



2020

INOUE Submission to the Special Committee on Covid-19 Response on the topic of social protection expenditure



Brid O'Brien
Irish National Organisation of the
Unemployed
9/6/2020

Introduction

The Irish National Organisation of the Unemployed (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.”* (INOU Mission Statement)¹

The organisation has 200 affiliated organisations and 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.

The INOU welcomes the opportunity to make a submission to the Special Committee on Covid-19 Response on the topic of social protection expenditure and will seek to answer the Committee’s questions posed in the Scrutiny Proposal sent to the organisation.

Initially in this submission we will look at the current context, the challenges arising; and we will also raise the challenges that were facing people who were unemployed before the pandemic struck. There is a need to ensure that a holistic approach is taken, otherwise existing inequalities in Ireland’s labour market will be exacerbated.

Current Context

On May 21st, 2020 the Central Statistics Office (CSO) published the **Labour Force Survey for the Quarter 1 2020**², which covers the months January to March. Since the public health response to the COVID-19 pandemic, the CSO have produced two sets of data in their employment and unemployment figures: (i) using the International Labour Organisation standard methodology, which allows information to be compared across countries and time; and (ii) estimated figures taking into account the impact of the pandemic on the Irish labour market.

The data shows that if the pandemic had not happened, 2,353,500 people would have been employed in this quarter, and 114,400 people would have been unemployed. When the impact of COVID-19 is factored in, the numbers of people employed drops to 2,070,371, and the numbers of people unemployed increases to 382,311. Looking at the rates: the employment rate moves from 69.8% to 61.1%, and the unemployment rate from 4.7% to 15.5%.

In this Labour Force Survey the CSO have produced further employment estimates, a similar exercise to the unemployment one carried out in three Monthly Unemployment figures. In April 2020 the COVID-19 Adjusted Measure of Employment is estimated as 1,751,393 and the employment rate as 51.4%. In the last recession, the lowest the employment rate went to was 59.6% in Q1 2011. These figures illustrate the depth of the challenge facing Ireland.

In this Labour Force Survey, other figures have not been adjusted for the impact of the pandemic. So the numbers of people deemed long-term unemployed in Q1 2020 was 31,900 and the rate was 1.3%, bringing this figure back to pre-2008 crisis levels.

¹ Further information on the INOU is available at www.inou.ie

² Available at <https://www.cso.ie/en/releasesandpublications/er/lfs/labourforcesurvey/q12020/>

On June 3rd, 2020 the Central Statistics Office (CSO) released the **Monthly Unemployment (MU) figures for May**³. As the CSO have been doing since the March release, they provided the figures with and without the impact of the COVID-19 pandemic.

In May, 139,200 people were classified as unemployed, and their Monthly Unemployment Rate (MUR) was 5.6%. This represents an increase of 14,400 people on the same month last year, and a 0.4% increase in the unemployment rate. There were 41,300 people aged 15-24 unemployed, an increase of 1,500 over the year. Their MUR was 13.5%, a decrease of 0.3% on May 2019. For people aged 25-74, there were 97,900 people unemployed, an increase of 12,900 people. Their MUR was 4.5%, an increase of 0.5% over the year.

However, the picture changes dramatically when the figures are adjusted for the huge impact of COVID-19 on the labour market. Looking at what the CSO call the 'upper bound' i.e. that everyone on a COVID-19 would be classified as unemployed, the number of people out of work increases to 645,704, and their unemployment rate is 26.1%.

For people aged 15-24 years, the upper bound of young people out of work stands at 158,495 and their Monthly Unemployment Rate (MUR) moves from a lower bound of 15.7% to an upper bound of 51%. While for the older age group, people aged 25-74 years, the upper bound of people out of work stands at 487,208, and their MUR goes from 4.4% to 22.5%.

On June 5th, 2020 the Central Statistics Office (CSO) released the **Live Register for May**⁴. There were 225,662 people on the Live Register in May 2020, an increase of 35,795 on the same month last year. The CSO notes that there were 543,164 people were on the Pandemic Unemployment Payment (PUP), a decrease of 58,943 on April, 2020. While there were 436,344 people on the Temporary Wage Subsidy Scheme (TWSS), a small decrease on the revised figure of 436,925 for April.

