

Opening Statement to the Joint Oireachtas Committee on Employment Affairs and Social Protection by the Minister for Employment Affairs and Social Protection, Regina Doherty, T.D.

4 April 2019

Introduction

Chairman and members, thank you for the invitation to meet with you today to discuss the Indecon Reports on Local Employment Services and Job Clubs.

Before discussing these reports it would be useful to give a brief overview of the evolution of policy and practice in the area of activation and the direction these reforms have taken.

The period from 2011 to 2019 has seen significant reforms to the Government's approach to supporting people who are unemployed to return to the labour market.

These changes included;

- The streamlining and reorganisation of services within Intreo;
- The introduction of new services and schemes including recruitment subsidies such as JobsPlus;
- work placements under JobBridge;
- tailored training under Momentum and conversion education under Springboard;
- an increase in the number of Case Officers both directly employed and provided via contract;
- the tailoring of my Department's approach to jobseekers using a model, developed by the ESRI, and;
- increasing the number of places on, and adjusting the approach taken within, state employment schemes such as Community Employment and Tús.

My Department also developed an employer engagement strategy and team to work very closely with employers in initiatives such as JobsPlus and the National Jobs Week, which ran very successfully just last week. In all of these initiatives we applied the principle of rights and responsibilities to encourage

people in receipt of payments for job-seeking to actively engage with all of these services.

All of these changes were developed and implemented as part of the *Pathways to Work* strategy based on expert research and advice from bodies such as the OECD, the ESRI and NESC. Of particular relevance is the 2009 OECD report on activation policies in Ireland, the 2010 ESRI report on employment services and the 2011 report from NESC on services and supports for jobseekers.

The changes were overseen and guided by the Labour Market Council comprised of experts such as Dr John Martin, former Head of Employment and Social Affairs at the OECD, Professor Philip O'Connell of UCD, Brid O'Brien of the INOU, Dr John Sweeney of NESC, Dr Peter Rigney of ICTU, Tony Donohoe of IBEC together with senior leaders from a number of large employers

These changes have not only borne fruit but have been, in the main, warmly welcomed, by the jobseekers we serve. The evidence for this can be seen in the reductions in unemployment and, in particular, long-term unemployment as we emerged from the recession that lasted from 2009 to 2013. This labour market recovery differs markedly from that witnessed in Ireland following previous recessions or indeed what was witnessed in other countries affected by the global crisis of 2009 to 2013. In previous recessions, it took over six years of sustained economic growth for unemployment to respond and even longer for long-term unemployment to fall. This time around the experience has been different.

Although it is difficult to attribute this performance in a quantitative way to specific actions and measures there is some evidence the Committee should consider.

Econometric studies of JobBridge, the Back to Work Education Allowance and JobPath, together with a value for money review of JobsPlus, all indicate a very positive impact on employment outcomes for participants compared to non-participants.

The recently published ESRI econometric assessment of the streamlined Intreo process commissioned by my Department indicates that the reforms improved exits from the Live Register.

Furthermore, external commentary on the Irish economy by the OECD, the EU and the IMF have singled out our activation reforms as being particularly effective in contributing to reducing unemployment. Reviews of the Intreo

process reforms by the INOU and by the network of European public employment services have also been positive. Perhaps most importantly, our customer satisfaction tracking research, commissioned externally and conducted independently, indicates very high levels of customer satisfaction with the service and the services offered.

All of this evidence suggests that we do not need to implement major reforms of our approach to activation. We now operate in line with best practice internationally. That is not to say that we cannot do better and, in particular, that there are not changes that we need to make to adjust to our improving economic situation.

It is in this context that the two Indecon Reviews on Local Employment Services and Job Clubs were published last January will be considered.

I think members of the Committee would agree that the reviews are broadly positive regarding the impacts of the LES and Job Clubs, recognising the role the LES play in engaging with those furthest from the labour market as well as the useful role of Job Clubs in working with more “job-ready” clients.

Nonetheless, the Indecon Reviews make several useful recommendations that are being considered by my Department.

Transitioning to multi-annual contracts from the current annual contracts, as suggested in the Reviews, would enable contractors to plan for the medium term while the enhanced use of performance metrics would enable my Department to ensure that the performance of contracted employment services are of benefit to jobseekers and of value to taxpayers.

In relation to procurement, the Indecon Reviews suggest that open or public competitive procurement be actively considered. A move to competitive procurement is also consistent with legal advice my Department has received with regard to its obligations under EU procurement legislation. Accordingly this is a matter that is currently receiving active consideration.

In December I had the privilege of addressing the Irish Local Development Network (ILDN) conference where I informed the delegates that the Indecon reports would be published in early 2019.

