

The development of family services: a precondition for promoting economic growth and social development in Europe

Contribution to an essay published by *'The Foundation for European Progressive Studies and Fondazione Italianeuropei'*, 2011.

Jeanne Fagnani

Introduction

Despite profound changes in living arrangements, families continue to play a crucial role in maintaining social cohesion and cross-national public opinion surveys have proven the institution is still perceived as the main source of satisfaction in people's lives. Now more than ever, within a context of economic uncertainty and public budgetary constraints, providing families with a wide range of services is essential to ensure they can meet the challenges ahead.

To start I would like to identify some future challenges and key drivers of change in the domain of family-service supports. In the second part of the paper, after taking stock of family services in the EU, I will place emphasis on some of the best practices in the domain throughout Europe. To conclude I will make a good case for adopting a more holistic and integrated approach to family services as a way to meet the emerging needs of Europe's citizens.

I. The years ahead: Challenges and opportunities facing policymakers in the domain of Family-service supports

Against the background of the current economic crisis and high unemployment rates, families, especially working parents, are demanding an increase in the provision of both public and market-provided services. The logic underpinning the demand arises from multiple obligations (especially paid and unpaid work), the need to promote women's employment, fighting poverty, alleviating social inequalities, and enhancing children's wellbeing.

The room for manoeuvre may be narrow as governments will face enormous challenges in the domain of family service supports over the coming years. Budgetary constraints, in a context of retrenchment in the welfare states, will play a role. A dramatic increase in the share and in the numbers of dependent old people will play another. Increasingly precarious employment will become more widespread. Moreover, in a context of deep organisational changes at the workplace, many parents will be faced with an exacerbation of the work/family life conflict.

Moreover, current trends in family structures, formation, and composition make it more important than ever to identify the most efficient ways in which to support families in their everyday life. Changes include an increased divorce rate and the spread of remarriage and reconstituted families. Lone parent and smaller families have become proportionally more significant. Further tension arises when we realize that with the expected increases in the rates of labour force participation for men and women aged 60 and over, the support and assistance this group was previously able to provide may be heavily constrained in the near future.

As a result of these trends the issue of how to provide families with the most efficient, sustainable, and adequate services is likely to become more pronounced on the policy agenda.

II. Reviewing the role of family services in the EU

- As far as caring for dependent people is concerned, frontiers between the state, the market and the families have been redrawn in most European countries. Tasks commonly found under the umbrella of childcare and eldercare were previously carried out by women within the family but have since been transferred to other institutions. The public sector, the market, and non-profit organisations have taken up the slack. We find many women employed by families as childminders, paid domestic helpers, or as home carers for elderly people. For the most part these jobs are female, poorly paid, and lacking in job security.

- In the case of France most of these care jobs are subsidised by the state, either through tax deductions or a reduction in social contributions. Policies encouraging paid care outside the family have had some positive impact in terms of the inclusion of women in the work force, and this has been particularly true for non-qualified immigrant women for whom the activity rate has increased rapidly. Additionally, by shifting formerly unpaid care into the formal economy carers receive access to social rights from which they were denied in the informal economy. By alleviating the burden on families these positions allow other women to keep their jobs and, therefore, to be less (or not) economically dependent on their partner.

- Against the background of an overall increase in female employment rates, reforms to enhance work/life balance have gained momentum in many European countries since the 1990s. Concomitantly pushing the development of public and/or market-provided child care provisions has become a key trend and the availability of pre-school childcare has improved significantly across the European Union (EU).

- Labour market policy adjustments and welfare reform have ensued in the wake of the financial crisis across the EU (in Denmark for example). Employment-oriented family policies have been expanded due to concerns over a shortage of skilled workers. Employers' demands for more flexible work schedules and the desire to reduce welfare related expenditures have gone in tandem with an increase in mothers' employment rates. Moreover, increasing the recruitment, retention and advancement of qualified women is more and more recognised as a crucial business issue requiring a multi-dimensional approach which includes the delivery of high-quality family services.

In regard to policies aiming to provide support to families caring for elderly people or pre-school aged children, the current trend is to adopt a comprehensive and integrated approach by encouraging the multiple institutions involved in this area to collaborate and thereby bridge families, volunteering associations, and local authorities and communities. 'Integrated' services, located in the same location or building, enhance the coordination of local services delivered by different public departments and provide families with flexible options and counselling in family matters. In France over the last decade, there has been an increase in the number of 'Multi-accueil' services, sometimes called "*Maisons de la petite enfance*". The rationale is to group together in one place, multiple and flexible childcare arrangements: *crèches*, *halte-garderies* (half-time day care), emergency care for children at risk, and meeting rooms for childminders who look after children in their own home. The objective is to meet parents' needs by providing them with opportunities to modify their childcare arrangements in

relation to professional constraints and to have access to a sort of one-stop shop for the child care solution best suited to meeting their current obligations (from part-time to full-time for instance, on a regular basis or from time to time, etc.). To increase flexibility a given number of slots in each *Multi-accueil* are left deliberately open and cannot be defined in advance.

