

Work Package 2 – Deliverable 1

SOCIO-ECONOMIC LITERATURE REVIEW REPORT ON CARE REGIME AT COUNTRY LEVEL

FRANCE

Clémence Ledoux

Pascal Caillaud

Nicole Teke

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Financial and regulatory instruments for domestic and care services provisions in France

Table of content

1. Public and Social Insurance Funding	3
1.1. Social Benefits	3
1.1.1. APA (Allocation Personnalisée d'Autonomie & PCH (Prestation de Compensation du Handicap)	3
1.1.2. Social assistance	4
1.2. Socio-fiscal Benefits	4
1.2.1. Income tax credit	4
1.2.2. VAT rates	7
1.2.3. Social Contributions Exemptions and Reductions	7
1.3. CESU (Universal Service Employment Cheque)	9
1.3.1. Cesu déclarative	9
1.3.2. Cesu préfinancé	9
1.4. Conditions under which this funding can be provided	10
1.4.1. From the beneficiary's side	10
1.4.2. From the provider's/worker's side	11
1.4.3. The determination of the amount of home help financial support	12
1.4.4. The authorities responsible for the implementation of these policy instruments	12
2. Private funding	13
3. Regulatory instruments for home care/cleaning services	14
3.1. The authorization procedure	15
3.2. The agreement procedure	15
3.3. Control of quality under the agreement and authorization procedure	16
3.4. The regulation of prices for subsidized and non-subsidized care	17
3.5. Specific regulations for platforms in the sector	17
4. Regulations concerning migrant home care workers and organisations	17
5. Outcomes	18
5.1. Indicators on the % of people over 75 living at home / in institutional care?	18
5.2. Indicators on the % of tax/social insurance/private funding dedicated to home care/institutional care	18
5.3. The structure of the home care and cleaning sectors for elderly/disabled adults	19
References	21

1. Public and Social Insurance Funding

In France, the various policy instruments used for supporting home care and cleaning services form a particularly complex system, especially in terms of eligibility (Cour des Comptes, 2024). Recent efforts to improve accessibility have greatly reduced this complexity for users, but not for the different administrations in charge of governing them and the new developments introduced have been identified by the National Court of Auditors as requiring greater attention to monitoring (ibid.).

1.1. Social Benefits

1.1.1. APA (Allocation Personnalisée d'Autonomie & PCH (Prestation de Compensation du Handicap))

Several benefits are available to facilitate access to home care, namely the Personal Autonomy Allowance (*Allocation Personnalisée d'Autonomie*, **APA**) and the Disability Compensation Benefit (*Prestation de Compensation du Handicap*, **PCH**). These benefits, while universal, are adjusted based on the applicant's financial means. The APA and PCH are distributed by the “*départements*” (i.e. subnational authorities). They enable the funding of “human care” but also other expenses like technical help. The APA finances a help plan for care in the home, while the PCH involves drawing up a compensation plan (Dussuet and Ledoux, 2019; Baudot, 2016; Frinault, 2009). The APA cannot completely be assimilated to cash benefits since the usages of funding is targeted and controlled through varied means.

According to the *départements* specific policies, the APA's help plan is used to fund “human care” in different ways. *Départements* can 1) either directly distribute the financial resources to older people and their families, 2) pay providers directly or 3) give a prepaid voucher (the *Chèque Emploi Service Universel*-CESU) to the beneficiaries which they can use to pay for domestic work and care. The help plan is individual and aimed at helping only one person in the household: if two individuals are dependent in the same household, then two plans are required. The PCH is an allowance aimed at compensating the situation of disability. Beneficiaries can also use it to pay for home care services. As with the APA, it is paid directly to the beneficiaries, through the CESU or directly to the provider.

Since 2022, all provider organisations providing the APA and PCH receive a minimum level of funding per hour, fixed at 22€ in 2022, 23€ in 2023 and 23.50€ in 2024. Proxy organisations¹ and workers directly employed by families are not submitted to this regulation (Guiraudon, Ledoux and Caillaud, 2024).

¹ Households employing a worker can either undertake the associated administrative formalities of employment themselves or they can use the services of an intermediary organisation called “proxy organisation” (*association mandataire*), which assumes responsibility for managing the employment

1.1.2. Social assistance

In addition to these primary benefits, there are also means tested "social assistance" benefits: the financial support to pay a home care worker ("*aide financière pour rémunérer une aide à domicile*"), distributed by the *départements* and the Disabled Adult Allowance (*Allocation Adultes Handicapés* (AAH)), distributed by the Family Fund (*Caisse d'Allocation Familiales*) or the Agricultural Social Mutuality (*Mutualité Sociale Agricole*). The national rules concerning the financial support to pay a home care worker ("*aide financière pour rémunérer une aide à domicile*") indicate that this support is recoverable from the estates of deceased beneficiaries when these estates are higher than 46,000€. This benefit is either directly paid to the provider organisation, or paid to the beneficiary when they decide to directly employ a worker. The AAH is paid directly to the beneficiary (Bachelot *et al.*, 2019).

