

# DÁIL ÉIREANN

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## AN COMHCHOISTE UM CHOIMIRCE SHÓISIALACH

## JOINT COMMITTEE ON SOCIAL PROTECTION

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*Déardaoin, 9 Feabhra 2017*

*Thursday, 9 February 2017*

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The Joint Committee met at 10 a.m.

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### MEMBERS PRESENT:

Deputy John Brady,	Senator Alice-Mary Higgins,
Deputy Willie O'Dea,	Senator Kevin Humphreys.

DEPUTY JOHN CURRAN IN THE CHAIR.

*The joint committee met in private session until 10.20 p.m.*

### **Labour Activation Measures: Discussion (Resumed)**

**Chairman:** I welcome Dr. John Sweeney from the Labour Market Council to further our discussion on labour activation measures. The council's response to Pathways to Work has been circulated as background information. After Dr. Sweeney he has made his opening statements, members will be invited to address their questions to him. As usual, questions should be confined to five minutes, if possible. There may be additional time.

By virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of the evidence they are to give to the joint committee. However, if they are directed by it to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that evidence connected only with the subject matter of these proceedings is to be given and asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or an entity by name or in such a way as to make him, her or it identifiable. The opening statements submitted to the committee will be published on its website after the meeting.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official, either by name or in such a way as to make him or her identifiable.

I invite Dr. Sweeney to make his opening statement.

**Dr. John Sweeney:** On behalf of our chairman and other members of the council, I welcome and I am grateful for the joint committee's interest in the role and work of the Labour Market Council. I am afraid my invitation came at short notice; therefore, this will not be a collectively crafted presentation. However, I am delighted to be here and will endeavour to speak with the mind of the council, although flagging clearly that committee members will be listening to a member of the council rather than to the council.

I suspect I was invited to be a member of the Labour Market Council because of work I had done while I was with the National Economic and Social Council. I will begin with a few words on the Labour Market Council and how it functions and then draw attention to what I consider to be key observations in its response to the Pathways to Work strategy before concluding with personal reflections on where I believe the single most important front line on which the activation strategy must now work lies.

The Labour Market Council is a body to advise the Government and first met in September 2013. It is made up of 13 industry leaders and labour market specialists who become members

at the invitation of the Minister for Social Protection and participate voluntarily. Its overarching strategy is to monitor implementation of the Pathways to Work strategy. Senior staff from the Department attend meetings, sometimes in significant numbers, as do senior officials from key other Departments. It is my experience that discussions are open and frank, both between members who come from very different backgrounds and three of whom were present at the committee's last meeting and, importantly, between council members and senior departmental staff. It is clear that the council is in the Department but not of it. It has to be supportive of it and yet independent of it.

Pathways to Work has evolved from being a Government statement on activation to being a 50-point plan to tackle long-term unemployment. It is now a five-year strategy. With that, the role and expectations of the Labour Market Council itself have evolved. It is now described as the Government's primary advisory body on labour market policy.

Given all of this, one might regret that the Labour Market Council has produced only two short written reports that are general. I did not mean to overlook the long 22-page text we produced on the JobBridge evaluation by Indecon and London Economics. As such, the council has had little impact on the media and outside world and, probably, on the committee. This is partly because it is a large and labour-intensive step to move from open, frank discussion to agreed texts. I note that point having worked for many years with the National Economic and Social Council, the normal summaries of which tended to comprise large, voluminous reports that carefully marshalled evidence and presented both sides of a long debate before making recommendations. It is also because most of our time as council members is devoted to dealing with issues of plumbing, as it were, in implementing the Pathways to Work strategy. I draw members' attention to the work of the employer engagement subgroup and that of the evaluation subgroup, of which I am a member.

On the evaluation subgroup, there is in Ireland a dearth of reliable evidence on what many of the programmes funded by the State achieved down the line for their participants. Traditionally, we have been good at funding programmes on the basis of inputs or throughput. The programme in question has a greatly disadvantaged intake; therefore, we fund it without asking the hard question as to whether it is achieving what we expect and hope for for the participants. Enter what is called "CIE", not the public transport body but "counterfactual impact evaluation". The evaluation subgroup is to the fore in embracing this and encouraging the Department to employ it as much as possible in the rigorous evaluation of services and programmes that constitute Pathways to Work. Very simply, CIE sets out to establish the net difference being in a programme makes to those who participate in it. It requires establishing comparable groups of individuals who took part in the programme and those who did not as strictly and carefully as possible. The perspective of the council is that only these evaluations will help policy to learn from success and failure and only such research findings can be used to decide which programmes and services should be scaled up and which should be redesigned, scaled back or even closed.