Across Europe governments have sought to expand childcare facilities but from decidedly different starting points which explains different reactions to similar challenges. Despite some evidence of convergence between countries, differences remain striking in respect to level of supply and modes of governance. Childcare services are the main focus of family spending in the Nordic countries and France and this grouping leads the EU in respect to public childcare provisions and benefits aimed at reducing child care costs for families. In Sweden, for instance, a place in a day-care centre is guaranteed within a three-month period after a request is made for any child aged between 1 and 5 years. Lower public spending on childcare in southern European countries is typical. For younger children informal care remains the rule and mainstream participation in pre-school begins from age three and onwards.

The UK is notable as it long languished at the bottom of European league tables in the areas under discussion. Under Blair's Labour government however significant improvements were made to the work/family balance, particularly in child care provision. Government expenditure was increased, and all three- and four-year-olds now have access to some form of free childcare provision.

In Germany, significant steps in the right direction have also been made over the last decade but the picture remains far from complete and still lags behind the Nordic countries and France. Cultural and institutional obstacles have dampened the pace of childcare reforms and have led to a patchwork policy in which all childcare is provided at the municipal level, by local non-profit providers or NGOs and churches.

Services for the elderly: diversity across Europe is still the rule

- Long-term care has become a crucial issue and is high on the policy agenda. While informal care provided by relatives (mainly women) plays a crucial role and is still widespread across Europe residential care services, domestic help provided at the city-level, and home-care allowances are rapidly evolving to meet a growing need. There is also a huge variety in how money is spent on elderly services.

- Trends in the demand for support services and devices for the elderly have pushed telecommunications into uncharted territory. One example is the development of ICT-enhanced autonomy using wireless local networks. The package could also include linkages for the use of near field communications (NFC) technologies in body area networks. Where ICTs may be used most intensively is in bringing the hospital into the home for families of the future (remote health monitoring).

Against the backdrop of economic uncertainty and rapid demographic and social changes, the necessity to meet new families' needs has stirred governments to foster 'best practices' and to institute a policy of mutual exchange and learning as recommended by the European Commission.

III. Best practices throughout Europe

1) Finland: variety and flexibility in childcare options and alternatives

- In Finland, every child under compulsory school age has a right to day care, to be provided by local authorities once parental leave comes to an end. Family and centre-based day care services operate all day and all year and include around-the-clock care if needed. A variety of municipally provided services exist to which can be added those extended by the Lutheran Church and other voluntary organisations.

Municipalities can opt for a mixed system of provision, both public and private. In general, services are provided directly through municipal day care centres, family day care, homes/places, and preschool classrooms (the main forms of provision). Parents have the freedom to choose a private or public service. Competition from public services ensures private providers keep costs down. With the private child care allowance and municipal supplements the fees parents pay in private services are not significantly higher than those found in their public counterparts.

2) France: Promoting effective staff training, the example of licensed Childminders

An important quality indicator in ECEC provision is the level to which staff have been trained. In order to foster high-quality social care provision, the French government has made efforts over the last decade to develop a training policy that specifically targets licensed childminders, a key element of the French childcare system.

Improving working conditions

The long process of so-called “professionalization” among childminders was aimed at eradicating their activity from the underground economy. The desire was to shift activity away from the informal economy, making it formal paid care work, and in the process pave the way for access to all the social rights attached to the job. There has also been a nod to the fact that employee/employer relationships in this domain differ somewhat from the more traditional model found in other sectors of the economy.

The objective of the 2005 reforms concerning childminders’ work status, was to move the prevailing regulations closer to something that resembled work rules found elsewhere, especially with regard to labour contracts, earnings, and working time regulations. The “professionalization” programme also restructured the framework that governs the childminders working conditions and provides the legal tools to handle labour relations between employers and the registered childminders.

Thanks to this reform, and the increase in public financial support for childcare, childminders have recorded significant progress in regards to their professional status and working conditions since the 70s.

Legal and professional framework for childcare by childminders

All childcare services are submitted to licence procedures and controls that are expected to ensure quality and safety of care. Childminders need a license to care for children in the home. The license procedure is handled by the local services in charge of mother and child protection (PMI).

Since the law of 2005 was enacted, legal and professional regulations include 120 hours of training of which 60 should be carried out before beginning to care for children. An additional

60 hours of training must be accomplished within the five years following registration. The training program is paid for and supervised by local authorities. In addition to training requirements, the housing conditions and environment in which the children are to be received must be approved, with particular attention paid to space, hygiene, and safety.