1.2. Socio-fiscal Benefits

1.2.1. Income tax credit

A fiscal benefit (article 199 sexdecies of the Tax Code) for households using household services has existed for a very long time and was transformed in 2017 into a tax credit accessible to all households (including inactive people), covering 50% of expenses incurred. This article of the Tax Code has been central in the development of the personal and household services in France (Guiraudon and Ledoux, 2015): the original tax reduction of 1991 was extended progressively to for profit firms (1996), new services (2005), before being transformed into a tax credit also for active (2007) and inactive people (2017). Today, the Tax Code does not differentiate according to the employment status of the worker, so that the fiscal benefit is accessible to all households who:

- a) **Employ a worker** who provides services defined in Articles L. 7231-1 and D. 7231-1 of the French Labour Code.
- b) **Pay for the services of a declared provider (non-profit organisation, company or body)**, in application of article L. 7232-1-1 of the French Labour Code providing **exclusively** the personal services (*services aux personnes*) mentioned in this article or benefiting from an exemption from the condition of exclusivity (the same as the one for the social contributions).

relationship in return for a fee. Through this intermediation, the householder remains the worker's formal employer and the worker is still protected under the collective agreement concerning workers employed by families.

c) **Pay for the services of a non-profit organisation** whose purpose is to provide home help and which is **officially licensed (*habilité*)** to provide social assistance or has entered into an agreement with a social security organisation (“*conventionné par un organisme de sécurité sociale*”). We provide a more extensive definition of the regulatory instruments (*habilitation/ autorisation/ agrément/ déclaration*) in part three. The **Tax Code therefore refers to the Labour Code** and its article L. 7231-1 which is also central in the definition of personal services (*services à la personne*). In fact, since 2008, the article L. 7231-1 of the Labour Code to which the Tax Code refers defines personal services as being composed of the following activities:

“1° Childcare;

2° Assistance to elderly people, disabled people or other people who need personal help in their own home or mobility assistance in the local environment to help them stay at home;

3° Services to people in their own homes for household or family tasks.”

Article D. 7231-1 gives a more precise definition of different activities (including for example care, domestic work, but also gardening, IT assistance...). While this regulation officially defines the activities covered by personal services, the real tasks operated by workers employed by families are subject to only minimal monitoring by the fiscal bodies or the labour inspectorates (Cour des Comptes, 2024). A legislative amendment passed in 2022² required taxpayers to provide details of eligible services in their tax returns.

One of the main conditions included in the Tax Code is **the exclusivity condition for providers**, which means that providers have to provide services exclusively in the personal services sector. According to the National Court of Auditors, the non-respect of this condition was until now one of the main reason why provider organisations failed to be declared (Cour des Comptes, 2024). This regulation will change since the condition of exclusivity for micro-entrepreneurs and companies with fewer than 10 employees whose main activity is personal services will be removed, giving them the possibility to "carry out an ancillary activity other than personal services in addition to their main activity, without losing any of the benefits". This measure, presented as a way of supporting the development of platforms in the personal services sector, was adopted in the Financial Bill for 2024 through two similar amendments in the Senate³ and made applicable on the 1st January 2025⁴.

Moreover, the basic spending ceiling of €12,000 of the expenses (i.e. €6 000 of tax credit) for individual fiscal benefits is increased up to €20,000 in the presence of dependents, such as elderly household members, or individuals with disabilities. This

² Art. 18 of the Finance Act for 2023, applicable to 2022 tax returns

³ Voted on November 25, 2023: N° I-1960 rect. Ter and N° I-2219 rect. Bis.

⁴Article 34 of the national bill law n°2023-1322 of the 29 december 2023; <https://www.banquedesterritoires.fr/services-la-personne-olivia-gregoire-annonce-la-levee-de-barrieres-lentree-pour-exercer-aupres-de>

tax credit covers expenses related to employment by families or the purchase of household services (including care) from a provider organisation respecting certain rules, the most important of which is the declaration of their activity (article L 7233-2 of the Labour Code).

In 2019, the principle of withholding tax was introduced with the initial decision to maintain a one-year time lag between payment of income tax and payment of the tax benefit. However, an advance payment mechanism has been introduced for personal service: 60% of the expenditure for year $n-1$ is paid in January of year n , with the balance paid during the summer, once the exact amount of expenditure declared for year $n-1$ is known (Cour des Comptes, 2024).