I am aware that the politics of policy-making are not kind to this type of evaluation. What the media selects for attention and returns to regularly becomes received wisdom that is accepted because people have heard and read about it so often and not because it has a reliable basis in fact. A new Government or Minister can be impatient to make a difference in a national programme or service and to be seen to make a difference. They do not want to be told that something is interesting, that a pilot programme will be designed and evaluated and that they will get back to the Minister in a few years. The wider the media-fuelled sympathy for a new

departure, the more pressure there is to roll it out immediately and to exclude nobody or no part of the country from it. Yet CIE evaluations, by nature, take time and require delaying access by the many to what is an anticipated and hoped-for improvement in a service or programme. As I have said, these are not features calculated to appeal to people caught in the electoral cycle and the rough and tumble of constituency politics.

Rigorous evaluation is also important if we are to not assume that Pathways to Work is “evidently” working simply because, as the committee heard at its last meeting, most of the core trends in the labour market, particularly in unemployment, are very encouraging. It took us ten years after the fiscal crisis of the 1980s to reduce the unemployment rate by six percentage points. It has taken us four years to achieve the same since the last great recession. Similarly, long-term unemployment, youth unemployment and now jobless households indicators are fast heading down in the right direction. The Central Bank quarterly bulletin that has just been issued anticipates that unemployment this year will be under 7% and will reach 6% in 2018. We are in sight of full employment. The council cautions that the impact of Pathways to Work on these great developments cannot yet be assumed until its programme of rigorous evaluation is completed. Only this approach to evaluation allows us to factor out the impact of the improving economy, the Action Plan for Jobs and other programmes. Only then can it be concluded that this particular approach to activation has contributed significantly to it.

To date, two evaluations, of the back to education allowance, BTEA, and JobBridge, have been published by the Department of Social Protection with the council’s sign off. A third evaluation of the back to work enterprise allowance is about to appear. Very specific learning has been associated with each. For example, the evaluation of the BTEA was stunningly negative but was so focused on impacts alone that a follow-up qualitative evaluation to find out just what was happening is now under way. The evaluation of JobBridge was hugely positive but abuse of the programme by a number of employers and the extent to which this lodged in the public mind had already brought the Government to set its face against it. JobBridge has been closed and no action yet taken on a smaller redesigned replacement proposed by the council. The current Minister for Social Protection addressed the council a while ago. I thought his quip when he spoke about community employment was very appropriate. He said that economists do not like community employment because it does not work and that politicians like it because it does. I feel the same can be said about the BTEA allowance. Economists do not like it because it does not work but politicians like it because it does. I feel the reverse is true in the case of JobBridge. Economists liked it because it was working but politicians did not like it because it was not working. Further specific programmes targeted for evaluations include the Intreo process, JobsPlus, MOMENTUM and community employment.

However, for several reasons, I believe that none will be as important as the evaluation of JobPath. Its scale makes it the single biggest innovation introduced under the Pathways to Work strategy. It has capacity for an average annual caseload of almost 100,000 people and will offer services to 137,000 people who are long-term unemployed. Between them, the two contracted private providers have, in effect, doubled the number of case officers in place to engage with people on the live register. The roll-out of JobPath began in mid-2015 and only now, beginning in 2017, is it up and running throughout the State. The timing makes it too late to claim credit for the significant developments in the labour market to which I have referred. Great Britain’s work programme, on which JobPath was modelled, has had only modest success and some clear design flaws. The UK Department for Work and Pensions has discontinued it and replaced it with a smaller redesigned programme called Work and Health. Employment services are now, in effect, being delivered to the long-term unemployed by quite different

types of provider, principally Intreo local offices themselves, the local employment service, the two different JobPath contractors and jobs clubs. This presents major opportunities for peer review and learning across the organisations involved. A return flow to Intreo of people whom JobPath contractors were unable to help has begun and will grow in volume. This underlines how important it is that Intreo's own case officers and divisional managers learn as much as possible from what JobPath contractors did and what they did and did not achieve. Very initial indicators of the performance of JobPath are overwhelmingly positive, which is hugely to be welcomed. Looking at the evaluations of the work programme in Great Britain, they are almost surprisingly positive. It is clearly an area on which the council will keep a very close eye.

