

European Platform tackling undeclared work

Platform seminar: Tackling undeclared work in the care and personal and household services sector

Online workshop, 10 March 2022

The Platform seminar explored existing practices, tools and approaches towards undeclared work in the care and personal and household services (PHS) sectors in EU/EEA countries. This online event brought together 68 participants from 24 countries, representing labour and social security inspectorates, ministries of labour as well as European level and national social partners, and representatives from the European Agency for Occupational Safety and Health (EU OSHA), International Labour Organisation (ILO) and the European Labour Authority (ELA). Participants reflected on (1) developments and trends on undeclared work in the care and PHS sectors and (2) the policy options and practical tools for tackling undeclared work in this realm, including both deterrence and preventative approaches at national and cross-border level.

Development and trends on undeclared work in the care and PHS sector



- ▶ The 2021 study of the European Platform tackling undeclared work focusing on tackling undeclared work in the personal and household services sector, identifies around 18.0 million declared and undeclared workers in the PHS sector in the EU in 2020. The share of undeclared work in the PHS sector is slightly over 50% on average; lowest in the care sector (34%) and highest in direct household employment (almost 70%).
- ▶ The share of undeclared work varies across EU/EEA countries, depending on the country-specific institutional regime of providing care and other household services. The most prevalent form of undeclared work in the PHS sector is unregistered employment, especially in countries where households directly employ PHS workers. On the contrary, countries with better regulation of private PHS providers and higher provision of care services tend to experience a lower prevalence of undeclared work.
- ▶ Overall, in the EU there is an increasing demand for PHS work. This is mainly explained by the rise in life-expectancy and an overall ageing population, changing family structures, difficulties in recruiting and retaining formal PHS workers and the preference for home-based care instead of institutional care in most Member States.

¹ European Commission in Staff Working Document (2012) on exploiting the employment potential of the personnel and household services defines PHS as: 'a broad range of activities that contribute to wellbeing at home of families and individuals: childcare, long-term care (LTC) for the elderly and for persons with disabilities, cleaning, remedial classes, home repairs, gardening, ICT support, etc.' Available here: <https://ec.europa.eu/social/main.jsp?catId=333&langId=en&consultId=11&visib=0&furtherConsult=yes>

- ▶ Deterrence measures, in general, are less applicable in the PHS sector than preventative approaches. This is due to a limited legal mandate of labour inspectors to carry out inspections in private households, whereas preventive measures aim to tackle undeclared work by raising awareness to change attitudes towards undeclared work or apply effective incentives. Nevertheless, countries adopt a mix of measures, especially if PHS is widespread and recognised as a challenge.
- ▶ Collaboration between social partners in the care and PHS sectors is based on the common interest to regulate compliance and set a level playing field for employers. At European level, the European Federation of Food, Agriculture and Tourism Trade (EFFAT), UNI Europa, the European Federation for Family and Employment and Home Care (EFFE) and the European Federation for Services to Individuals (EFSI), have published a [joint statement](#), calling for an increased recognition for the PHS sectors and for a holistic approach to tackle undeclared work in the PHS sector through social dialogue at the EU and national level.

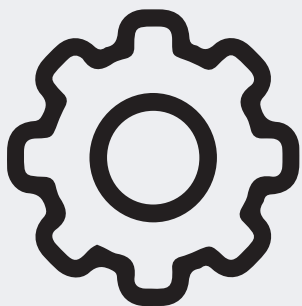
Deterrence approaches and coordinated cross-agency operations targeted at the care and PHS sector



- ▶ Access to private households is the main challenge to inspections. Only in Ireland was an example of home inspection identified. In Ireland home inspection is possible under specific preconditions, usually combined with preventive measures. For example, a precondition is to inform households utilising personal services that domestic workers are employees with rights. In Ireland, an inspector can only enter homes pursuant to a warrant being issued by a district judge or with the consent of the occupier. To limit the risk of refusal, a standard appointment letter is issued to request access to inspect domestic premises. In case of refusal, an alternative meeting outside the house is encouraged. The approach proved successful in securing access to PHS premises, with 70-80% of requests granted. Another key point is that Ireland relies on inspectors fluent in the language of the workers (e.g. Lithuanian, Russian, Polish, French, Czech and Slovak) and on relevant interpretation services to overcome language barriers with workers.
- ▶ In Norway labour inspectors can carry out inspections in the premises of companies operating in the cleaning sector to check information regarding the employment relationship (i.e., working hours, wage) and to interview companies' personnel and employees. Likewise, in Spain labour inspectors can carry out inspections in the premises of companies which employ care and PHS workers. During a campaign in 2012, the labour inspectorate carried out 566 inspections over eight months and 160 infringements were brought to court. This resulted in fines for the employers.