- *The Family tax credit: promoting crèche creation in private companies*

The current promotion of company-run childcare centres (partly funded by the Family branch of social security) is a response to the new realities of the workplace. A measure was introduced in 2004 to promote the creation of *crèches* in private companies (termed '*crèches d'entreprise*') by providing them with tax deductions along with partial funding from the Local Allowance Funds (CAFs). The family tax credit (*Crédit d'impôt famille*, CIF) is a financial incentive provided to companies to encourage them to develop more family friendly initiatives for their employees. The CIF stipulates that 25% of related expenses are deductible from taxes paid by the company up to a ceiling of €500,000 per year and per company. Within this regulatory framework, 5 categories of expenses are statutory:

- expenses linked to training programs for employees on parental leave;
- supplements paid to employees on maternity or paternity leave or on child-sick leave;
- costs linked to the creation of *crèches* or contributions to the running of *crèches* in which places are reserved for employees with children under three years of age. The service provider (either the company itself or a private provider in charge of managing and running the childcare centre) is subject to specific requirements and has to comply with the PMI's criteria relating to the quality of care in order to be entitled to the CAF's subsidies.
- employee refunds on expenses related to exceptional childcare costs arising from unpredictable professional obligations outside the normal work schedule.
- contribution to the cost of purchasing CESU (a pre-paid service voucher) for their employees.

- *CESU (a prepaid service voucher): subsidising the cost of home help*

To simplify procedures for legally recruiting domestic workers and to combat undeclared work the French government introduced the *Chèque Emploi Service Universel* (CESU, universal service employment voucher) in 2006. The scheme is designed to subsidise the cost of legally employing a home helper to undertake everyday tasks around the home. It allows families to pay for domestic service work and can also be used to obtain childcare outside the home, as provided by any individual or organisation. Fully 50% of the related expenses can be recovered in the form of an income tax break up to a ceiling of €15,000 of the total costs (including social contributions).

Families who don't pay income tax are eligible to tax credits.

3) Germany: 'Multi-generational Centres', providing a wide array of services to families

Initiated by the ministry in charge of the family affairs (BmFSFJ), the programme's overall goal is to build a new mix of public services, involving non-profit organizations, the private sector and volunteers (the motto is "*More services for every age*"). Besides providing old and young people with opportunities to connect to each other (meals are provided, as are meeting rooms and childcare services) and to enhance intergenerational solidarity, the programme also serves to reinforce relationships and connections. Employed people are able to mix with

people outside formal employment; professionals rub shoulders with volunteers; and otherwise fragmented service providers in the community have a convenient point of reference.

4) UK: significant improvement in child care provision

The UK long languished at the bottom of European league tables in most aspects of family policy but measures initiated under the Blair government have made a significant improvement in the work/family balance, particularly in child care provision, and all the while enhanced partnerships with the “community”. Now, the main job of local authorities is to manage and coordinate supply and demand for childcare by providing information for parents about the local childcare market and other services for children, and to stimulate the creation of local for-profit providers to meet demand. Many local authorities now have “*childcare business managers*” and all childcare is expected to be self-funding or sustainable. The private for-profit sector now occupies 85% of the childcare market. In one illustration, the “core offer” of integrated services in Sure Start Children’s Centres consists of: integrated early years education and childcare, family support and learning, outreach to isolated and vulnerable families, information and advice, links to Job Centre Plus, and adult learning and leisure. Implementation and coordination is the responsibility of local authorities in partnership with local providers.

IV. Making the case for the adoption of a more holistic and integrated approach to family services

The need to adopt a more holistic and integrated approach to family services is clearly evident. The concept of “family mainstreaming” must begin to play a larger role and the family must be integrated into all aspects of social and economic life.

When organising access and delivery of family services it would be a mistake to neglect the role of housing and transportation. A trend toward longer commuting times has come as a result of ever expanding limits on what constitutes the ‘local’ job market. While this phenomenon has created some advantages in terms of income and career prospects it also entails a squeeze on the time devoted to family commitments and increased tensions over the need to combine job and care obligations. Strong residential segregation along socio-economic lines can also counteract any positive outcomes that would otherwise derive from a fair and effective use of family services.

With the development of atypical and unsocial work schedules the current climate demands more than increased female employment and the encouragement of gender equality in the home. Employers and companies must also take into consideration that employees with dependents (children, elderly, handicapped people) should have some degree of control over how their working hours are scheduled.

States as well as other social actors have recognized that children represent a common good and that responsibility for their well-being is far from being a strictly private affair. Indeed, investing in children might be a long term profitable strategy for society as a whole. But guaranteeing the well-being of children, as well as ensuring each has the opportunity to reach his or her full potential, requires a multidimensional and systematic approach which extends beyond the simple provision of cash benefits, generous as they are, and branches out

to include a wide range of family services. In a context of cost containment the provision of in-kind benefits deserves to be given priority over cash benefits.

From this perspective, lessons should be drawn from the Nordic countries as on a wide range of social indicators they have been far more successful than other European countries. It comes as no surprise that the Nordic countries, followed by the Netherlands, Belgium and France rank among the ten best places to be a mother according to the 12th annual 'Mothers Index report', which rated 164 countries to determine the best places in which to be a mother (Norway ranking at the top of the list). In conclusion we can identify a clear necessity to move beyond the current situation if countries wish to ensure social cohesion while at the same time promoting economic growth and social development across Europe.