In 2022⁵, an **immediate advance mechanism** was introduced. This is an optional service offered by the social security organisation responsible for collecting social contributions, the URSSAF (*Union de recouvrement des cotisations de sécurité sociale et d'allocations familiales*), to individual employers since January 2022 and to clients of service providers since June 2022. Ambitious take-up targets have been set by the public authorities and included in the agreement on objectives and management signed with the URSSAF: the number of beneficiaries of the immediate advance should reach 680,000 by the end of 2022 and a target of 1.43 million has been set for 2027 (Cour des Comptes, 2024). But individuals whose spending on personal services is financed by social benefits (the personalised autonomy allowance (APA) and the disability compensation benefit (PCH)) are excluded from the scheme at this stage.

For those who receive this immediate advance, 50% of the tax credit is immediately paid by the State, so that the households do not have to wait one year to be reimbursed. Nevertheless, this system has been criticised by the National Court of Auditors (Cour des Comptes, 2024, p.67) and in the general media for facilitating fraud⁶. According to the URSSAF a new fraudulent use of the scheme has developed whereby the service provider uses fictitious clients, victims of identity theft and theft of bank details, to bill inexistent services. These phantom companies receive an "immediate advance" from the State before disappearing into thin air.

Until recently, such fraudulent practices presupposed an agreement between the recipient of the tax benefit and the fictitious employee or service provider, and the time lag between incurring the expense and receiving the tax credit limited this type of scam. But the deployment of the immediate advance system exposes the URSSAF to new risks of fraud. On the one hand, the real-time payment of the tax advantage means that bogus clients and service providers can immediately collect and possibly share in the fruits of their fraud. On the other hand, direct payment of the tax credit to the

⁵ Article 13 of the Social Security Financing Act for 2022, 23th December 2021.

⁶<https://www.lesechos.fr/economie-france/budget-fiscalite/services-a-la-personne-bercy-renonce-a-restreindre-lavance-immediate-de-credit-dimpot-2041869> consulted on the 5th April 2024.

service provider eliminates the need to use a real client accomplice (Cour des Comptes 2024).

1.2.2. VAT rates

The scope of application of the different VAT rates is complex.

Reduced VAT applies only to declared providers. A reduced rate of 5.5% is applicable to providers exclusively distributing essential daily living services to elderly and disabled adults. A VAT of 10% exists for other tasks 1) related to domestic work and 2) for the general public. A rate of 20% (which is the normal rate in France) exists for gardening services⁷. Since 2019, the fiscal rule explicitly explains that the reduced rate of 5.5% applies exclusively to activities related to essential living functions for elderly and disabled adults, provided by authorized bodies which cannot be proxy organisations (*organisations mandataires*). Although the scope of the 5.5% rate is coherent and well defined, the distinction is more complex between the intermediate rate of 10% and the standard rate of 20%, as it is based on criteria that are not clear (Cour des Comptes, 2024, p.58).

The VAT reduced rate is subject to the activity being carried out **on an exclusive basis** (General Tax Code Annexe III, article 86; article L 7232-1-1 of the Labour Code). It is presumed to have been met once the employer has made the declaration. Some organisations benefit exceptionally from exceptions to this exclusivity rule, like the intermediary associations, local social action centres (*Centres Communaux d'Action Sociale*, CCAS) and health centres (article L 7232-1-2).

Only provider organisations that have declared (*déclaré*) their activity benefit from the reduced rates. In reality, organisations which are officially authorised (*autorisé* – see pages 8 and 9 for the definition of this term) are at the same time considered to have declared their activity.

1.2.3. Social Contributions Exemptions and Reductions

Family private employers and provider organizations can qualify for exemptions or reductions in the amount of the social contributions due by employers to the national insurance system, excluding those related to workplace accidents and occupational illnesses.

Provider organisations

General social reductions exist in France for workers with a wage between 1 times and 1.6 times the minimum wage. Additional to this, specific social contribution exemptions

⁷ Articles 278-0 bis-D and 279-i of the General Tax Code.

have been introduced in the personal services sector (*services aux personnes*) for provider organisations. They apply to companies and non-profit organisations that have been declared as providing childcare or assistance to elderly or disabled adults, regardless of their status. Only companies and non-profit organisations that have declared (*déclaré*) their activity benefit from these exemptions. The exemptions from social contributions have the same conditions regarding the declaration and the exclusivity of activities as the reduced VAT rate. The exemption is subject to the activity being carried out **on an exclusive basis**⁸ which implies the same conditions as for the reduced VAT rate. Organisations that are under the regime of the authorisation (*autorisation*) or licensing (*habilitation* – see pages 8 and 9 for a definition) can also be declared.