According to the most recent press release from the Department of Employment Affairs and Social Protection, June 8th, a Pandemic Unemployment Payment (PUP) was issued to 515,700 people and a Temporary Wage Subsidy Scheme (TWSS) was issued to 520,900. This is the first time the numbers on TWSS are greater than the numbers on PUP.

Looking at these figures from an age perspective, young people account for 13% of those on the Live Register, 21% of those on the Pandemic Unemployment Payment, and 13% of those on the Temporary Wage Subsidy Scheme (TWSS). While from a gender perspective, women account for 45% of the Live Register, 45% of the Pandemic Unemployment Payment, and 40% of the TWSS.

In Table A1 in the Live Register release information is provided on the numbers of people "availing of Activation Programmes". These figures always lag a month behind, and so in April 2020 there were 56,443 participants, an increase of 5,360 on the same month last year. Over the year the numbers of people participating on employment programmes decreased by 10% to 30,397; while, the numbers of people participating on education and training programmes increased by 52% to 26,046 participants. The largest programme continues to be Community Employment, with 21,098 participants. The next biggest programme is SOLAS Full-time Training for Unemployed People, with 16,699 participants: the highest number recorded in the CSO's data base, which runs from January 2007 to April 2020.

³ Available at <https://www.cso.ie/en/releasesandpublications/er/mue/monthlyunemploymentmay2020/>

⁴ Available at <https://www.cso.ie/en/releasesandpublications/er/lr/liveregistermay2020/>

Addressing Poverty

In November 2019 the Central Statistics Office published the **Survey on Income and Living Conditions (SILC) for 2018**⁵. Amongst the data produced by SILC are key national poverty indicators including the ‘at-risk-of- poverty’ rate; the deprivation rate; and the consistent poverty rate. In 2018, at the national level the ‘at-risk-of-poverty rate’ was 14%; the deprivation rate was 15.1%; and the consistent poverty rate was 5.6%. However, the picture for unemployed people and other socio-economic groups was very different:

- In 2018 the at-risk-of-poverty rate for people who were unemployed was 47.3%; their deprivation rate was 41.6%; and their consistent poverty rate was 27.6%.
- For people who were ‘not at work due to illness or disability’ their ‘at-risk-of- poverty’ rate was 47.7%; their deprivation rate was 36.7%; and their consistent poverty rate was 21.3%.
- People whose educational attainment is ‘primary or below had an at-risk-of-poverty rate of 24.4%; a deprivation rate of 21.9%; and a consistent poverty rate of 9.6%.
- Households where there was no one at work had an ‘at-risk-of- poverty’ rate of 38.6%; a deprivation rate of 28.9%; and a consistent poverty rate of 17.8%.
- Households with 1 adult aged <65 had an ‘at-risk-of-poverty’ of 34%; a deprivation rate of 23.9%; and a consistent poverty rate of 13.6%.
- Households with 1 adult with children aged under 18 had an at-risk-of-poverty rate of 33.5%; a deprivation rate of 42.7%; and a consistent poverty rate of 19.2%.

It will be critically important not to lose sight of these figures as Ireland seeks to recover from the personal, social and economic impact of the COVID-19 pandemic. On page 5, paragraph (18) of the **Recommendation for a COUNCIL RECOMMENDATION on the 2020 National Reform Programme of Ireland and delivering a Council opinion on the 2020 Stability Programme of Ireland**⁶ they note “*The relatively high number of people living in households with low work intensity calls for further efforts to foster individualised activation strategies. The challenges facing Ireland in regard to poverty and employment quality and support, including for people with disabilities, remain and they are likely to be exacerbated by the pandemic.*”

The INOU is keenly aware that a job is not always an automatic route out of poverty. It is vital that people can access decent work and there are particular challenges facing people who are distanced from the labour market because of their employment status; the area they live in; the community they are from; their ethnicity; their family status; their gender; their sexual orientation; their age or that they have a disability. The COVID-19 pandemic and its impact on the labour market will exacerbate these issues unless clear steps are put in place to address them.

