



6/8/2017

# **INOUE**

## **Presentation to Seanad Special Select Committee on the UK's Withdrawal from the European Union**

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## INTRODUCTION

On behalf of the Irish National Organisation of the Unemployed (INOUE), I welcome the invite from the Seanad Special Select Committee on the UK's Withdrawal from the European Union to make this presentation today.

*"The INOU is a federation of unemployed people, unemployed centres, unemployed groups, community organisations and Trade Unions. The INOU represents and defends the rights and interests of those who want decent employment and cannot obtain it. We promote and campaign for policies to achieve full employment for all. We also campaign for an acceptable standard of living for unemployed people and their dependents. The INOU is an anti-sectarian, anti-racist, non-party political organisation which promotes equality of opportunity within society."* (INOUE Mission Statement)

The organisation has over 210 affiliated organisations and 2,100 individual members. We work at the local and national level on issues affecting unemployed people through the provision of training and welfare rights information services; analysis of Government policies and related advocacy work; and working with a wide range of other organisations on issues of common concern.

## CHANGING CONTEXT

On 23<sup>rd</sup> May, 2017 the Central Statistics Office published the Quarterly National Household Survey (QNHS) for Quarter 1 2017. This quarter covers the months January to March. According to these figures there were 33,200 fewer people unemployed than in the same quarter 2016 and the figure now stands at 146,200 people. The unemployment rate has also dropped, by 1.7% to 6.7%. 78,700 people, or 53.8% of those unemployed, are long-term unemployed. 29.6% of those who are long-term unemployed are men aged 25-44 years old. The long-term unemployment rate decreased by 1.1% to 3.6%.

Looking at the overall unemployment rate from a regional perspective, the unemployment rate varied from a low of 5% in the Mid-East to a high of 9.3% in the South-East. The unemployment rate decreased across the eight regions, varying from 0.6% in Dublin to a 3.8% drop in the Midlands.

One of the key *Programme for Government* employment and unemployment targets is to: *"Prioritise balanced regional development, which will allow us to aim for an unemployment rate in each county that is within one percent of the State average by 2020"* (p36) As these figures demonstrate, with a 4.3% spread in the regional unemployment rate, there is a considerable body of work to be done to meet this target.

It must also be noted that these figures do not capture the structural unemployment and labour market inequalities that face people living in urban and rural disadvantaged areas, people facing discrimination because of their age, ethnicity, class or because they have a disability, parent alone, or have been long-term unemployed. To ensure that social and

economic exclusion are not exacerbated, it will also be critical to set specific targets to address structural unemployment and inequalities in the labour market.

At national level employment increased by 68,600. Employment increased in seven of the eight regions, with the largest increase taking place in the West, accounting for 26.7% of the national increase. The Border region was the area where employment fell over the year, where there are 300 fewer people employed. How Brexit actually happens will influence these statistics and the people and their lives they represent.

*In “Ireland and the negotiations on the UK’s withdrawal from the European Union, The Government’s Approach”, published in May 2017, it notes “As highlighted by sectoral analysis undertaken by the Department of Finance, the economic sectors most impacted by Brexit generally comprise indigenous enterprises that are small in scale, are significantly dependent on the UK as an export market, have deep links with the rest of the economy, have high levels of regional and rural employment (including around the border), and have relatively low profitability.” (p36)*

The Government’s document notes later on that *“Brexit poses significant challenges to the development of Irish owned industry and in particular to the regions which can be dependent on small, medium and large Irish businesses for job creation” (p37)*

It also goes on to note that though reliance on the UK as an export is not as high as it was ten years ago, it *“is and will remain the most important export market for the development of EI client companies. The UK is strategically important for first-time Irish exporters and for many SMEs. Even for larger companies in certain sectors the UK is their only export market.” (p37)*

Looking back over the past five and ten years illustrates how much Ireland’s employment and unemployment figures have improved since five years ago, but demonstrate the journey still to be made to get back to pre-crisis levels. Clearly, the nature of the Brexit that comes to pass will have a major impact on how the employment / unemployment dynamic plays out.