Family private employers

Private family employers are excluded from the general social reductions and generally subjected to specific exemptions (2€/hr in 2024 in metropolitan France, €3.70/hr in Saint-Barthélemy, Saint-Martin and Saint-Pierre-et-Miquelon) for all services⁹. Beyond this, they have access to more generous exemptions if they are in specific situations. For individuals aged over 70, a partial exemption covers the employer's share of social security contributions and is limited to a maximum remuneration equal to 65 times the value of the SMIC hourly wage per month (€757.27 gross per month in 2024). The maximum exemption is therefore €240.16 (for all *départments*). Employer's social contributions for pensions, unemployment, accidents at work, social dialogue, professional formation, autonomy loss are still due. For recipients of the APA or PCH and for those in absolute need of a care assistant, the same exemption applies but without the threshold¹⁰.

Table 1: the social contribution regime in the personal and household services sector

	Households as employers	Service providers
General case	Flat-rate deduction of 2€ per hour in metropolitan France, regardless of the wage	General reductions, degressive from 1 to 1.6 times the minimum wage
Home help for vulnerable people	Exemptions from certain contributions, regardless of the wage of the worker	Exemption from all contributions, degressive

⁸ article L241-10-III of the Code of Social Security and article L 7232-1-1 of the Labour Code
⁹ article L241-10-I of the Code of Social Security
¹⁰ article L241-10 of the Code of Social Security

		from 1.2 to 1.6 times the minimum wage
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Source: Cour des Comptes, 2024, p.21

1.3. CESU (Universal Service Employment Cheque)

The "universal service employment cheque" scheme, known as Cesu, simplifies administrative processes to encourage the use of personal services (known as personal and household services PHS in English). It comprises two types: "declarative" and "prepaid."

1.3.1. Cesu déclarative

The "*Cesu déclarative*" aims to facilitate the remuneration of workers employed by households. As private employers, families have to declare their employee by submitting a form to the relevant social security body, paying the corresponding national social insurance contributions and signing an employment contract. The Cesu is then responsible for declaring the employee, calculating and collecting the social insurance contributions due. It debits this amount from the householder's bank account and pays the relevant social security body. It also issues the employee's pay slip. Employers can choose a "Cesu+" option too, in which case the worker's wages are also paid through Cesu and debited from the householder's account with tax deducted at source. In the past, if the employee's working week did not exceed eight hours, using Cesu further allowed the employer to avoid drawing up a contract of employment. Now, this exemption is **only** available for workers working less than 3 hours during less than 4 weeks. Therefore, a higher proportion of the working population is now theoretically obliged to sign an employment contract.

1.3.2. Cesu préfinancé

The "*Cesu préfinancé*" is a method of prepayment available to specific bodies:

- private or public work's councils ,
- private or public bodies financing social benefits: departmental councils, Communal social action centres (CCAS), Family allowance fund (*Caisse d'allocations familiales*, CAF), Health insurance fund (*Caisse d'assurance maladie*), Mutual insurance companies, Supplementary pension funds.

It can be used to make payments to service providers, workers employed directly by households or both. The funding institution can choose between these different options.

This instrument has also been accessible to public authorities since 2005 and has been increasingly used with the objective of controlling the use of public money, but the *départements* have the choice to use it or not. Some departmental authorities (like the *département* of Loire Atlantique) distributes it only for paying workers employed by families, while others distribute it only for paying the providers (like the *département* of Seine Saint Denis (Petiau, 2023)). In the *département* of Loire Atlantique, on the contrary, the providers are directly paid by the *département*, which means that the APA is far from being a cash for care allowance.

1.4. Conditions under which this funding can be provided

1.4.1. From the beneficiary's side

The APA, the PCH, the *Aide financière pour rémunérer une aide à domicile* benefit and the AAH are distributed after an assessment of people's loss of autonomy. These benefits allow for paying for the services of a provider, the employment of a care worker by families or, in some cases (PCH), the payment of a family carer without a contract with the care receiver. Distinctions exist between the different benefits.

The APA law and decrees define the grid to be used to set the level of dependency and therefore the financial benefits individuals can receive. The dependency levels are classified as Iso Resources Groups ("*Groupes Iso Resources*" – GIR) and the national grid is called the AGGIR grid –standing for *Autonomie Gerontologique – Groupes Iso-Ressources*. The maximum level for the APA is the GIR1 – which corresponds to the most dependent people "confined to bed or chair, whose mental functions are severely impaired or require an indispensable and continuous presence" –, while the lowest level is the GIR4 – which corresponds to those relatively less dependent.

