France – Leader in providing company and state funded vouchers for public services

The Universal Work Service Cheque – or Chèque employ service universel préfinancé or CESU – is one of the core pillars of the Borloo Plan in France. The plan, named after it’s creator – Jean-Louis Borloo, Minister of Work and Social Cohesion 2004-2007, is based on three main objectives:

1) Supporting the development of local employment
2) Fighting against “black market” services
3) Promote services in three key areas: childcare, home and dependency.

The public services sector is at it is peak due to the socio-demographic changes that France has gone through in the last few years. One example is the increase in life expectancy, leading to a record number of 13 million people aged 60 years old or more, whilst in 1982 this segment of the population was less that 10 million. At the same time, the number of women between 25 and 49 years old working has doubled in the last four decades. While in 1962 only 4 in 10 women worked, now 8 in 10 women work. These two trends, along with the need to improve work life balance, means that there are 6 million homes needing support.

Pushing the development of one of the most fragmented and lesser known sectors, and trying to impede the growth of the black economy, are the two main challenges of the Borloo Plan, and the CESU is their best tool for dealing with them.
The CESU was launched on 1st January 2006. It is a payment voucher, financed partially or wholly by the company, and can be used to pay for more than twenty types of services – e.g. care for elderly relatives, childcare, gardening services etc. The CESU is funded by the Human Resources Department or a company committee and through public administrations or insurance groups. Each beneficiary can receive up to €1830 a year, tax free.

The key organization that controls and promotes the use of the CESU is the National Agency for Public Services (or ANSP). They authorize and approve the issuers of the vouchers and they standardize the process. As a result, there now exists an organized network of authorized voucher issuers, made up of companies who already issued vouchers in the past (Accor Services, Cheque Déjeuner, Sodexo Alliance, Natexis Banques populaires) and newly authorized issuers such as banks.

It is estimated that of the €11,000 million spent on public services, €7500 million could be paid with CESU vouchers. The services provided can come from companies and associations, nurseries or individuals. There are already more that 65,000 affiliated people available for direct employment, and 8,500 companies and associations, as from January 2008.

The substantial growth in use of CESU vouchers has already doubled the total amount claimed (€131 million in 2007 vs. €66 million in 2006). The amount issued in 2008 is estimated to be €300 million. These public services are the largest employers in France, creating 113,000 jobs in 2006 – 30,000 of which are full time. This makes up 17% of total job creation in France.
Furthermore, the dynamic between the parties involved seems to be positive and constructive. From the point of the view of the company there is clear economic benefit, as the real cost for every €100 financed for CESU is only €42, as opposed to €100 if it was a salary. From the point of view of the employee in the company it is also positive as the €100 acquired is exactly €100, as it is not taxed - as opposed to €68 if it was their salary.

The development of CESU in public administration is as beneficial as it is in private companies. New regions in France have already started using CESU for financial aid for older generations. The public budget that the CESU takes up is approximately €100 million. In the private sector nearly 100% of Human Resources Directors are aware of CESU, and 7% of companies with more that 20 employees are now proposing the CESU to be used for social benefits.

Nevertheless, there is still a lot to be done. A basic point is to improve and transform the “professionalization” and structuring of the offers from the Public Services Department. It is currently quite a weak, fragmented and unprofessional department and should be transformed into a simplified system using up to date technology for providing the services. Another important point is the communication to the contractors (i.e. those who provide the services) and to those who can receive the service – especially in geographical regions where the CESU is currently not present. And finally, they are researching the possibility of increasing the number of services offered, which is currently only 21.

Although there are still many areas that require improvement, the CESU has been well received by the public and private market due to the new social and economic benefits, along with the success in job creation and benefits for all parties involved. France’s European neighbours should keep a close eye on the progress and success of the Plan.