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Joint employers' contribution after the hearing on EU Care Strategy

This note includes European employers' key messages following the Commission's consultation on the EU Care Strategy that took place on 7 April 2022.

European employers appreciate the political focus given to the topic of care provisions at the EU level, however they recall that the design and implementation of appropriate solutions shall be done at the national level. Care services are organised in different ways across the EU Member States and involve a variety of providers. This diversity should be preserved in efforts to ensure affordability and sustainability of the care provisions. Financing care provisions is another area that requires reflection to define potential savings/reallocation in other social protection domains to meet the growing and changing care needs of the ageing society. An outcome-based approach should be adopted to ensure an optimal use of resources and a fair repartition of costs between society and care services beneficiaries. This is also the best approach to achieve a satisfactory balance of quality, effectiveness and affordability. Related investments and reforms included in the national Recovery and Resilience Plans are an important opportunity to redesign existing care systems to ensure their fit with the current societal needs and sustainable finance¹. Their implementation should be monitored through the European Semester and DG REFORM can play an important role in guiding and supporting Member States in their efforts. This upcoming initiative is an opportunity to develop public private partnerships targeted at improving care services provision in Europe, including the role fostering social outcomes contracting in Europe².

Challenges related to care provisions

The main challenge, both in the context of childcare and long-term care (LTC), is the **lack of accessible, affordable and good quality provisions** adapted to the diversifying needs of people in need of care services. In both cases ensuring long-term sustainability and adequacy is crucial.

LTC provisions

The number of Europeans aged 80+ is forecasted to rise from almost 5% in 2016 to 13% in 2070. It will imply increases in public spending on long-term care (LTC) from almost 30% to over 51%, respectively. Increasing cost threatens sustainability of the current LTC provisions, especially that it is raising faster than expenditure on health and pensions. Already in 2013, the OECD suggested that in the absence of policy reforms, public expenditure on health and LTC could reach 14% of GDP by 2060³. In this context, developing broad concepts to facilitate independent living is crucial to lessen financial burden of the current system.

¹ For example in Belgium there are attempts to reform the current system of different care-related leaves to increase the uptake by men; this may result in possible spending reshuffle.

² European Investment Advisory Hub (2021), [An introductory guide to social outcomes contracting in European Union Member States](#).

³ De La Maisonneuve, C., Oliveira Martins, J. (2013), *Public spending on care and long-term health: a new set of projections*, OECD Economic Policy Papers No.6, p.7.

The big challenge is the current shift in thinking how the long-term care should be delivered. People live longer and, more often, get older in a healthy way. This means they could be independent and live longer at their own homes, if supported in an appropriate way. Formal LTC provisions can “free up” those family members able and willing to work who act as informal carers. It is estimated that 80% of all long-term care is provided by informal carers - i.e. family members, friends and neighbours who provide usually unpaid care.

According to Eurofound, at least 44 mln people (12 % of the adult population) provide informal care on a regular basis compared to 6,3 ml people who work in the long-term care sector⁴. Substantial investment is needed to enable delivering care at individual homes which is crucial for independent living. There is also a need for reflection on how to best organise home-based, community-based and residential care and support informal carers.

Accessibility of the LTC services remains a challenge, independent whether they are provided as home-care or in community-based or residential settings. It is a result, a.o., of the limited social protection coverage for LTC, which in addition is mixed and rather limited. Without social protection, the cost of LTC services often exceed the disposable income of people in need and can push them into poverty and/or stronger dependence. The adequacy of social protection is another problematic area: according to OECD almost a half of older people who are receiving social protection support for LTC needs would be below the poverty threshold after paying the out-of-pocket costs of formal homecare⁵. Older people with low disposable income may find themselves under serious financial stress even in case of moderate care needs.

Apart from financial challenges, employers point out that the healthcare sector, including LTC-related professions, is currently facing serious labour shortages that have been further exacerbated by the Covid-19 pandemics. The attractiveness of work in this sector needs to be improved to attract more people to healthcare-related professions.

Another challenge to quality of LTC provisions is the segmentation between the health and the social care sectors. Different levels of governance and division of responsibilities is also bringing challenges to the quality of LTC services and the equality of treatment.

Employers also stress the role of technology and prevention as drivers for cost-effectiveness and the need to balance adequate and affordable long-term care coverage with cost-effectiveness and financial sustainability.

