

Thursday 20th October 2016

Check Against Delivery

Chairperson, Committee Members,

I would like to thank the Committee for the opportunity to appear before it today to discuss the Department's approach to activation. I am joined by my colleagues Paul Carroll, Principal Officer with responsibility for employer engagement activities and Mr Jim Lynch Principal Officer with responsibility for operations and service delivery in the Limerick region. Given that this is a new committee I propose to outline the general approach to activation rather than set out any particular initiative in detail. I will be happy to return to the Committee at any time if it would like a more detailed discussion on any particular aspect of the Department's employment or activation services.

Activation Policy – General Approach and Principles

To start it may be useful to briefly describe what the term "activation" actually means.

In short activation refers to the process of engaging with people to encourage and support them in the pursuit of employment. In the first instance it typically comprises the provision of case managed personal profiling, employment planning and job search assistance services. In addition it involves offering jobseekers opportunities to undertake employment relevant training and education, to undertake work experience and to participate in what are generally known as state employment schemes such as Community Employment and TÚS. In addition to these services an activation policy can also involve the provision of employment incentives and financial supports both to jobseekers, for example in the form of the Back to Work Family Dividend or increased payments when participating in certain schemes, and to employers, for example in the form of the JobsPlus and Wage Subsidy Schemes. A comprehensive activation policy will also include a significant level of

engagement with employers in order to identify job opportunities for unemployed jobseekers and to promote the recruitment of people who are on the live register or in receipt of another welfare payment. Where the jobseeker is in receipt of jobseeker payment activation typically involves the principle of 'rights and responsibilities'. In other words the jobseeker has a right to receive a jobseeker payment and activation services from the State but also has a responsibility to engage with those services. Where a jobseeker fails to engage with these services his/her payment may be reduced or suspended.

In terms of impact the international research evidence indicates that early engagement with unemployed jobseekers is key to reducing transitions into long term unemployment. It also shows that the most effective intervention is employment planning and job search assistance, followed by work relevant training and work placements. General education supports and state employment programmes are generally found to be ineffective and, in some cases, have been shown to have negative impacts on employment progression. The research that has been undertaken in Ireland would support these findings.

In noting these findings it is however important to recognise that services and supports provided as part of a 'labour market activation regime' have an important social/active inclusion role. In this sense the provision of education options and employment programmes is not only designed to address labour market issues but is equally informed by the recognition of the role which occupational activity and further education plays in improving the quality of life of people with disadvantage(s) or with a restricted ability to take up employment without State assistance. The provision of occupational outlets in schemes like Community Employment to people facing significant barriers to gaining open labour market employment is also an important element of the social and community fabric in many localities across the State.

The recognition of this active or social inclusion aspect to activation also points to a difference in emphasis in the approach to activation during different phases of the economic cycle.

During a time of recession the primary focus of activation policies, given scarce exchequer resources, is to

- a) help unemployed people, who are in receipt of a jobseeker payment and on the live register, to compete for such job vacancies as do arise and so reduce their individual duration of unemployment (although overall levels of unemployment may not fall significantly);
- b) to bias employer recruitment activity towards people who are unemployed and on the live register and
- c) to ensure that the labour market operates efficiently as the economy recovers, i.e. that employers are proactive in offering employment opportunities and that those people who are unemployed are ready, willing and capable of taking up employment.

During a time of economic recovery or prosperity, as the labour supply tightens the focus of activation policies shifts is to minimising frictional unemployment and increasing active labour market participation by all people of a working age, both to help ensure a supply of labour (a 'narrow' economic view) and to offer greater support to people from non-jobseeker cohorts to access the labour market and achieve some level of financial independence (an 'active inclusion' view).

Activation In Ireland: 2012 - 2016

Ireland has been through a period when the primary, indeed overwhelming, focus of activation policy was informed by the deep recession of the period 2008 – 2013. Ireland entered this recession with an activation 'infrastructure' that was not operating in line with best international practice and had been the subject of some critical reports from the ESRI and the OECD among others. While this situation was not an urgent priority during a period of full employment the collapse in the labour market brought the service weaknesses into sharp relief. Accordingly the *Pathways to Work* policy was developed in 2011/2012 to, among other things, design and implement the institutional, service and process changes necessary to remedy the identified deficiencies in the public employment and welfare

services. These changes were implemented in the first instance to help unemployed jobseekers in receipt of a jobseeker payment and on the live register compete for and find work. Among the changes implemented were

- The merger of the CWS, DSP and Fás employment services involving significant changes to staff working arrangements
- The development and rollout of the Intreo model of ‘one-stop-shops’ including the build or refurbishment of over 60 **Intreo** offices to deliver a better customer service environment.
- The doubling of the number of caseworkers through internal redeployment.
- The establishment of an Employer Relations Division as part of Intreo.
- The implementation of new engagement processes including Jobseeker profiling, Group Information Sessions, one-to-one case management and the social contract of ‘rights and responsibilities’ supported by a reduced payment regime for people who do not engage with the service.
- The introduction of new Jobseeker services including JobBridge; JobsPlus; Momentum; Tús; GateWay, and the Back to Work Family Dividend .
- The rollout of the JobPath contracted employment service to complement and supplement Intreo in delivering intensive case-work services to long term unemployed people.