Senior officials from my Department met with representatives of the LES and Job Clubs on the 25th of January last, shortly after the publication of the Indecon Reviews. They were joined by a partner from Indecon responsible for drafting the reviews who presented his findings and took questions. The LES and Job

Clubs have broadly welcomed the Indecon Reviews and, I am happy to say, are positively engaging with my Department. The continued longevity and success of LES and Job Clubs cannot be based on standing still or an assumption that contracts will be renewed irrespective of legal requirements or service performance considerations. From our discussions it is clear that the LES and Job Clubs understand that they need to adapt to changing circumstances. It is encouraging to see their openness to change and reform and I am optimistic that we will continue to benefit from their services for years to come.

An econometric review of the JobPath service by the Departments' Statistics unit, led by a senior statistician on secondment from the CSO with support and input from the OECD is nearing completion and I expect that the results will be published next week.

I note that some commentators have sought to present the service procured via JobPath as being somehow in competition with that procured via the LES and JobClubs. This simplistic presentation is also misplaced. To be clear it is my view, and that of my Department, that these services complement rather than compete with each other.

The evidence in Ireland just as in every other labour market around the world is that people who are long-term unemployed face significant challenges in securing employment opportunities. For some long-term unemployed people the period of unemployment is prolonged; this requires that there is a mix of services and service providers available to them over this period. That is why we have LES and JobClubs, JobPath, state-employment schemes such as CE and Tús and a mix of education and training schemes via SOLAS and its contracted service providers.

Services which can at different stages of unemployment offer different opportunities and supports to unemployed jobseekers. The truth of the matter is that, right-now, with about 77,000 long-term unemployed people on the Live Register and a further 45,000 engaged in programmes such as CE there is more than enough work for all of our service providers.

Looking at the future, the development of our service strategy will be driven by the twin purposes at the core of all public employment services.

First, the 'activation' function of Public Employment Services is to facilitate the smooth functioning of the labour market by encouraging labour market participation and reducing what economists call "friction" as people enter, leave or move within the workforce.

It does this by trying to ensure that unemployed workers are matched through advice, counselling, work experience and training to job opportunities and to

ensure that the job opportunities are in fact notified to, and made available to jobseekers. Activation also means working with employers, to make it easy for them to take on workers and specifically to encourage them to give unemployed workers, whom they might not otherwise consider, the opportunity to prove their worth.

The second core purpose of Public Employment Services is social inclusion. To ensure that unemployed workers are not disenfranchised by not having the ‘social’ or family ‘capital’ or network that gives them access to employment opportunities. Stated simply it is not enough for the State to passively provide income supports and then leave people to figure out, on their own, how best to find and sustain employment. We have a duty to offer supports in the form of advice, work experience opportunities, training and education and occupational activities to all jobseekers. In doing this we provide a social ‘capital’ or a ‘public network’ to all unemployed workers that can help redress any inequality arising from differences in social and family capital .

This twin purpose of activation and social inclusion applies regardless of the economic backdrop. However the challenges faced in delivering on this purpose changes as employment conditions vary.

We are, at this stage, moving from a position of having an excess supply of labour to one where labour supply is tightening. This challenges us to create opportunities to bring more people into the labour market and to extend our services to other groups of people whom we couldn’t reach, given constrained resources, during recessionary times. This would include improving and expanding services for women not currently active in the workplace, and similarly for people with disabilities. We are also moving from a position where many unemployed people had a strong record of prior employment to one where those people who are now long-term unemployed are increasingly characterised by weak labour market attachment and significant employment barriers. This group of people require more intensive support delivered via a mix of services and service providers as I have already described.

The Department is currently reviewing how it will adapt its services to address these challenges. As already mentioned this is unlikely to require a major overhaul of service provision but it will require a re-focussing of effort and, more than likely, some redesign of our services to attune them to the needs of people facing significant barriers to taking up employment. We have already made some such changes for example in the design of the YESS scheme which supports young people with significant barriers to employment to gain valuable workplace experience.

One thing that I will not do is make the mistake made in previous periods of economic growth when the State's public employment services were allowed to, in effect, wither, through disuse, on the vine. We do not want, in any future economic downturn in the economic cycle, to rebuild, from scratch, the public employment services as we did in 2011–2015. Back then, we lost too much time re-building the service - leading to a situation where we entered the recession with more people unemployed than would have been the case if the Public Employment Service was operating effectively.

An estimate from the OECD in 2009 suggested the Live Register was at a level of about 100,000 greater than it would have been if the Public Employment Service was operating to best practice levels. In re-focussing our efforts I will not countenance any reduction in capacity. Between Intreo, LES and JobPath staff we have approximately 800 Case Officers at present. I intend, as a minimum, to maintain that level of capacity and to the extent that I can, given available resources, extend the Department's service offer to help other groups – people with disabilities and people, mainly women, who left employment to take-up caring responsibilities, access employment opportunities.

I believe that these are objectives on which we can all agree. I look forward to hearing your views and welcome any questions.