- ▶ Care and PHS undeclared work also has a cross-border dimension. To tackle this, some countries have set up bilateral cooperation to detect fraudulent temporary employment agencies, for instance Norway implements a project with Romania and Bulgaria. The aim is to check if employees placed in Norway are hired by Romanian or Bulgarian employment agencies which are on a 'name-and-shaming' list or have been imposed a sanction due to violations of labour regulations. Similarly trade unions in Slovakia indicate to Austrian enforcement authorities possible labour infringements concerning Slovak care workers placed in Austria. A considerable challenge for all Member States in identifying fraudulent practices regards temporary employment agencies registered outside the EU and when a worker is a third country national.
- ▶ A common deterrence practice among enforcement authorities is to cross-check of information. For example, in Belgium the labour inspectorate can access a portal to cross-check data on a worker's nationality, immigration status and registration for social security purposes. Increasing data mining and data sharing can improve detecting infringements, however, data protection regulations and the rules governing the responsibilities of authorities can hinder the detection of undeclared work.

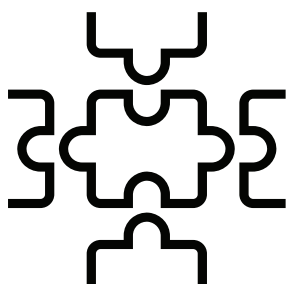
Preventative approaches targeted at the care and PHS sectors



- ▶ Professionalisation (i.e. granting to workers equal employment and social protection rights as standard workers) of the PHS sector and recognition of the sector in its employment policies (i.e. recognising household as a workplace) is a key to shifting undeclared to declared PHS work. In Slovakia, a low prevalence of undeclared work in the PHS sector can be explained by the fact that most household care services for elderly persons are provided under the control of municipalities. Professionalisation can also increase the quality of services offered.
- ▶ Awareness-raising campaigns and education targeting employers, workers and/or consumers can play a key role in tackling undeclared work in the care and PHS sectors. In some countries, like France and Sweden, labour inspectorates cooperate with social partners to conduct joint campaigns. To better reach PHS workers, information is shared via social media, area-based fairs, a website and phone messaging. In Portugal labour inspectorates carry out information visits to schools to educate students on the matter and to raise awareness.
- ▶ Cooperation with social partners can support labour inspectorates to circulate information to workers and employers, analyse complex information and directly reach workers due to their on-ground knowledge and role. Therefore, social partners can play an important role. For instance, social partners can provide an up-to-date knowledge of the sector and labour inspectorates can carry out inspections accordingly.

- ▶ The most frequently used preventative measures are social vouchers, targeted (in)direct taxes and simplified compliance. Vouchers formalise employment relationships by incentivising households to register PHS workers and pay social security contributions via simplification and lowering costs. In France the 'Universal Service Employment Voucher' and in Belgium the service voucher system both aim at preventing undeclared work by offering formal ways of working in domestic services. While these types of measure are very effective, they are also perceived as very costly. Therefore, finding the right balance between costs and benefits as well as considering tax related costs remains a challenge.

Recommendations to address undeclared work in the care and PHS sector at national and EU level



- ▶ Currently, there is no standard definition of households as workplaces. Adopting a common definition could be instrumental in recognising the status of individuals operating in services in households (i.e. as employers and employees). This could also increase control and data mining in terms of monitoring the working conditions of workers in the care and PHS sectors, their profile and their needs.
- ▶ A holistic approach is needed to tackle undeclared work in the care and PHS sectors. Political will could improve the cooperation between labour inspectorates, social partners and other stakeholders and can increase the role of all stakeholders in implementing both deterrence and prevention measures to shift undeclared to declared work. At European level, ELA could facilitate the EU-level social dialogue and could further promote the already established joint initiatives among EU-level social partners.
- ▶ Authorities need to develop training and education activities for labour inspectorates focused on the care and PHS sector. For example, training can focus on identifying the employment status of care and PHS workers, working with households and third-country national workers, legislation and definition of domestic work and monitoring social media to identify possible violations of undeclared work. A good starting point could be the module on '[Labour inspection in domestic work](#)' developed by the International Labour Organisation (ILO) in 2014. The module provides an overview of the provisions of ILO Conventions, the most common risks of non-compliance, and a collection of ways to address challenges in the sector.
- ▶ ELA can provide practical support for increasing knowledge and skills of labour inspectorates in the sector, focusing on successful practices to detect and tackle undeclared work in the care and PHS sectors, and disseminating good practices across Member States.

- ▶ ELA can provide practical support for tackling undeclared work in the care and PHS sectors, focusing on cross-border labour mobility, supporting Member States to engage in staff exchanges or carry out concerted and joint inspections in the sector, and by launching a specific EU-wide communication campaign to raise awareness on undeclared work in the care and PHS sectors.
- ▶ The Platform has the potential to support national authorities in tackling undeclared work in the care and PHS sectors by coordinating mutual learning among Member States and sharing good practices, such as successful preventative measures (i.e. social vouchers).



Further information: The seminar was an integral part of a larger mutual learning process among Platform members and observers and provided opportunities for exchange and collaboration. The information from the seminar will be fed into a Learning Resource Paper. The input documents and presentations from the seminar will be uploaded to the Platform's collaborative workspace.