According to many studies, the national AGGIR grid, invented by geriatricians, imposes a medical definition on people's dependency (Ennuyer, 2004 ; Belorgey, 2016). Therefore, the grid defines people as dependent according to their incapacity to do certain types of activities and considers dependency as a consequence of a physical or mental illness. The grid does not require information about people's social needs but merely measures the abilities of a neutral abstract individual, without measuring his/her socially acquired abilities to take care of her/himself. The APA does not authorize employing one's spouse and can only pay care givers by transforming them into workers (working for providers or as a household employee). The APA assessment is also followed by the establishment of a homecare plan by the local authorities (*départements*), where the care receiver has the choice to select the type of care options they want out of those allowed by the scheme (services of a provider / employment of a worker), but provider organisations are encouraged by the *départements* in cases of high levels of autonomy loss.

For the PCH and the AAH, the Guide to assessing the compensation needs of disabled people (GEVA, *guide d'évaluation des besoins de compensation des personnes handicapées*) applies. Introduced in 1993, this guide was inspired by the International Classification of Handicap designed by Philip Wood (Baudot, 2016). This guide has been changed over time and has been developed to assess different needs, whether professional, educational, medical, psychological or environmental, etc. The PCH gives a limited possibility for dependent people to employ their parents, children or spouse¹¹. The national rules stipulate that the department should pay 100% or 80% of the plan (depending on the resources), calculated with a tariff at 17.35€/hr when the workers are employed directly by households, at 19.09€/hr when households use a proxy (but still are the employers) and 23.50€/hr when they pay a services provider¹².

Exemptions from social security contributions applicable to home help services are granted on the basis of the characteristics of the beneficiary, when the latter is considered to be "fragile". Certain groups (household help recipients, families in difficulty) are considered to be vulnerable only when they use a service provider, but not when they are private employers. One of the exemptions is based on age (with a lower age limit of 70), and the others on receiving the APA or the PCH.

Three age thresholds coexist in the different benefits: 60 years for the definition of independent living activities (for the APA, eligibility for the 5.5% VAT rate), 65 years for the increase in the tax credit ceiling and 70 years for the automatic exemption from social security contributions (Cour des Comptes, 2024, p.63).

1.4.2. From the provider's/worker's side

Funding is provided under different statuses of the providers:

- **Declaration**: Providers or proxies have to be declared in order to allow their clients to receive tax breaks and in order to be eligible for social contributions and VAT exemptions.
- **Authorisation (*autorisation*) and approval (*agrément*)**: All organisations providing home help (including care and household services) to elderly people are obliged to have received either an authorisation (*autorisation*) or an approval *agrément* (see below part 3).
- **Licensing (*habilitation*)**: Organisations providing social aid (i.e. means tested) have to receive a special form of license called an *habilitation*, which means that they have to apply the tariffs for services defined by the local authorities and to agree to return any profits made to the local authorities. Their deficits can be refinanced by local authorities, who are theoretically obliged to cover the costs of the structures, including their collective agreements (Ledoux, de Muñagorri and Guiraudon, 2021).

¹¹ https://www.service-public.fr/particuliers/vosdroits/F35540/1_0?idFicheParent=F32794#1_0

¹² https://www.service-public.fr/particuliers/vosdroits/F35540/1_0?idFicheParent=F32794#1_0

1.4.3. The determination of the amount of home help financial support

The APA law and decrees stipulate that the allowance is subject to co-payment, i.e. the beneficiary pays a proportion that increases with income. The higher a person's income, the higher their contribution. For the APA, they can choose in principle the service/worker they prefer, but de facto, the agents of the *équipes medico sociales* of the *département* can guide their choice. Choice is greater for the tax breaks. For the PCH, 100% of the plan is funded by the *département* if the income resources are below 30 398,54 € in 2024 and 80% if the resources are higher¹³. Like many other allowances in France, corresponding to a familialistic logic, the income resources are calculated on a household, rather than individual, basis.

1.4.4. The authorities responsible for the implementation of these policy instruments

Support for personal services, which had previously been under the responsibility of the Ministry of Employment, has since 2010 been piloted by the Ministry of the Economy, Finance and Industrial and Digital Sovereignty. Within the Ministry, the Directorate General for Enterprise (DGE) is responsible for "developing, implementing and evaluating State policy in the field of personal and household services", but at local level, it is the decentralised services of the Ministry of Labour Affairs who are responsible for delivering the *agréments* and *declarations*.

On the other hand, social benefits are piloted by the Ministry of Social Affairs, under the Directorate-General for Social Cohesion (DGCS) and implemented by the *départements* or the Family Funds.