The introduction of an easier to access and considerably improved level of social welfare payment in the Pandemic Unemployment Payment (PUP) was welcome and in particular the acknowledgement that existing payments were inadequate to support people to meet their needs.

The reality is that trying to manage on a standard Jobseeker’s payment, while seeking a decent job, is a real challenge, and one that needs to be addressed. An important start would be to benchmarking all social welfare rates at a level which is sufficient to lift people above the poverty line and provide them with a Minimum Essential Standard of Living. Access to good supports and services is also critical.

⁵ Ref <https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2018/>

⁶ Available at https://ec.europa.eu/info/sites/info/files/2020-european-semester-csr-comm-recommendation-ireland_en.pdf

Some parts of the economy will be slower to recover; for others the requirements of social distancing will make it very difficult for companies to re-open and stay open; for others the fact that essential external supports, for example public transport and childcare, will not be returning to pre-pandemic capacity will make returning to work for many people extremely difficult, if not impossible.

Activation Programmes

It will be vital to provide unemployed people with good career and employment guidance to support them to identify viable and meaningful employment options, and to make informed choices if they need to re-train. In the second Country Specific Recommendation to Ireland, the EU Commission says *“Support employment through developing skills. Address the risk of digital divide, including in the education sector.”*

This pandemic has highlighted the extent of the digital divide in Ireland. For some people the issue is lack of access to adequate broad band. Other barriers include lack of IT skills; affordability; and living arrangements which do not facilitate working or learning from home.

It will be really important to ensure that individuals and communities most disadvantaged in the labour market are pro-actively provided with tailor made supports to address their issues. And though not all of this expenditure is relevant to the Department of Employment Affairs and Social Protection Vote 37, it is an important issue if the Case Officers working in Intreo / the Local Employment Service / Jobs Clubs / JobPath / EmployAbility are to be able to support unemployed people to avail of better and more sustainable options.

When the pandemic hit, most people initially hoped that its economic impact would be short lived. For some people this hopefully will turn out to be the case, however, for others there is a real prospect that they are facing a period of longer-term unemployment. Ireland has a range of employment programmes targeting people who are long-term unemployed. It is vital that unemployed people’s participation in employment programmes is by choice and that they are facilitated to gain good work experience and enhance their skills. Such an approach would ensure that such participation is more meaningful and fruitful for the participant, and that resources are used to maximum effect.

To support people whose employment is unlikely to return, or who wish to secure a better and more sustainable job, the provision of good advice and guidance to support them to access the most appropriate education and training course will be important. To that end acknowledging the cost of participation in education and training and supporting adult learners to meet these costs to facilitate their participation will be required.

Supportive Employment Services

In June 2019, the INOU published *Building a Quality Public Employment Service*⁷ which built on the organisation’s work of exploring unemployed people’s experiences of the Intreo model as delivered by the DEASP; LES; and JobPath providers. In the document we noted the importance of achieving a Public Employment Service *“that is open to and available to everyone of working age who wishes to avail of the service including:*

- *Unemployed people in receipt of a Jobseeker’s payment*
- *Unemployed people not in receipt of a Jobseeker’s payment*
- *People working part-time*

⁷ Available at https://www.inou.ie/assets/files/pdf/building_a_gpes.pdf

- *People who are underemployed*
- *People out of work and in receipt of other Social Welfare payments*
- *People working in low-paid jobs*
- *People looking for a change of career*
- *People who are very significantly distanced from the Labour Market” (p2)*

Amongst the *Key values and principles* in the INOU report, we noted the importance of:

- *Belief in the potential and capacity of the person*
- *Respect and dignity*
- *Informed choice*
- *Working in partnership with person using the service*
- *Working in partnership with other organisations, including education and training providers and a range of community and statutory support agencies*
- *Actively promoting equality and social inclusion*
- *Enabled by:*
 - *Ethos of continuous professional development*
 - *Effective recruitment*
 - *Good management (p4)*

The INOU is keenly aware that important employment services and supports are delivered through the Jobs Clubs, EmployAbility and the Social Inclusion and Community Activation Programme. In consultations on employment services in 2019 two broad themes emerged: addressing the remaining barriers to work and further incentivising the take-up of work. Amongst the proposals to address these issues were: a pilot initiative; a high support employment service team; increase the level of childcare financial supports and available places; increase the duration from three to five years that people in receipt of Jobseekers payments can retain their medical card after taking-up work; review the current system and change it from an hours-based, rather than days-based system which would incentivise the take-up of part-time work; and ensure the effective roll-out and delivery of Public Sector and Equality Human Rights Duty.