The Labour Market Council makes three recommendations or endorsements in its response to Pathways to Work 2016-2020 that I invite members to dip into. I believe that each of them can go forward because of the happy conjuncture of the large decline in the numbers on the live register and the significant increase in the capacity that is available to the public employment services. In the time available, I will only expand on the third recommendation, but I have already flagged that I will be commenting as a member. What are the three issues? The council strongly endorses extending the remit of the public employment services beyond those currently unemployed and those on the live register to embrace all adults of working age in receipt of a social welfare payment such as adult dependants, lone parents with school-going children and people with a disability or health condition who have an interest in employment that matches their capabilities. It emphasises that this wider embrace by our activation strategies of people on social welfare should happen only as resources allow and without jeopardising the priority needs of the long-term and young unemployed. The rationale behind that is both social, involving people's well-being and social inclusion, and economic, which involves a higher employment rate or net fiscal contribution.

In 2005 the National Economic and Social Council looked at this issue in some depth and argued that Ireland would have to develop a social model based on a high level of employment. It also stated that to do that, we needed to bring into and hold in employment groups that had need for multiple supports. It argued that most of those supports took the form of key quality services from child care to access to housing, transport, health and ongoing education and training opportunities. The second main message to which I will draw the committee's attention is that the council urges that attention now be given to the quality of the engagement the public employment services has with employers and jobseekers to ensure the capabilities and culture of Intreo, not just its capacity, will meet the highest standards. It argues that a culture of active inclusion and equality needs to be incorporated into it, particularly if it is to engage effectively with groups in receipt of payments for an inactive status. It states:

(T)he target group is very heterogeneous and we know little about what works best. Important lessons can be learned from the work of non-governmental, community and local development organisations.

The analogy should be with what we know about what makes for good education at school level. We might talk about the resources - the quality of IT resources, access to broadband in schools, pupil-teacher ratios and the quality of school buildings - but in the long run, if there are not good teachers and good school leadership, nothing much will happen. However, when there are good teachers and strong school leadership, many other obstacles can be surmounted. In the long run, the capabilities, culture and mindset of case officers and those who lead them in the public employment services are critical.

On this last message in the council's response I will comment a little more. The council

wants to see even clear plans for how collaboration between employment service providers and education and training providers will deepen and improve. It specifies that it would like to see, in particular, assurances that a consistent and high standard of career guidance service will be provided. More generally, it argues that Pathways to Work 2016 to 2020 should be closely aligned with broader Government policy, including Enterprise 2025, the national and regional action plans for jobs and the national skills strategy 2025.

I will end by commenting on that aspect in an individual capacity rather than speaking with the authority of all council members. If we are to align activation policies with the type of economy which we are intent on creating and the characteristics of the workforce we see as enabling it, one of the key areas where consensus needs to be deepened is the frequently controversial issue of job quality. In its response the council notes the importance of ascertaining the quality of the jobs taken by the long-term unemployed and the role played by employment programmes in that regard. It notes that there are concerns about employment stability and career progression once jobseekers find work. As a group, the council still inclines more towards improving in-work supports than advocating stronger upskilling prior to employment, that is, more towards a work first approach to alleviate the plight of the long-term unemployed than to a train-first approach.

It is clear that many pieces of labour market evidence support a work-first approach. I will quickly draw attention to four pieces of evidence. A significant number of the job openings that continue to arise in advanced economies like Ireland are conventionally low skilled. The dignity of a job and its value to the community and national economy should not be predicated on its skill level. Many on the live register express little interest in undertaking substantial training. The viability of the business models of a large number of enterprises, especially SMEs, would be undermined if they had to pay higher wages. For some people, getting into any job at all can prove to be the beginning of a process of recovery of their self-confidence and widening options which leads to higher quality employment down the line. As the recovery in employment leaves behind an increasingly disadvantaged clientele, the value to them of any job at all needs to be increasingly factored in.