Childcare provisions

The Barcelona targets of childcare participation - providing childcare to at least 90% of children between three years old and the mandatory school age and at least 33% of children under three years of age by 2010 – have been reached on average at the EU level. The European Social Partners in their joint statement of 2020 went even further and proposed a more ambitious target of 50% of childcare participation for children under three. According to Eurostat, in 2019 in the EU nearly 50% of all the children younger than three years old were cared exclusively by their parents. Slightly over 35% of this cohort was in formal care at least for one hour per week⁶ and some 25% were cared for by their grandparents, other relatives or professional childminders for at least one hour per week.

However, this masks significant differences between EU Member States – some have reached and even surpassed the Barcelona targets, which means they no longer act as an incentive in such cases, whereas in others the availability of childcare is still insufficient, and the targets are not met. For example, in Denmark 66% of children below the age of three years old receive at least an hour of formal childcare per week, followed by the Netherlands (almost 65%) and Luxembourg (60%). Czechia with the lowest

⁴ Eurofound, (2020), *Long-ter, care workforce: Employment and working conditions*, Publications Office of the European Union, Luxembourg, p.7.

⁵ Cravo Oliveira Hashiguchi, T. and Llana-Nozal, A. (2020), *The Effectiveness of Social Protection for Long-term Care in Old Age: Is social protection reducing the risk of poverty associated with care needs?*, OECD Health Working Papers No 117, OECD Publishing, Paris.

⁶ Among them 21,5% children enrolled in formal care for more than 30h per week and almost 14% for less than 30h per week.

share (over 6%), followed by Slovakia (slightly over 6,5%) and Poland (over slightly 10%)⁷ are among those Member States lagging behind.

Especially children from vulnerable social and economic backgrounds need increased attention to safeguard their opportunities in life and chances to successfully transition into the world or work when reaching working age. To this objective, improving childcare provisions for families from the vulnerable groups is an important measure breaking the poverty spiral. In this case targeted measures to increase enrolment, support retention and prevent from dropping out are especially important.

There is also a shortage of after school hours and holiday childcare in Europe. This is detrimental for children's well-being and represents a major obstacle to full-time paid work for parents with school age children to remain in employment and increase their working hours, as well as attract more women into the labour market. European employers would propose to add a new target to the revised set of Barcelona targets, namely a recommended level for after-school care provisions.

Last but not least, promoting equal sharing of care responsibilities between parents, flexible working arrangements and reasonable family leaves to be shared between both parents are important not only to ensure better work-life balance for men and women, but also to create a supportive environment for female professional activity.

Employers' key messages

European labour markets face serious labour force and skills shortages. At the same time one in four working age people is inactive in the EU and the rate of inactivity varies significantly across Member States (from 16% in the Netherlands to 37% in Italy in 2021⁸). **One of the ways to tackle labour shortages is to bring (back) more inactive to the labour market, among them young women with young children and older women providing home-based care to dependent family members.** To this objective, childcare provisions and LTC solutions are important enabling services.

The healthcare sector requires continuing reforms and investment. Working conditions need to improve as well as career perspectives to attract more people to healthcare professions, including men. This would be an important step in limiting labour market gender segregation. Access to professional training and upskilling/reskilling opportunities⁹ is crucial for employee retention and to embrace digital solutions. Remuneration levels should be revised; at the same co-financing option through individual contributions should be examined to ensure quality and affordability of healthcare services.

The need to ensure strong public finances should be and remain at the core of the considerations on how to progress on childcare and long-term care. In view of the high level of public resources at stake, the upcoming Commission's proposals for Council recommendations on childcare and on long-term care need to be backed up by solid impact assessment analyses. Each proposal needs to assess the cost effectiveness of the various options that exist across the Member States, so that the upcoming EU initiative helps Member States make the best use of their resources when aiming to improve the provision of childcare and long-term care in their country. This includes the need to strike a balanced policy that is manageable for public providers and creates space for private providers.

In the long-term, in particular, a realistic policy approach is needed with a view to keeping the related costs under control. In this respect, we encourage the Commission to focus on supporting individual independence of care recipients as long as possible. The medical view to care recipients' needs should remain at the core of the assessment of an individual care needs. By contrast, the financial implications of an integrated delivery of services focused on personal needs, while respecting individual choices, ensuring continuity of care, focusing on prevention and supporting independent living in all care

⁷ Eurostat (2021), [How do parents organise childcare in the EU?](#) (accessed on 18 March 2022).