Quarterly National Household Survey	Q1 2007	Q1 2012	Q1 2017
Labour Force	2,211,400	2,146,900	2,191,400
Employment	2,110,600	1,825,000	2,045,100
Rate	68.9%	58.3%	65.4%

<b>Unemployment (unadjusted)</b>	<b>100,700</b>	<b>321,900</b>	<b>146,200</b>
<b>Rate</b>	<b>4.6%</b>	<b>15%</b>	<b>6.7%</b>
<b>Long-term Unemployment</b>	<b>29,300</b>	<b>204,300</b>	<b>78,700</b>
<b>Rate</b>	<b>1.3%</b>	<b>9.5%</b>	<b>3.6%</b>
<b>Potential Labour Supply 3</b>	<b>7.6%</b>	<b>18.9%</b>	<b>9.5%</b>
<b>Principle Economic Status</b>	<b>123,900</b>	<b>371,200</b>	<b>188,900</b>

In the Economic and Social Research Institute’s (ESRI) Quarterly Economic Commentary, Winter 2016 they note that *“A recent report by Bergin et al. (2016)<sup>10</sup> examines the longer term impact of Brexit on the Irish economy under a variety of different scenarios. The scenarios cover a range of possible trade agreements between the UK and the EU. Using the ESRI’s core structural model (COSMO), the report finds that relative to a baseline scenario of ‘no-Brexit’, the level of Irish output will be 2.3, 2.7 and 3.7 per cent lower under the three scenarios respectively. The negative shock to foreign demand is expected to flow through the economy by means of lower exports, which has implications for the labour market and employment. It also has implications for the government through lower revenues and increasing welfare payments which inevitably makes it more difficult for the government to fund a stimulus. Approximately 30 per cent of all employment is in sectors that are heavily related to UK exports – particularly SMEs in the agri-food and tourism sectors – and are likely to feel the brunt of any negative shocks to trade.”* (p21)

In an earlier document, ‘Scoping the Possible Economic Implications of Brexit on Ireland’, ESRI Research Series No 48, the ESRI noted *“A UK exit from the EU opens up the possibility of restrictions on the free movement of people between Ireland and the UK for the purposes of work. As the UK remains an important destination for Irish emigrants especially at times of high unemployment, such restrictions could have implications for the Irish labour market.”* (Executive Summary page vii)

Later on in the document it notes *“Net flows from Ireland to the UK increase when the Irish unemployment rate rises relative to the UK rate. This suggests that the closure of the UK labour market for emigrants from Ireland would tend to put upward pressure on unemployment rates and possibly downward pressure on wage rates if the unemployed competed for jobs in Ireland.”* (p52)

*In 'Ireland and the negotiations on the UK's withdrawal from the European Union, The Government's Approach' it states that "Both the Irish and British Governments have indicated their intention to maintain the Common Travel Area (CTA) after the UK withdraws from the EU. The CTA pre-dates Ireland and the UK joining the EU and is not dependent on EU membership. The CTA is particularly important in the context of the Northern Ireland Peace Process and relations on the island of Ireland. It facilitates the vast numbers of people who commute across the border and to and from Great Britain for work, business, trade, education, health, family or other reasons. For this reason, the recognition of "existing bilateral arrangements" in the EU Negotiation Guidelines is important, given that it speaks to the fundamental importance of the Common Travel Area in underpinning relationships across these island" (Executive Summary page 7/8)*

At the INOU's most recent Regional Discussion Forums the importance of people being able to commute between Ireland and the UK was highlighted: people living and working on different sides of the border on the island of Ireland; people living in rural Ireland and commuting to work in Great Britain; people availing of health and education services in the UK.

## **BREXIT AND UNEMPLOYMENT**

One of the motions to INOU's Annual Delegate Conference in May was that *"The INOU calls on the Government to plan for the employment and unemployment impacts of Brexit and in particular to identify the emerging and possible job losses, the potential alternative enterprises and jobs, and the education and training supports that are required to ensure unemployed people can gain access to these jobs, which must be decent and sustainable."*

In the EU Country Specific Recommendations published 22<sup>nd</sup> May 2017, in the second recommendation the Commission calls on Ireland to *"Enhance social infrastructure, including social housing and quality childcare; deliver an integrated package of activation policies to increase employment prospects of low-skilled people and to address low work intensity of households."*

At present Ireland's National Employment Service focuses primarily on people who are in receipt of a Jobseekers payment, be that Benefit; Allowance; Transition payment. The service is overseen by the Department of Social Protection, and contains the following elements:

- Intreo with a strong focus on the shorter-term unemployed;
- Local Employment Service with a strong focus on longer-term unemployed people and referrals from Intreo;
- Intreo also refers people who are unemployed to Jobs Clubs and the Social Inclusion Community Activation Programme (SICAP);
- JobPath with a strong focus on longer-term unemployed with referrals from DSP.