I should have warned the committee that I am an economist. Therefore, I will say that, on the other hand, there is evidence and reasoning that support the train-first approach. Low-skilled jobs are not what they used to be, but, according to a European report, they are becoming surprisingly demanding. I know that a human resource manager from the North of Ireland who came to an Intreo office just across the Border to recruit for her fast expanding franchise in Northern Ireland and went home without taking one person. She said it was not appreciated how demanding the jobs in the fast food sector had become.

Soft skills are growing in importance in gaining any job. At the last meeting of the committee IBEC reminded it eloquently of this. Soft skills are not acquired easily or instantly. They are, according to a McKinsey report, hard work. It is a major challenge to education and training providers to raise them from being easy modules used to pack out programmes and curricula to being serious modules that achieve demonstrable improvements in competency. There is little evidence that placing low-skilled individuals in low-skilled jobs makes it more likely that they will upskill later. If anything, the evidence is to the contrary.

As the recovery in employment leaves behind an increasingly disadvantaged clientele, it becomes more important than ever that literacy, numeracy and digital deficits be accurately diagnosed and effectively addressed. In 2012 we were given stunning figures for the extent of deficits in basic literacy among the unemployed in Ireland.



I will end with my personal view that aligning Pathways to Work more closely with broader national policies on the economy and skills will require us to move from a work-first to a train-first strategy. As I read them, there is little tolerance, let alone enthusiasm, in the national and regional action plans for jobs, the national skills strategy 2025 or Enterprise 2025 of any of the perils to which the literature points when low-skilled individuals are matched with low-skilled jobs. The dangers include trapping people in a low pay, no pay cycle; having them fill dead-end jobs that do not even require the exercise of the skills they possess, much less offer opportunities to improve on them; closed circuits that restrict people's experience of the world of work to employment opportunities in their local area; and low-skilled equilibria at regional and local level that hold back the dynamism of their economies. As the committee can see, the literature is rich. On the contrary, the successive reiterations of the Action Plan for Jobs have made clear that the jobs to replace the 100,000 lost in the recession should be a type that enables employers to pay and employees to earn at levels that do not require wage subsidies or in-work benefits on an ongoing basis. The national skills strategy 2025 commits to helping those on the live register achieve "quality employment" and "the best possible job" by upskilling them through "bespoke courses" that are jointly designed by education providers, employers and the enterprise agencies. My favourite quote, however, is from Enterprise 2025, Ireland's national enterprise policy report, which describes a "highly skilled and adaptive people, equipped with the higher order capabilities required in the 21st century workplace and [open] to continuous learning" as the economy's "primary asset" to underpin "high levels of productivity and innovativeness". This vision and ambition for Ireland's workforce must also embrace its unemployed members, as well as those who are inactive and who wish to join it. The train-first approach needs to become the default position and the preferred strategy, all other things being equal, in helping the long-term unemployed to find and retain decent employment. We need to move from a compelling reason to deal with numbers to a quieter reason to deal with quality. We need to move from preventing the drift into long-term unemployment towards dealing with skills shortages. In short, to make progress, we can now hasten slowly, or *festina lente*. A deepening and widening collaboration between employment service providers and educational training providers is probably the single greatest challenge facing the implementation of Pathways to Work 2016-2020.

**Chairman:** I thank Dr. Sweeney. A number of colleagues have indicated they have questions for the witness. I will take the questions first and then we will return to Dr. Sweeney. I remind members they have five minutes for the opening round of questions.