⁸ Inactivity rate over 30% can be also found in Croatia, Romania, Greece and Belgium. More data on economically inactive population in Europe can be found [here](#)

⁹ For example, in France social services sectoral employer's contributions to ILAs have been increased with a view to finance upskilling of care sector workers.

settings, need to be carefully assessed with a view to avoiding excessive increases of long-term care related costs. To this objective, social services need to be linked with healthcare provisions and provided by various entities, both public and private. The reflection on what type of services shall be centralized and which are better delivered in a decentralised way is necessary, taking into account diverse social and health needs of ageing populations particularly in view of the reality of progressive dependency of older people. The work conducted within the framework of the High-Level Experts' Group on the future of social protection and welfare state should contribute to reflection on keeping the costs under balance, while providing modern care services in the most relevant setting and by the most appropriate providers.

Going forward, society needs to better recognise and support the value of informal care by family members. EU and national policymakers need to be realistic about the fact that the estimated 2.4-2.7% of the EU27 GDP that informal long-term care today represents (over and beyond the average expenditure of Member States on long-term care of 1.7% GDP in 2019) is something that our social systems could not replace. Support to informal carers should aim in particular to increase their availability to work. This is the best way to create synergies that would benefit the individuals concerned, notably in terms of their income and future pensions, but also society as a whole through higher levels of contributions to social systems, which are crucial to make them sustainable in the face of rising costs due to ageing.

The choice of appropriate care option (home-based, community based or residential) should remain an individual choice. The value of informal care in our societies needs to be better recognised, while acknowledging that families will continue to have an important role to care for children and ageing family members in future. Furthermore, it is worth noting that home-based care constitutes "invisible services" and can easily turn into undeclared work. There is an urgent need to propose appropriate solutions/effective frameworks to support formalization of the sector. The Belgian *titres services* system is a good example and could serve as inspiration to develop effective solutions for managing home-based care. The discussion about formalization of the home-based care is especially timely in the context of the current inflow of the Ukrainian refugees, mainly women, for whom work in the care sector can provide employment opportunities

Childcare provisions

- Available, accessible, affordable and quality childcare facilities are **essential for parents to work**.
- Given that women are still predominantly in charge of caring duties, **childcare is particularly important in increasing women's employment**, thereby making an essential contribution to gender equality and to reduce the gender pay gap.
- Quality, accessibility and affordability of childcare are also **important in terms of child development** and wellbeing, as well as supporting disadvantaged groups in society and tackling poverty.
- Childcare provisions are not only limited to regular activities provided during school hours. **After school childcare** as well as **childcare options during school holidays** remain equally important. There is a shortage of these services across Europe.
- Childcare provisions should **promote modern and relevant education as early as possible**. The Barcelona targets should be revised to encourage higher enrolment in formal childcare for those below three years old and support Member States lagging behind to increase their efforts in providing childcare and take up of childcare provisions.
- We call on the European Commission **to gradually raise the current Barcelona target of 33% to at least 50%** aiming for total coverage in the long run, taking into consideration also the quality, affordability and territorial diffusion
- We call on the European Commission **to introduce a new target for provision of after school hours childcare**.
- National recovery and resilience plans are a good opportunity to improve childcare provision, as well as the funding opportunities provided by the recovery and resilience facility, the European Social Fund and the commission's reform programme support mechanism.

Long-term care provisions

- As in the case of childcare facilities, available, accessible, affordable and quality **long-term care provisions** are essential for family members - caretakers to work.
- **Quality, accessibility and affordability** of long-term care aiming at stimulating and supporting individual's independence as long as possible, is also important in terms of older persons' quality of life and quality of ageing in general.
- The **LTC needs become more diverse** as the beneficiaries of the LTC services are a diverse group of individuals of different ages and in different health conditions. The needed LTC services can range from regular "monitoring" visits of a carer, through a more specialized visits of para- or medical personnel to a more permanent presence of "professional relative" as a professional carer is in the geriatric care management. LTC may be performed on a daily basis, but there is also increasing need for weekend/longer holiday breaks for carers-family members.
- All these so much needed services are likely to **generate new jobs with different skills requirements**. The new skill-set required by modern "professional relatives" becomes more and more diverse. The "traditional" care-related skills and soft skills have been enriched with digital skills and technological expertise needed to use e-health option and technologies, for example telemedicine or smart apps that monitor general condition of a patient.
- There is also **job creation potential related to services supporting** families with LTC duties. They range from counselling and/or psychological support, through temporary spells in care homes while a family member-carer needs to take a break to special "rest homes" for relatives who care for their older family member.
- **LTC provision is organized in a very different way** across the EU. It can be provided by diverse vendors (public, private or non-governmental organisations), delivered in different contexts (home, institutionalised care) and financed in various ways (in cash benefits, in kind benefits, out-of pocket payments).
- **The funds to finance LTC can be also generated in different ways:** through taxes, mandatory social security and voluntary private insurance. Significant differences can be observed not only among Member States, but also within a single country.
- At present LTC provision relies heavily on informal care. The **shortage of professional carers** working in the formal economy is already a problem across the EU.

