get reimbursed. Service providers can join the network only if they fulfil specific quality requirements. In this case, they become part of a contractual relationship or membership process with the programme manager. Quality requirements are defined either by public authorities or by voucher issuers themselves. Requirements vary among countries, but they are usually related to: (a) compliance with social and labour law, collective bargaining agreements and staff qualifications (especially when they cover services addressed to dependents and vulnerable people); (b) specific training; (c) a commitment to exclusively provide PHS; or (d) a security deposit. Providers' observance of quality requirements is assessed regularly and their network affiliation can be withdrawn in case of non-compliance. In some countries, a licensing board composed of trade unions, employers and public authorities' representatives is set up to monitor PHS providers.

Public authorities that use social vouchers as an alternative to in-cash or in-kind allowances (whether at the local, regional or national level) often work in cooperation with the employment, social affairs and budget ministries which are responsible for overseeing the whole process. Furthermore, the involvement of social partners at an early stage in the design and management of social voucher programmes is crucial, as the programme should be grounded in strong industrial relations, to guarantee decent working conditions for workers operating in the system and high-quality services for users. It is worth underlining that very few social voucher programmes are regularly monitored, although this is crucial to assess whether policy objectives have been achieved and what effects these measures have produced.





CASE STUDIES



BELGIUM - Domestic service vouchers. Launched in 2004, the *Titres-services/Dienstencheques* programme supports the formal purchase of non-care services (house cleaning, laundry, ironing, sewing, etc.). Accordingly, every Belgian or foreign citizen living in Belgium can purchase up to 500 vouchers per year (1,000 for families). The first 400 vouchers (800 for families) cost €9 each, and an additional 100 vouchers (200 for families) cost €10. One voucher corresponds to one hour of work. Users must contact a registered provider that will select a domestic worker to perform the service. Service providers hand over the vouchers received to issuers to get reimbursed (between €23.02 to €23.39 per voucher).

"I had to stop school and I have no degree. When I had the opportunity to no longer clean houses on the black market, but to be declared, I took my chance. This programme allows me to get by."

A Service voucher worker¹

¹ From IDEA CONSULT (2018), *Travail faisable et maniable dans le secteur des titres-services : étude sur le bien-être des travailleurs titres-services*. Rapport réalisé à la demande du Fonds de Formation Sectoriel Titres-Services, May 2018.

FRANCE - Prepaid CESU². As of 2006, the *Chèque Emploi Service (CESU) préfinancé* programme enables a third party to prefund the purchase of PHS. It is used either by companies to ease their employees' work-life balance or by local authorities and social agencies to distribute social allowances. Each beneficiary receives named vouchers worth a predefined amount which can be used to pay a domestic worker directly employed by the user, a childminder, a registered PHS provider or a childcare organisation outside the household. If the prepaid CESU does not cover the full price of a service, users may need to top it up with additional payments.

² Prepaid CESU is a policy tool that must be distinguished from declarative CESU. The latter is addressed in the guidelines on the rights and obligations of stakeholders.

ITALY - Company welfare voucher. Launched in 2016, the *Welfare Aziendale* allows companies to provide non-monetary benefits to their employees. Companies can offer a broad range of services like supplementary healthcare, educational and training, family or long-term care services. These services – whose cost is entirely paid by the employer – are made available on an online platform and can only be used by the individual to whom they have been awarded. The company welfare voucher can be partially (when provided voluntarily) or totally (when issued in compliance with existing regulation) tax-deductible.

"This project puts the employee at the heart of Hera Group's development {...}. So far, feedback has been extremely positive: more than 98.5% of our employees have signed up to the project, with an overall index of satisfaction of 91%".

A public utility company, providing electricity, water, and environmental services.



SIX
FACTS AND FIGURES

JOB CREATION: In Belgium, 140,171 jobs have been created thanks to the **service voucher programme** (or 79,002 FTE jobs), accounting for 3.1% of the workforce (2016). Only about 5% of these jobs officially existed before the launch of the programme.

UNDECLARED WORK: In Belgium, it is generally assumed that the introduction of the **service voucher programme** has drastically reduced the share of undeclared work in the domestic sector. Some 25% of users acknowledged that they would use undeclared work if there were no vouchers.