**Deputy Willie O'Dea:** I am aware of the time constraint and will be brief. I thank Dr. Sweeney for a very interesting and thought provoking presentation. It would appear that there is scant evidence of a connection between activation programmes and the drop in unemployment. It is only now, having invested quite a lot of money in the area, that we are evaluating and measuring the effect. Reports in the media today indicate that the Government is contemplating closing down a number of the activation programmes. Tús and another programme - I forget which one - were specifically mentioned. Does Dr. Sweeney think it is appropriate? Have we have arrived at a time when we can actually start to close down some of those programmes? If I have interpreted it correctly, the article stated this is being done as a cost-cutting measure, as we are approaching full employment, even though under-employment rates in Ireland are about double the EU levels. As Dr. Sweeney has rightly said in the concluding paragraph of his presentation, the quality of jobs has deteriorated dramatically. How should we be looking at this? Is it appropriate to close down programmes without having evaluated them properly? If it is appropriate, then should we be looking at reinvesting the savings into the areas Dr. Sweeney has suggested, such as more training for Intreo staff to be more flexible, adaptable etc., more

training for better career guidance for people who are unemployed and for investment in programmes to create an incentive and opportunity for people in dead-end jobs to upskill?

Dr. Sweeney spoke of the current service needing to extend beyond currently unemployed people to embrace inactive adults of working age. I take it that Dr. Sweeney does not mean the embrace to mean identifying more people and applying sanctions. Does he believe we could soon be in a position where people could select their own pathway forward, instead of people being presented with a programme or job that is sometimes totally inappropriate for their needs?

**Senator Kevin Humphreys:** I thank Dr. John Sweeney for the presentation and for the work he has done in this area. It is not the first time I have heard about CIE in the context of not being the public transport authority. It is not a criticism, but it always hits me that economists such as Dr. Sweeney always have time to look back at the analysis, whereas in practice politicians such as myself and Deputy O'Dea must make instant decisions to try to make a difference in the here and now and then do the quantitative analysis afterwards. The biggest fault for which I would criticise myself and others would be if we did not make a decision at all. We try to move on and make an impact. President Roosevelt's attitude was to try something and if it did not work then he tried something different. He brought the US out from the Great Depression. I find that politicians are very good at cherry-picking reports. We go with the reports that suit us or with reports that are popular with the public. We need to get away from that and this is why counterfactual impact evaluation, CIE, is so important.

I have some observations on the Pathways to Work programme and the 150,000 people who are unemployed. We talk about men in their 30s and 40s but I believe that a group being ignored is that of those who are in their 50s. This is one of the major faults of the programme. People in that age group still have 15, 16 or 17 years of active contribution to society and to their families and they are being ignored by the programme.

On the growth of services, some of the new services being rolled out by Intreo on training, engagement and assisting people back into work and onto proper training paths, are only being targeted at those in receipt of a social welfare benefit. There is a large cohort of men and women who are not in receipt of a social welfare benefit who are excluded from the Pathways to Work programme. They are also excluded from some training and education areas. There are some small programmes opened up and the last Government tried to open up more but with the changing environment, we must look at the impact on society as well as on the economy. There are many men and women in their 40s and 50s, whose partners are working, but who are excluded from the activation measures even though they may be extremely anxious to be involved in JobPath or in accessing Intreo offices.

Employers' engagement is also important. There needs to be a very strong relationship between the Intreo offices and employers. We must ensure that we are providing quality candidates for the jobs that come up and that there is a confidence in the system from employers. With regard to the train-first approach, if one speaks to people who are long-term unemployed, they want to work first and train after. There is a resistance and they ask "What am I training for?" This is because the recession has lasted so long, they may already have been on so many courses and the outcomes were not great because work was not there. On a constant basis I hear people saying they just want to get a job and then they will upskill. In the early 2000s, the pharmaceutical industry made a huge effort in upskilling its workforce with in-house training courses run right across the sector. We need to look at expanding upskilling in the workplace through co-operation with employers. The upskilling may need to be incentivised but as we have seen with Hewlett Packard, technology changes rapidly. A person may once have had four



or five careers over the course of their life. Now that person is likely to have six to ten careers. That upskilling has to take place constantly in the workforce, otherwise the same people, just as they get on the bottom of the ladder, will be knocked off again. It is a cycle of employment, followed by long-term unemployment, followed by short-term employment. In a period in which we are seeing a decrease in unemployment numbers, we need to concentrate on upskilling in the workforce, certainly in areas of low skill and low pay, to allow people to have a career path that allows them to see a future for themselves. I would like to hear Dr. Sweeney's view on that.

**Deputy John Brady:** I welcome Dr. Sweeney. It was certainly a very informative presentation. I am aware the Deputies and Senators are rushing off, as am I, so I will be as brief as I can.