Table 2: Authorities responsible for the implementation of the financial instruments

	Who determines le level of need	Who pays the beneficiaries	Means tested	Who is responsible for the policy instruments
APA	The <i>équipes medico sociales</i> of the <i>département</i>	The <i>département</i>	no	The <i>départements</i> , the Directorate-General for Social Cohesion (DGCS)
PCH	The MDPH	The <i>département</i>	no	The <i>départements</i> , the Directorate-General for Social Cohesion (DGCS)

¹³ <https://www.service-public.fr/particuliers/vosdroits/F14202>

Aide financière pour rémunérer une aide à domicile	The <i>département</i>	The <i>département</i>	yes	The départements, the Directorate-General for Social Cohesion (DGCS)
AAH	The MDPH	The Family Fund (CAF) or the MSA	yes	The Family Fund and the Directorate-General for Social Cohesion (DGCS)
Income tax Breaks	No assessment needed for the general rate	The state	no	Directorate of Tax Legislation
Social contribution exemptions	If assessment needed: recipients of the APA, PCH	Exemptions or deduction	no	Social Security Department (DSS)
VATSource	No assessment needed	Reduced rate	no	Directorate General for enterprises DGE

Source: Cour des Comptes 2024

2. Private funding

In 2011, France was identified in the Vasselle report as the second largest private long-term care insurance market in the world after the United States. The French market had doubled since 1999, but it had not at that time reached the maturity required to provide optimum cover for risk (Vasselle, 2011).

Loss of independence can be covered either primarily under a provident contract ("risk contract") or additionally under a life insurance contract.

At the start of 2010, only 5 million people were covered for the risk of loss of independence, either as a primary or secondary benefit, despite the fact that France had 10.9 million people aged over 65 and 13 million pensioners (ibid).

According to data from the French mutual insurance association (Mutualité Française) and the French Federation of Insurance Companies (Fédération Française des Sociétés d'Assurance - FFSA), almost two-thirds of beneficiaries, or 3.2 million people, were covered by a mutual insurance association governed by the Mutual Insurance Code, compared with 1.5 million people covered by an insurance company governed by the Insurance Code (ibid).

3. Regulatory instruments for home care/cleaning services

Since the 2015 law (*loi d'adaptation de la société au vieillissement*) organisations working with disabled and elderly people at home must have an authorization (*autorisation*) in order to provide home help services to these populations. If they are a proxy organisation helping people to employ a worker, they only have to hold an approval (*agrément*). Organisations providing social aid (means tested) have to be licensed (*habilitées*), which means that they have to apply the tariffs for services defined by the local authorities and to agree to return any profits made to the local authorities. All organisations providing household services (including the *habilitées, autorisées and agréées* organisations) also have to be declared in order to allow their beneficiaries to receive the tax breaks previously described.

Table 3: the different regulatory tools applying in the home help sector in France.

Public	Type of organisation	Regulatory tool
Home help to disabled people or elderly people receiving social assistance (Condition to be financed by social assistance)	Providers and proxies	License/ <i>Habilitation</i> => bill of specifications (<i>cahier des charges</i>), prices determined by the départements, ex post internal and external evaluation
Home help to disabled people or elderly people	Providers	Authorisation/ <i>Autorisation</i> => bill of specifications (<i>cahier des charges</i>), increases of the prices limited by law, ex post internal and external evaluation
Home help to disabled people or elderly people	Proxies (not been providers)	Approval/ <i>Agrément</i> => in accordance with a bill of specifications (<i>cahier des charges</i>)
Children under 3 years old or disabled people under 18 years old	Providers	Approval/ <i>Agrément</i> => in accordance with a bill of specifications (<i>cahier des charges</i>)
Children under 3 years old or disabled people under 18 years old	Proxies (not been providers)	Approval/ <i>Agrément</i> => in accordance with a bill of specifications (<i>cahier des charges</i>)

All public (Condition for citizens to receive tax breaks)	Providers and proxies	Declaration
All public (Condition for the organisation to benefit from a reduced VAT rate)	Providers	Declaration

3.1. The authorization procedure

The **authorization (*autorisation*) procedure** once required proof that the organizations had sufficient means to provide a quality service and that the organisation’s objectives were compatible with those of the *départements*. These procedures went hand in hand with regular internal and external evaluation procedures which involved users. In concrete terms, that meant that independent workers (*auto-entrepreneurs*) wanting to provide elderly care services had to be authorised by the *département* in which they operate. Since 2023, the authorisation is delivered mainly through a bidding process, in which local authorities offer multi-year contracts setting out shared objectives and resources, known as *Contrats pluriannuels d’objectifs et de moyens (CPOM)*. Those service providers whose bids are accepted obtain an authorisation. The providers have also to demonstrate their respect of a bill of specifications *cahier des charges*. In return for their commitments within the framework of the *CPOM*, the service providers benefit from a multi-year visibility.