USERS: In Belgium, the number of **service voucher** users is steadily increasing and reached more than a million beneficiaries in 2016, accounting for 22% of Belgian households. 64% of them were active, 37% were bi-active households, 24% were beneficiaries aged 65 or above, and 38% had children. They bought on average 2.3 hours of services per week.

In Italy, between 2 and 2.5 million workers have access to **company welfare vouchers**. Related non-monetary benefits amount on average to between €600 and €700 a year.

In France, in 2014, employers granted €298 million to 750.000 workers through **prepaid CESU vouchers**.

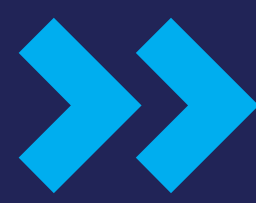
WORK-LIFE BALANCE: In Belgium, a 2011 survey revealed that 17.8% of **service voucher** beneficiaries resort to this instrument to better combine their private and professional life. 23% of them were able to spend more time with their families, 22% of them managed to integrate other chores in their daily routines, and 20% of them dedicated their free time to other leisure activities.

In France, 71% of the employees that received **prepaid CESU vouchers** from their employers used this instrument for childcare. Indeed, beneficiaries are mostly women (68%), aged between 30 and 49 years old (79%), with a monthly income ranging from €1,200 to €2,200 (60%).

LOCAL DEVELOPMENT: In Belgium, the **service voucher programme** has directly contributed to the creation of 1,810 companies.

POSITIVE FINANCIAL OUTCOMES: in the Belgian **service voucher programme**, a full-time job costs the government €25,354 on average on an annual basis, but brings in €24,151, taking into account the quantifiable earn-back effects.

In France, a financial assessment of all PHS schemes (e.g. not limited to prepaid CESU) shows that the fiscal balance for household support services is in equilibrium on the whole, whereas the net cost to the state of its support for care services reached €2.6 bn. In 2013, the 26 local authorities using **prepaid CESU vouchers** were reimbursed €42.3 million of benefits not used by social recipients.



**POSITIVE OUTCOMES
OF THE USE OF
SOCIAL VOUCHERS**

Undeclared work reduction and job creation

By ensuring quality and increasing transparency (i.e. better identification of providers and the final price of each service) without increasing the administrative burden (e.g. management of direct formal employment), **social voucher programmes encourage citizens to purchase regular rather than undeclared PHS**. It is important to note that the programme's effectiveness against undeclared work lies in the competent public authority's ability to ensure that financial incentives are sufficient to encourage the transition to the declared economy. Furthermore, **social voucher programmes make the undeclared market less attractive for PHS workers** (see below) and thus foster job creation in the sector. In the latter case, social voucher programmes guarantee that workers are declared, as the risk of administrative errors due to the inexperience of an individual private employer is eliminated.

Improved affordability to PHS

Social voucher programmes are easy to join and use, for beneficiaries, service providers and funding entities. **Administrative formalities are simplified for beneficiaries who can identify clearly what services they are entitled to, how to access these services and how much they will cost**. Legal frameworks which regulate the mechanism clearly state how social voucher beneficiaries can access both pre-existing social and fiscal incentives as well as more programme-specific ones, solely available for social vouchers' users. Also, national legal frameworks can allow third parties (e.g. employers, public authorities, contingency funds) to contribute to the financing of PHS-related expenses. All these elements contribute to reducing the cost of formal care and household services for the user.

Improved working conditions and professionalization of PHS workers

All providers operating in social voucher programmes must be registered and compliant with a set of quality requirements (see above page 3). This registration process – as set out in the national legislative framework – guarantees that providers respect their rights and obligations, including compliance with social and labour legislation. Hence, **PHS workers are guaranteed at least the legal minimum wage and have access to social security benefits** (pensions, health insurance, accident cover, etc.). In case of issues in the employment relationship or questions about the legislation in effect, both the employee and the employer can seek targeted advice. This applies to all PHS workers, be they employed by an intermediary or service provider or by a private household.

The creation of a dedicated network of providers operating in **social voucher programmes contribute to institutionalising and regulating the PHS sector**. It strongly encourages employers and workers to get organised and to efficiently regulate domestic work through collective bargaining agreements. Therefore, the establishment or reinforcement of industrial relations in the sector is the best way to guarantee decent working conditions for workers operating in the system and high-quality services for users.