I did not see that report about schemes that are being wound down which Deputy O'Dea was talking about. We know, and the Minister is on the record as saying, that schemes such as Gateway are being wound down. He is looking at broadening the qualifying criteria for the community employment scheme. We have yet to see any proposals or any more information on that. We know that JobBridge has been wound down and stopped nine months ago. We are yet to see any replacement scheme for it. I note Dr. Sweeney's comments on media attention around the scheme, but certainly there was a very damning internal departmental report carried out that highlighted a number of deficiencies within that particular scheme. Is Dr. Sweeney aware of any pending scheme that the Department may be introducing? If he is, he might enlighten us because information is certainly not forthcoming from the Minister.

One other area I would like to home in on is job quality. That is critical. It is all well and good having these labour activation schemes but the survey on income and living conditions, which came out last week, highlighted serious difficulties. There are 105,051 people living in poverty who are within the workforce at the moment. There are 750,000 people who are living on incomes of less than €230 a week. The Minister has very publicly said that people need to stop dreaming about their ideal job or their dream job and get back into the workforce. The reality is that the dream job that people have trained and upskilled for and for which they have got qualifications is the job they want. We certainly need to look at how people are forced into these labour activation schemes at levels well below their qualifications.

There is also the issue of people within the workforce in low-paid employment where employers are using subsidies, such as the family income supplement, to complement wages. That has been echoed within this chamber. That is an abuse and employers are actively using that. There are major issues there. I am not sure as to how we are going to overcome that because, as Dr. Sweeney had said, "train first" is the default position. Many of these people are forced through privatised schemes such as JobPath. That entire sector has been privatised. They are forced into these jobs well below the skills levels they have. On that point, we see referrals to the local employment services down substantially over recent years and a lot more referrals to Turas Nua and Seetec, which are private companies. I would like to know if Dr. Sweeney has any views on that.

**Senator Alice-Mary Higgins:** I thank Dr. Sweeney. It was a really interesting presentation. I have almost a network of questions so potentially I will come back again. I found a number of key points. To pick up on what my colleague, Senator Humphreys, said in terms of decisions being made in the shorter period versus the longer period of analysis, the key thing for all of us and for everybody on the political side is to be willing to admit that something did not work, to be able to change strategy and to acknowledge that. That is something we are beginning to see around the area of lone parents, where maybe there needs to be an evaluation

of policy. That is something else we have been discussing. It is that question of being able to look at the outcomes and to be honest and open enough to be able to change direction. I think we can all do that.

Regarding some of Dr. Sweeney's points and the counterfactual impact evaluation, I would be interested to know to what extent Dr. Sweeney feels the balance is or is not being struck at the moment between quantitative and qualitative analysis. He spoke very strongly and very clearly about the issue of quality. To what extent is the quality of outcome for the individuals in the various schemes being captured in the counterfactual impact evaluation at the moment? On the add-on effects, for example, in the case of education, an educated parent is one of the greatest indications that one will be very successful, so there may be add-on benefits from the back to education scheme. These might not affect the individual person but will have an impact on the education levels and attainment levels for their families.

Dr. Sweeney's statement was a very useful and nuanced analysis but I think it is interesting that it does, unfortunately, get simplified. We have heard previously in our hearings on this matter that education is not working and that is not what I heard from Dr. Sweeney today. I heard that there were concerns and a negative analysis about certain aspects of how the back to education scheme was working, but he pointed to what needs to be looked at, for example, the specific issue of the role that career guidance needs to play in ensuring people are being educated and directed towards the right kind of education and training opportunities. Again, the focus is on how it is done.

That brings us to the question of work first and train first. I honestly believe we have erred excessively on the side of work first. For many people, what they want is to move to a job but we have erred toward work first and it has become a default position, whereas I think it needs to be evaluated as to what is appropriate in each case. Again the quality of casework is important. I really appreciate that Dr. Sweeney has put a strong case for bringing train first back into focus. There are two key points there. One is progression. What we have heard is that many of these low-paid jobs are both demanding and, at times, can be dead end. A person can be in a job that is not leaving him or her much free space to develop his or her other hopes and dreams. When we talk about precarious work and insecure hours in particular, we see that sometimes these jobs and roles preclude the development of other opportunities. That is a question to consider. The key point is if we do have employment with in-work training, like apprenticeships, which I think was discussed by Senator Humphreys, the work itself has built-in progression and opportunity. I would appreciate Dr. Sweeney's thoughts on apprenticeships. That is something very concrete. A lot of the evidence is against the idea that simply by being in work one will automatically progress. The UK analysis of those who went into service level jobs in the fast food industry found that a very large number of them, especially women, tended to be in those same jobs ten years later and that they were not moving. I would like to hear Dr. Sweeney's thoughts on that.