3.2. The agreement procedure

The **approval (*agrément*) procedure** does not really involve quality control, but the organisation must show its accordance with a bill of specifications (*le respect d’un cahier des charges*) and the procedure is facilitated if the organisation organises private quality control¹⁴. The *agrément* is obtained for 5 years. Until 2023, this required the organisation to have **physical premises**. A new rule in 2023 removed this condition¹⁵, therefore making it easier for care platforms to enter the market. Indeed, this reform has been explicitly presented as favourable for digital platforms by the Minister in charge of small firms (Olivia Gregoire), who affirmed that this reform might allow “platforms and innovative actors to play a greater role in this [elderly care] sector and service providers in general to save costs on premises that are rarely used”¹⁶. **In**

¹⁴ <https://entreprendre.service-public.fr/vosdroits/F23633>

¹⁵ Arrêté du 24 novembre 2023 fixant le cahier des charges prévu à l’article R. 7232-6 du code du travail

¹⁶ <https://www.banquedesterritoires.fr/services-la-personne-olivia-gregoire-annonce-la-levee-de-barrieres-lentree-pour-exercer-aupres-de>

the elderly care segment, it nevertheless can only concern proxies and not providers, since providers have to be authorised.

There are no conditions to be met in order to be authorized to work as a home care worker or cleaner for elderly/disabled adults, even in the case of care funded by public authorities.

3.3. Control of quality under the agreement and authorization procedure

There is no quality control in the case of declaration and limited control in the case of the approval (*agrément*) procedure, while there is greater monitoring for organisations subject to the authorisation (*autorisation*) regime.

Table 4: control quality under the approval and authorization procedure

	Approval (<i>agrément</i>) procedure	Authorization procedure
Competent authority	The decentralised state (DDETS on behalf of the prefect)	<i>Departement</i>
Period of validity	5 years	15 years
Issuing criteria	Specifications defined at a national level	<ul style="list-style-type: none"> - Specifications defined at a national level - Departmental plan for social and medico-social organisations - Call for proposals
<i>Ex-post</i> monitoring	no	Mandatory internal and external evaluation every 5 years

Source: Cour des Comptes 2024, p.26

In the absence of real *ex-post* quality control for the approval (*agrément*) procedure, a National Quality Charter for personal services has been developed by the Ministry for the Economy and Finance.

Beyond this, the personal services industry has developed its own service certification as a voluntary process supposed to guarantee customers a recognised level of quality¹⁷. There are four service certification standards in the personal services sector:

- NF Service certification, issued by AFNOR Certification, an independent body.
- Qualicert "Services to private individuals" is the collective service certification mark of the SGS ICS certification body.

¹⁷ <https://www.servicessalapersonne.gouv.fr/beneficier-des-sap/la-qualite-dans-secteur-des-services-la-personne>

- Qualisap V4 "Quality of service for organisations providing personal services subject to the *agrément* and declaration" Issued by Bureau Veritas Certification.
- Cap'Handéo–SAP V3 Issued by HANDEO, guarantees a commitment to quality of service for people with disabilities, at all stages of their lives and whatever the cause of the disability. Designed in consultation with representatives of users, service providers, disability associations and public authorities, these standards are aimed at organisations that have been approved (*agrée*) or authorised (*autorisé*) for at least two years.

3.4. The regulation of prices for subsidized and non-subsidized care

In the case of the organisations subject to the licensing (*habilitation*) regime, the prices are fixed.

Under the authorisation regime, price increases are regulated by the State. Prices for home help and support services mentioned in article L. 347–1 of the French Code of social action and families, may not increase by more than 5.95% in 2024 compared with the previous year.

3.5. Specific regulations for platforms in the sector

According to the National Court of Auditors, it is in the interests of platforms which are proxies (i.e. *mandataires*) while the employer remains the household to go through the declaration process so that their services are eligible for the tax credit for households (Cour des Comptes, 2024).

Those who act as intermediaries between beneficiaries and micro-entrepreneurs providing services do not fall into any of the categories of the Labour Code (Cour des Comptes, 2024) or article 199 sexdecies of the Tax Code. In this case, the obtention of the tax credit depends on the declaration of the micro-entrepreneurs.

4. Regulations concerning migrant home care workers and organisations

Since 2007, undocumented workers can be regularised by showing their worker status. The circular of 28 November 2012 known as the "Valls circular" (number INTK12291850) indicated "*the conditions for examining applications for admission to residence lodged by foreign nationals in an irregular situation under the provisions of the Code on the Entry and Residence of Foreigners and the Right of Asylum*" and it mentioned the Cesu as one of the proofs to show.