As a result of these changes, which were arguably the largest single public sector reform initiative over the past ten years, the delivery and employment/activation services to jobseekers is now unrecognisable from that that prevailed up to 2011. For example in terms of service standards jobseeker claims are now processed in less than a week compared to a minimum of 3 weeks in 2011. All jobseekers are now profiled and invited to a group information session to be briefed on the various services and supports available to them – typically within a week of registering a jobseeker claim. Jobseekers who are profiled as having a high risk of remaining unemployed for 12 months or more, and all jobseekers who are under 25 years of age, are invited to a one-to one meeting with a case officer typically within a week of the group information session and are assisted in preparing a personal

progression plan. Other jobseekers are now scheduled for a one-to-one meeting typically at about 3 months.

In terms of throughput the number of engagements with jobseekers has increased dramatically: For example since 2012 we've held over 20,000 Group Information Sessions and more than 1,000,000 one-to-one meetings. In the same period over 48,000 people have availed of JobBridge, more than 6,000 people have benefitted from JobsPlus and 60,000 people are now receiving intensive case management support from the JobPath service providers.

Feedback from clients is also very positive – An independent customer satisfaction survey conducted last year saw customers rate the service a score of 4.38 out of 5, and more than three quarters said that the service helped them towards getting a job.

In terms of employment impact the changes have coincided with significant improvements in labour market outcomes that are not typical in a post-recession environment. Total unemployment has fallen from over 15% to just under 8%, long-term unemployment has fallen from 205,000 (9.5%) to 95,500 (4.5%), youth unemployment has fallen from c 83,000 (33% at peak) to c 32,400 (c 15.9%) and the proportion of people of working age living in jobless households has fallen by nearly a quarter from 16% at peak to 12.4%. In parallel with these overall improvements the persistence rate on the live register (from short term to long term unemployment) reduced from 35% to 26% and the exit rate from the live register of those unemployed over two years increased from 25% to 42%.

Activation Approach: 2016-2020

Given the progress set out above the Government initiated a major review of the *Pathways to Work* approach during 2015 to determine an appropriate strategy for the next five year period. This review which involved an extensive consultation process culminated in the publication earlier this year of new *Pathways to Work* strategy for the period up to and including 2020. Taking account of the feedback from the consultation process this strategy acknowledges that

- Although the labour market situation is improving very long term unemployment (3 years or more) and youth unemployment remain significant concerns as does the challenge of inter-generational jobless households.
- Although service delivery has improved considerably there is still a level of inconsistency in the quality of service delivery that needs to be addressed. The focus to date on process and throughout needs to be augmented by a similar focus on service quality over the next four years if the process changes implemented are to be sustained and deliver value even as the operating environment changes from recession to recovery.
- There is a demand from other non-jobseeker cohorts for access to activation services and a desire for a 'parity of esteem' with jobseekers in terms of the priority and effort invested into the delivery of services.

Accordingly the new strategy sets out a two pronged approach

1. Consolidation: Consolidating the recent reforms to the Public Employment and Welfare Services and prioritising provision to maximise outcomes for clients. This means ensuring that the long-term and youth unemployed cohorts continue to be prioritised and adequately supported in regard to activation services and also that the implementation and delivery of activation services is high quality, effective, efficient and sustainable.
2. Development: Gradually expanding access to activation services over the 2018 – 2020 period, as resources allow, to other non-employed people of working age. This will contribute to increasing employment across working age households, promote the principles of active inclusion and improve labour supply.

This approach is to be delivered through 85 actions grouped into 6 logical strands:

Strand 1: Enhanced engagement with unemployed people

Actions relate to more frequent engagement with jobseekers and expansion of the scope of activation to people with disabilities and other cohorts

Strand 2: Increase the employment focus of programmes

Actions relate to the youth guarantee and employment, education and training programmes such as Momentum, JobsPlus, BTEA

Strand 3: Making Work Pay/Incentivising work.

Actions relate a review of in-work supports, a review of the impact of reduced jobseeker rates for under 26s and enhanced promotion of available supports.

Strand 4: Incentivising employers to offer opportunities to unemployed people

Actions relate to referrals between EI/IDA and DSP/Intreo, enhanced employer engagement, JobsPlus, and national jobs week.

Strand 5: Build Organisation Capacity

Actions relate to improving the quality of service offered by Intreo, improving IT supports for this service including greater use on online service channels for clients, evidence based policy development and exchange of best practice across employment service providers.

Strand 6: Building Workforce Skills.

This sixth strand identifies a number of actions in the education sector – particularly Further Education - to improve the alignment and delivery of education sector reforms with labour market requirements.

Together with these strands of action the strategy sets out a number of targets to be achieved over the course of the programme period and also for 2016. These targets relate primarily to rates of employment progression (for example to move 20,000 long term unemployed people into employment during 2016). Updates on performance against these targets are posted on the Department's website and I can confirm that we are in line to meet or exceed most of the targets.

The Labour Market Council reviewed the new Pathways to Work 2016 – 2020 and published its independent opinion of the strategy. In general it is supportive of the approach taken but has recommended that the Government set some more ambitious targets with regard in particular to the overall employment rate, the youth unemployment rate and long term unemployment rates.

The Minister has accepted these revised targets, with some slight modifications, and progress against these targets will also be reported on in future updates.

Conclusion

Although the topic of activation is very broad I hope that in setting out the general approach I have addressed at least some of the issues of most interest to the Committee. Together with my colleagues I will be pleased to address any questions that members may have.

ENDS