Indeed, vouchers enable users to choose – within the network – the PHS provider that best meets their needs, which hopefully leads to higher levels of satisfaction, as well as improved service quality and cost-effectiveness. Service quality is closely linked to decent working conditions and workers' qualifications (e.g. in terms of interpersonal relationship with users, organisation, management and provision of services, and elimination of occupational hazards). Hence, **social voucher programmes have contributed, although indirectly, to the development of initial and continuing training of PHS workers**. PHS workers' professionalisation can be made compulsory in collective bargaining agreements or set as a requirement in the registration process of PHS providers (see also guidelines on the development of professional profiles).

The guarantee of an effective and transparent investment

Each social voucher can be used by only one beneficiary, at designated service providers, and for specific services. Accordingly, **social vouchers guarantee that funds allocated by public authorities or private employers are used for the intended purposes and allow them to assess the impact of such investment** on the beneficiaries' behaviour. Furthermore, **social vouchers facilitate data collection, monitoring, and assessment**, by enabling the funding authorities to closely follow the programme's implementation and to make any necessary adjustments towards the achievement of the initial objective.

Improved gender equality and work-life balance

By granting PHS social vouchers to their employees, employers increase and facilitate access to a whole range of services that help them cope with everyday life tasks. In the EU28, women are still disproportionately more engaged in unpaid daily care work (38% of women compared to 25% of men) as well as in daily cooking and housework duties (79% of women compared to 34% of men)². Personal or family duties remain indeed the main reason why women are excluded from the labour market. Therefore, the use of **social vouchers for PHS contributes to fighting this imbalanced division of care-related work between men and women**, which is one of the most characterising features of gender inequality. Generally speaking, social vouchers distributed by employers in a work-life-balance perspective are used mostly by women aged between 30-49 y.o. as a way to maintain their labour market participation. Finally, the PHS workforce is predominantly represented by women (91% of the workforce in the EU-24 in 2016³), and therefore any programme that contributes to the improvement of working conditions in highly feminised sectors or occupations is beneficial in a gender equality perspective.

² EIGE. (2017). Gender Equality Index 2017: Measuring gender equality in the European Union 2005-2015. Retrieved from <https://eige.europa.eu/rdc/eige-publications/gender-equality-index-2017-measuring-gender-equality-european-union-2005-2015-report>

³ No estimates can be produced for Bulgaria, Estonia, Greece and Latvia. For more information, see Decker, Aurélie/Lebrun, Jean-François (2018): PHS Industry Monitor: Statistical overview of the personal and household services sector in the European Union. European Federation of Services to Individuals (EFSI). URL: http://www.efsi-europe.eu/fileadmin/MEDIA/publications/2018/PHS_Industry_monitor_April_2018.pdf



KEY RECOMMENDATIONS FOR THE DESIGN AND IMPLEMENTATION OF SOCIAL VOUCHER PROGRAMMES

When designing and implementing a social voucher programme, public authorities should:

1. **BENEFIT FROM A STRONG POLITICAL CONSENSUS:** a strong political will in favour of the implementation of a social voucher programme is key to ensuring the success and sustainability of the reform;
2. **CLEARLY SPECIFY THE TARGET GROUP AND ELIGIBLE SERVICES:** this evaluation should be conducted well ahead and should involve all stakeholders, notably through social dialogue;
3. **ADOPT FISCAL INCENTIVES:** the effectiveness of any social voucher programme lies in tax frameworks that make formal services affordable for users and reduce the burden of public financial support;
4. **ENSURE THE PROFESSIONAL MANAGEMENT OF THE PROGRAMME EITHER BY THE STATE OR PROFESSIONAL VOUCHER ISSUERS:** they will guarantee the good functioning of the programme and make sure that an adequate network of providers meets the PHS demand;
5. **ENSURE A WIDE PROMOTION:** efficient communication about the programme, its operations, and its benefits must be put in place to ensure its take-up by all relevant stakeholders;
6. **PUT IN PLACE A MONITORING SYSTEM:** from the very beginning, an assessment and monitoring system will ensure that the programme achieves its objectives over the long term. Data on users and workers should be collected and the earn-back effects should be assessed.



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