Access to Decent Work

The International Labour Organisation states that *“Decent work involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men”*.

Notwithstanding the COVID-19 Pandemic, the INOU remains concerned that Brexit and the changing nature of work, including digitalisation, could have a detrimental effect on people more distant from the labour market, and reduce their capacity to secure and maintain economic independence. To that end, it will be important to map out their potential impacts and ascertain how best to address these developments so that they do not exacerbate socio-economic exclusion.

In the **Statistical Yearbook of Ireland 2019**, the Central Statistics Office (CSO) noted that *“Nearly 18% (17.7%) of persons aged 18 years or over said that they experienced discrimination in the two years prior to interview.”* This figure was much higher for people who were unemployed: 30.2%. These figures are drawn from Equality and Discrimination release based on Quarter 1, 2019 Labour

Force Survey data published in July 2019⁸. This survey captures the experiences of people who are unemployed as the CSO collects data on people's Principal Economic Status. Looking for work is included in the heading Workplace discrimination, and the group with the highest rate of discrimination were people who are unemployed at 24.6%. The State figure under this heading was 9.4%. At present under Ireland's equality legislation an unemployed person cannot address this discrimination: to end this unacceptable situation, socio-economic status should be added as a ground into our equality legislation.

The INOU receives feedback directly from jobseekers themselves, through our Welfare Rights Information Service, from individual members and affiliates about the difficulties in securing access to a decent job. Amongst the issues raised, which COVID-19 will exacerbate, are:

- uncertainty of hours;
- lack of accessible and affordable transport to get to / from work;
- childcare and other caring costs;
- skills and experience mismatch with available employment;
- lack of consistent access to good information; and
- the particular challenges facing women; people living in / from particular communities; minority groups; people with disabilities; younger and older people.

Not all of these issues are part of the focus of Vote 37, but the roll-out of the Living Wage and greater certainty of hours, and therefore improved income security would be important steps forward. Some people who experience discrimination in the labour market seek to address their unemployment through self-employment and an important support for them is the Back to Work Enterprise Allowance (BTWEA). According to the latest figures there were 3,578 participants on BTWEA in April, 2020. Currently the scheme runs for two years, but there have been calls for the introduction of an additional year to support people to make the most of this option, and that they should be able to retain 50% of their social welfare payment.

Questions posed by the Special Committee for COVID-19 Response

- 1) *How sustainable are these payments beyond Quarter 2 2020?*
 - a) A balance must be struck between the sustainability of these payments and the negative impact of their withdrawal too soon and / or too quickly. The reality is that people who received social welfare payments invariably spend their money, and often in their local economy circulating badly needed cash to business in need of consumers and service users. In the Country Specific Recommendations for Ireland the EU Commission notes "*Although these measures aim to abate the economic shock of the pandemic, the risk of significant output loss, bankruptcies and insolvencies, and an increase in unemployment and people at risk of poverty, remain high.*"
 - b) The €350 flat rate at which the Pandemic Unemployment Payment (PUP) was initially set and the streamlined process through which people could access it, was welcome, providing a recognition of the inadequacy of current payment levels and the complex nature of the current system which can be daunting for many people. Through the increased use of mywelfare.ie many PUP recipients have experienced a very different social welfare system: one in which they applied online one week, receive their payment the next into their bank account and they did not have to queue anywhere, which can be a demeaning experience.
 - c) The proposed changes to the PUP to introduce two flat rate payments from June 29th will be more in keeping with existing practice on Jobseekers Benefits payments, which has four levels of support based on prior average weekly earnings. Though it is cold comfort to those

⁸ Available at <https://www.cso.ie/en/statistics/socialconditions/equalityanddiscrimination/>

who may go from €350 down to €203, this full JB / JA personal rate is still higher than they may otherwise have received. However, there may be some people who would be better off on a standard Jobseeker's payment, in particular if they are claiming for a Qualified Adult as well as themselves. So, it will be really important that people are properly informed of what supports are available, what their best option is, and how they can access it.