To conclude, **social partners have an important role to play in designing adequate and sustainable childcare and long-term care policy frameworks at the EU and national levels**. As soon as the resources mobilised by Member States are financed through some use of employer and/or worker contributions, social partners should be fully involved in any decisions on how to make good use of these resources. They are best placed to secure the relevance of social policy intervention in terms of the expected and actual labour market outcomes¹⁰. Additionally, to ensure appropriate platform for regular tripartite exchanges two new Advisory Committees should be set up: one on Employment and one on Social Protection. The new Advisory Committee on Social Protection would be especially useful to discuss care-related issues given the diversity of social protection and healthcare systems across the EU.

Last but not least, **ICTs and digital solutions can help improve the quality of care** by helping to prevent, monitor or treat conditions and by supporting training of care workers. They also have a potential to take some pressure off service and informal carers if accompanied with relevant training provisions.

¹⁰ For example, in Spain the 2006 law on dependency (*Ley de Dependencia*) provides access to many services and benefits funded partially or totally by the State for dependent people, through the creation of a System for Autonomy and Care for Dependency. But, from 2006 until now, and aggravated by the Covid-related health crisis, the need to guarantee adequate and sufficient funding and the necessary means to achieve the priority objective of the system, which is to reinforce the quality of care for beneficiaries, has become more evident than ever. In the Agreement for the full implementation of the system, reached by the Government and the social partners last January 2021, the budget increase was one of the most important commitments.

Annex 1: Description of the *Ley de Dependencia* by CEOE, the Spanish member of BusinessEurope.

SOCIAL DIALOGUE AGREEMENT ON DEPENDENCY FOR THE FULL IMPLEMENTATION OF THE “PERSONAL AUTONOMY AND DEPENDENCE SYSTEM” (SAAD)

In 2006, the Dependency Law was passed in Spain, the result of social dialogue, which was a historic milestone in the expansion of the welfare state in Spain and which has allowed to have over 1.1 million beneficiaries with effective rights. According to CEOE, the law has been “a great advancement of our social protection system in Spain”.

However, since then and until now, and undoubtedly aggravated by the health crisis resulting from the Covid 19-pandemic, the need to ensure adequate and sufficient funding and the necessary means to achieve the priority objective of the system, which is to strengthen the quality of care for beneficiaries, has become more evident than ever.

To this end, the Spanish Government and the social partners, within the framework of social dialogue, reached an **agreement in January 2021 on the development of a Shock Plan to boost the system of autonomy and care for dependency.**

From the very first moment, both the representatives of the State and the trade union and business organizations showed a clear will to reach this agreement due to the growing value of care, in a context in which the progressive aging of the population, the shortage of labour and the need to incorporate the inactive population, mainly women, into the labour market come together.

Firstly, it was **essential to address the financing of the system** itself, so the agreement reached included an increase in the financing of the system, reaching the level of 600 million EUR for 2021. The same amount was approved in the State General Budget for 2022.

Three priority objectives were also defined:

1. To introduce improvements in services and benefits, in order to guarantee adequate care.
2. To improve the working and professional conditions of the people working in the system.
3. Substantially reduce the waiting lists, both for the processes of assessing the degree of dependency and for receiving the services and benefits to which dependent persons are entitled.

Currently, through social dialogue, we are working to achieve these objectives, drawing up, among others, specific proposals aimed at:

- Establishing strategies to improve social and healthcare coordination;
- Promoting professionalism and strengthening the basic and ongoing training of professionals as well as their qualifications and accreditation process. Within the framework of the Spanish Recovery and Resilience Plan actions supporting qualifications of workers in long-term care and social services will be carried out.
- Putting forward and implementing the proposals aimed at raising the welfare and economic benefits and extending the compatibility between the different benefits and services.

- Putting forward the proposals aimed at alleviating the insufficient number of professionals in the sector, together with an estimate of the number of professionals needed in the coming years.
- Drafting the proposals aimed at a possible revision of the prices of agreements with private companies, in order to guarantee the quality of services. In this sense, it is essential to value public-private collaboration as an effective and efficient model of service provision.

In short, and to conclude, this agreement born of social dialogue is an example of how the social partners can contribute to improving working conditions in the long-term care sector and to guaranteeing access to quality and affordable services for all those who need them.