The main policy document underpinning these services is *Pathways to Work 2016 – 2020*, which was published before the UK referendum decision to withdraw from the European Union. *Pathways to Work 2016 – 2020* describes changing from ‘activation in a time of recession’ to ‘activation for a recovery’ and notes its two main objectives are:

- Continue and consolidate the progress made to date with an initial focus on working with unemployed jobseekers, in particular people who are long-term unemployed; and
- Extend the approach of labour market activation to other people who, although not classified as unemployed jobseekers, have the potential and the desire to play an active role in the labour force.

The latter objective feeds back into the EU Commission’s Country Specific Recommendation and the need to ensure that this recovery strives to be truly inclusive. However, to do this demands a level of integration across relevant Departments and their agencies that is not in evidence at the required and constant level.

It will also be critical to ensure that Activation programmes act as a real ‘stepping stone’ for unemployed people and others of working age into a decent job, including self-employment, or further education and training opportunities if required.

Activation Programmes	April 2007	April 2012	April 2017
BTWEA	4,550 est.	11,065	10,658
TUS	–	3,697	7,165
JobBridge	–	4,594	746
Community Employment	22,671	21,787	22,121
Gateway	–	–	345
Full-time training	9,183	9,611	6,489
BTEA	7,249	24,999	13,362

VTOS	5,000	5,000	5,000
<b>Total Activation Programmes</b>	<b>52,830</b>	<b>82,161</b>	<b>66,759</b>

## REALISING THE POTENTIAL

So, it will be critical to factor in the impact and implications of Brexit in the development of an integrated, inter-departmental and inter-agency approach that ensures that the maximum possible number of unemployed people gain access to employment. This will require a mapping exercise that identifies the emerging and possible job losses, the potential alternative enterprises and jobs, and the education and training supports that are required to ensure unemployed people of all durations can gain access to these jobs, which must be decent and sustainable.

The Expert Group on Future Skills Needs ‘*Update on Future Skills Needs in the Food and Drink Sector*’, published in April 2017, highlights the importance of good inter-policy and agency co-operation. In the report they noted that *“The Food and Drink sector has expanded significantly over the period and increased exports by more than 50 per cent; employment in Enterprise Ireland, IDA Ireland and Udaras supported firms has increased by almost 6,600 (+13%) since 2009 to reach 54,000 in 2016. This recovery in employment and expansion of output has been in the context of significant change in the food and drink sector generally with an increased focus on sustainability and traceability of origin and increased integration of ICTs, regulatory requirements and of science-based product innovation and a diversification of markets for Irish exports. The impact of Brexit will further accelerate the impact of a number of these drivers of growth, in particular in relation to market diversification. The sector relies on skills supply from both the domestic education and training system and also from a continued flow from outside the country. This is particularly the case at operative and production occupation levels.”* (p5)

To ensure that unemployed people and others of working age who are more distant from the labour market are properly supported to address the challenges Brexit will present, to gain access to decent employment, it will be imperative that a systematic approach is developed. As one INOU affiliated noted for the *“individuals benefiting less from the economic upturn it is likely they will also be impacted disproportionately by any negative fallout from Brexit. Because such individuals tend to live in specific communities these communities should receive specific supports to assist them deal with the impact of Brexit.”*

A systematic approach should include:

- early engagement with companies that make job announcements with a view to gathering information on the nature of the positions to be filled;

- clarification on the skills, experience and competencies required to successfully do the jobs;
- the recruitment process to be used for filling these positions; and,
- this in turn should inform the work of the local employment services and education and training provision to unemployed people and others of working age.

The *Action Plan for Education 2016-2019 (APE)* notes that “*Education and training services support people throughout their lives. They play a huge part in developing their mental resilience and personal wellbeing. They equip people with the ability to adapt, to work with others, to think critically and to be creative. They give people the skills and knowledge to fulfil their personal goals.*” (p2)

At the INOU’s Annual Delegate Conference delegates also called “*on the Government to resource the provision of good career and employment guidance to support unemployed people to make informed choices, access appropriate education and training, leading to good quality employment in terms of job security and salary levels and in particular to ensure this is available to individuals and communities most disadvantaged in the labour market.*”

Not only does the on-set of Brexit demand well-resourced action on this front, integral to it must be the provision of person centred services which focus on supporting unemployed people to assess their learning needs and the necessary opportunities to improve their employment prospects. This requires:

- the provision of good quality guidance and information;
- improved integration and transition between the employment services and education and training supports;
- pro-active work to get the referrals / matching piece correct;
- ensuring all programmes are open to unemployed people; and,
- the provision of the appropriate resources to ensure that people who have yet to see the benefits of an improving economy start to experience this positively in their own lives.

***Thank you for your time and consideration***