- d) With regard to the Temporary Wage Subsidy Scheme, it is probably best to approach this scheme as an investment in the maintenance and future development of existing employment relationships. Though it will be important overtime to ascertain how effective it has been in doing this, in particular as Ireland is facing other employment challenges, for example Brexit. It will be important to understand the role and potential a well-designed Short-time Work Scheme could play in minimising the labour market impact.
 - e) The current Short Time Work Support Scheme (STWS) is available to all employees who are put on short time working week on a temporary basis due to a reduction in their employers' business. To qualify they must meet all of the qualifying conditions of a Jobseeker's Benefit payment; be working for 3 days per week or less; and have been previously employed on a full time basis. If the person does not meet the eligibility criteria for STWS, they could apply for a Jobseeker's Allowance payment. In May, 2020 16% of the Live Register were classified as casual and part-time workers, a year ago this figure stood at 20%.
- 2) *What is the anticipated Supplementary Estimate that will be required under Vote 37 in 2020?*
- a) This will depend on how successful Ireland is in re-opening the economy, and whether or not the PUP and the TWSS are extended beyond early and late August as currently envisaged.
 - b) In the Revised Book of Estimates published in December 2019, the level of expenditure envisaged under this Vote was €10,813,646,000. In the recent Revised Estimate for Employment Affairs and Social Protection this level of expenditure had increased to €16,298,646,000.
 - c) Originally, Working Age Income supports were estimated to be €2,411,260,000, but their new estimate is €5,616,560,000. The Pandemic Unemployment Payment accounts for 40% of this expenditure, while the revised Jobseeker's Allowance payment estimate accounts for 46%.
 - d) The estimate for Working Age Employment supports was €658,928,000 originally, but the new figure stands at €2,748,328,000. The Temporary Wage Subsidy Scheme accounts for 75% of this expenditure. There are small increases envisaged for Community Employment and Tús, €15,500,000, which between them had 26,418 participants in April, a decrease of 1,425 over the year. These programmes provide employment opportunities for people who are long-term unemployed in community based organisations.
 - e) Given the return to work challenges that will be facing many people, it is surprising that no additional expenditure is envisaged for these Working Age Employment supports over the coming period. A virtue was made out of doing more for less during the last crisis, but if Ireland is to emerge out of this pandemic with a fairer and more inclusive labour market, then additional resources may be required to ensure that long-term unemployment does not re-emerge as an intractable problem.
- 3) *How will the special employment and unemployment supports be tapered back to the levels of "regular" support payments?*
- a) This needs to take effect on a phased basis that is clearly defined and communicated.
 - b) Great efforts must be made to ensure that people are fully informed of all of their options in a pro-active manner.
 - c) Access to good information, advice and supports must be provided for people whose job does not re-emerge or who wish to re-skill to improve their prospects of securing a decent job and better income.