Employers wishing to hire a foreign worker from outside the European Union must check that the future employee has a work permit. In some cases, the residence permit authorises work. When this is not the case, the employer must apply for a work permit.

A 2021 reform defines the populations who must have a work permit in order to be allowed to work. Article R 5221-3 of the Labour Code stipulates that this applies to holders of a temporary or multi-annual "student" or "student-mobility programme" residence permit if they are in paid employment for more than 60% of the annual working week, as well as asylum seekers. The job they wish to occupy must either 1) be a job in short supply ("*en tension*") according to a list drawn up by the order (*arrêté*) of 1 April 2021¹⁸, or 2) not have been filled after being advertised for a three-week period on the national public employment service. In the case of jobs in short supply "*métiers en tension*", the employer does not need to have published the job offer for three weeks through the national service of employment. New criteria concerning the wage (paid at least at the level of the minimum wage) and the employer have also been laid down and concern the fulfilment of his/her duties.

The 2021 *arrêté* published a regional list with the jobs identified as being in short supply. Among all the regions, only 3 regions identify home helps and domestic aids ("*aides à domicile et aides ménagères*") as being in short supply: the region Centre, the region Pays de la Loire and the region Occitanie¹⁹.

Normally, only workers with legal immigration status are allowed to work but in reality, it is technically possible to work under the CESU without having a legal immigration status (by declaring a false Social Security Number for example).

5. Outcomes

5.1. Indicators on the % of people over 75 living at home / in institutional care?

According to the INSEE, in 2016 9% of people aged 75 or more lived in institutional care (Guillaneuf, Picard and Rousset, 2023). After the age of 75, elderly people have lower living standards but also a lower poverty rate than the average for the whole population (ibid.)

5.2. Indicators on the % of tax/social insurance/private funding dedicated to home care/institutional care

¹⁸ L'Arrêté du 1er avril 2021 relatif à la délivrance, sans opposition de la situation de l'emploi, des autorisations de travail aux étrangers non ressortissants d'un Etat membre de l'Union européenne, d'un autre Etat partie à l'Espace économique européen ou de la Confédération suisse.

¹⁹ <https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000043317444>

In 2021, the total costs of care homes for elderly people (aged 60 or more and having loss their autonomy) were estimated at 19 billion euros, while 9 billion euros were calculated for home care²⁰.

5.3. The structure of the home care and cleaning sectors for elderly/disabled adults

Measured in terms of the number of hours worked, activities increased considerably in the personal and household services sector over the decade 2000–2010 (+58%), even before the implementation of the "Borloo plan". From 2010 to 2015, it contracted (-9%), before stabilising at a level below that recorded in 2008 (with the exception of 2020). The sector's weight in the French economy was estimated at around 2% of hours worked in 2021 (Cour des Comptes, 2024, p.28).

The share of direct employment in overall activity has fallen steadily: while it accounted for more than 80% of paid working hours in 2001, it represented only 63% in 2012, and just over half (54%) in 2021. Between 2012 and 2021, the number of hours paid by individual employers fell by 18%, while the activity of service providers increased by 6% (ibid, p. 30). The statistics for 2022 do not suggest any reversal of this trend.

Over the last ten years, the slight increase in the activity of service providers has been driven exclusively by the private for-profit sector, whose growth has offset the decline in the activity of non-profit organisations and public bodies. The share of activity accounted for by companies has risen from less than 27% in 2012 to more than 46% in 2021 (ibid, p.31). The doubling in the number of organisations between 2012 and 2021 is exclusively attributable to the private for-profit sector: the number of registered companies has risen from around 18,000 to around 47,000, while the number of non-profit or public organisations has stagnated (ibid, p.32).

Table 5: Characteristics of the workforce in 2022 ²¹

Workforce	% public Providers	% private providers (non and for-profit)...	% employed by families
701 841	35 874	355 503*	310 463
100%	5%	50 %	45 %

²⁰ <https://www.securite-sociale.fr/files/live/sites/SSFR/files/medias/CCSS/2021/FICHES%20ECLAIRAGE%20SEPTEMBRE%202021/2021%20Septembre%20-Co%3%BBt%20de%20la%20prise%20en%20charge%20des%20personnes%20%C3%A2g%C3%A9es%20selon%20leur%20degr%C3%A9%20d%E2%80%99autonomie%20et%20leur%20lieu%20de%20Or%C3%A9sidence.pdf>

²¹ See more statistics of the sector in Caillaud, Dussuet, Ledoux and Teke (2024), *Home care employment conditions and industrial relations before and after the Covid-19 in France*, ORIGAMI report.

Source : Enquête Emploi INSEE

* *Among which 21 533 self employed*

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