- d) Given the scale of the employment / unemployment crisis arising from this public health emergency, getting this right presents a considerable logistical challenge and one that must be well planned for to ensure that no-one is left without adequate supports.
- 4) *Are there targeted, sector-specific supports that might continue the PUP and TWSS have ceased?*
- a) The speedy roll-out of PUP and subsequently the TWSS was required given the nature of the health crisis facing the country and the responses that were deemed essential.
 - b) However, one-size fits all policy making and delivery does not work for everyone or in every scenario. So, it will be important to learn from this crisis what has worked well and why, did it work for everyone, where their certain sectors, more vulnerable employees who would have benefited from a targeted approach.
 - c) The term activation is invariably understood to apply only to the unemployed person and what they must do, when in fact a truly activated system is one that is responsive, learning all the time for its own work and how to improve it, and striving to ensure that it is providing the most appropriate services and supports to people who are seeking work, people who are seeking to change their job, and employers seeking to employ people, where all concerned are able to look to the Public Employment Service to meet their needs.
- 5) *Are these payments, in certain sectors/cases, acting as perverse incentives and discouraging a return to work?*
- a) This is an issue that often arises, whereby people will claim that it is hard to fill vacancies because welfare payments are too high. However, the reality is that working age welfare payments leave many people below the poverty line, and that for most people of working age they are better off in employment, once the employment on offer is decent. As noted on page 6, the feedback the INOU receives on the difficulties facing people seeking to access employment include: mismatch of skills with available employment, uncertainty on what exactly is on offer, the precarious nature of some employment and logistical difficulties taking up what offers are made, a reality the COVID-19 pandemic will aggravate.
 - b) Particular challenges arises when the work on offer leaves people with uncertain or low income, so people find themselves in an impossible bind: expected to leave a situation of income inadequacy for a situation of income uncertainty and insecurity. In circumstances where people are unsure of what their hours of work will be and hence what their income will be, it can be difficult to manage and plan for any contingencies. As TASC noted in their report *LIVING WITH UNCERTAINTY - Social Implications of Precarious Work*⁹ "*Contract insecurity and wage unpredictability led to workplace insecurity but it also created insecure and unpredictable lives.*" (p10)
 - c) So decent, sustainable and quality work opportunities must be at the heart of all employment and jobs policies, and unemployed people must be provided with good employment services and supports to ensure that they can access a decent job.
- 6) *Will similar measures be implemented should any additional periods of lockdown be required?*
- a) It would be unthinkable that if Ireland's needs to lockdown the country again, that the people who find themselves without employment would be left to fend for themselves.
 - b) So, it will be very important to ascertain what had worked well in this crisis, what could be improved, and how Ireland could respond better should this situation arise again.

⁹ Available at https://www.tasc.ie/assets/files/pdf/living_with_uncertainty_final.pdf

- 7) *What will be the requirement in additional expenditure to address increased unemployment in 2021?*
- a) Until we have a better idea of how short or long term the pandemic's impact on labour market will be it is difficult to answer this question at this stage, by phase 4 of the recovery, this picture should be clearer.
 - b) In the Draft Stability Programme Update 2020¹⁰, an unemployment rate of 9.7% is forecast for 2021. The last time unemployment was at the level was in mid-2015, when spending on income supports like Jobseeker's Allowance, employment supports like Community Employment, Tús, Back to Work Enterprise Allowance, Back to Education Allowance were higher than envisaged for 2020.
 - c) It will also be important to strive to address the poverty challenges facing many people in Ireland and to make some headway in addressing the inadequacy of so many social welfare payments. The Vincentian Partnership for Social Justice noted in their Minimum Essential Standard of Living 2019 Update Report¹¹ that *"Deep income inadequacy is a persistent issue. Certain household types are particularly vulnerable to deep income inadequacy as particular characteristics of these household's need are not adequately covered by the current structures of the social welfare system. Deep income inadequacy is now exclusively found in households which are headed by one adult, i.e. single working-age adult and lone parent households, or in households with older children"*. (p35) This is an issue that must be addressed.

In Conclusion

In the INOU's publication *Building a Quality Public Employment Service*, the organisation noted that the key components of such an employment service would include:

- strong values and principles;
- clear communication including the provision of clear, accurate and timely information;
- a positive approach and proactive support to engaging with service users;
- value and pursue the building of relationships, co-operation and networking;
- building links with employers;
- good data collection and monitoring; and
- of critical importance, suitable and well-supported staff.

These components are applicable to all of the DEASP's work, in particular its provision of income supports, and are in keeping with the Department's High Level Goal: *Place the client at the centre of all the Department's activities by providing targeted income support, training referral and employment services as required, based on individual needs and circumstances, and attain better outcomes in tackling poverty.*

¹⁰ Available at <https://www.gov.ie/en/publication/43a6dd-stability-programme-update-2020/>

¹¹ Available at https://www.budgeting.ie/download/pdf/mesl_2019_update_report.pdf