In addition to progression there is the question of choice and of the importance of ensuring choice and guidance. I am not talking about choice in an abstract way but choice where there is real guidance in order that people are able, with that guidance and support that Dr. Sweeney mentioned, to choose a path forward that will really work. In Dr. Sweeney's experience, what are the differences between situations with choice or voluntary engagement and situations in which there is a feeling of compulsion? This comes into his very strong and important point on the question of re-entry and of bringing in other groups. This is an area around which there is strong concern. From my perspective, there are many women who became qualified adults and

who fell out of the system but who have great skills and in many cases even have third level education and who would like to be activated back into the system. Dr. Sweeney mentioned three important things about how we do that and I would like him to elaborate.

Dr. Sweeney referred to services, ongoing education, training and guidance. Will he address flexibility? If we want to bring these new cohorts into employment and the labour market, do we need to re-examine time flexibility and, for example, the requirement for full-time availability for seeking employment? There are those with partial capacity and some with carer responsibilities. Do we need to develop and fine-tune the system to ensure it provides pathways into half-time labour market engagement, which we know is happening informally but could be happening in a more effective way formally? There is also the question of the voluntary invitation to these groups which in many cases are keen and hungry to be involved in the labour market.

I see Dr. Sweeney's point about the resources being directed towards the long-term unemployed. However, I do not see why the live register must take precedence over these groups because we have an underemployment as well as an unemployment problem. Unless we are moving towards a punitive dynamic, there are many people, due to the restrictions I mentioned, who will not necessarily voluntarily sign on to the live register because they know they are not available full-time. We have had a strong focus on the live register, sometimes to the exclusion of the underemployment issues.

**Chairman:** All schemes introduced are evaluated on an ongoing basis. The problem is that this tends to be a quantitative evaluation, that is, whether the scheme is achieving its goals and targets. It normally involves numbers of participants and whether they have moved from A to B. It is the qualitative evaluation which causes the problems because it is more suggestive. Accordingly, such an evaluation is more difficult to do in a timely fashion.

Dr. Sweeney raised the issue of soft skills which have been raised at the committee before. The one piece that seems to be missing is that there are few positive suggestions on how soft skills should be developed, as well as what would become a norm or a core. Everyone, including employers, says how important they are. However, there is little importance attached from a training point of view on how those soft skills might be developed.

We referred to a range of schemes and initiatives aimed at the individual participating and progressing. In the Dublin area and to in other geographic areas throughout the country, there are particular pockets of high unemployment. By and large, these areas have remained the same in my lifetime, despite different programmes and initiatives. In addition to individual schemes and programmes, what needs to be done in those areas to ensure they would no longer be deemed employment blackspots or areas of high unemployment?

**Dr. John Sweeney:** I share many of those questions rather than being able to give clear answers to them. I value every point committee members have raised and I will endeavour to advance them a little more.

I have not seen the report Deputy O'Dea referred to on direct employment programmes, but its findings do not surprise me. If we think of community employment, Tús and Gateway together, the capacity of direct employment programmes has remained steady throughout the fall in unemployment, which we gratefully have witnessed. Voices are being raised as the client group, the proportion of the long-term unemployed on the live register, gets smaller, but the capacity of these programmes has been rising. Some of these programmes are among the most expensive of all individual labour market measures. I am not surprised wise heads are pointing

this out as unusual.

There was a quip from the current Minister that economists do not like community employment because it does not work while politicians like it because it does. The metrics and the outcomes on which one chooses to evaluate a programme like community employment are critical.

**Senator Kevin Humphreys:** Coming from my background, I have always believed community employment has been wrongly designated. There should be a question as to whether it should be designated as an activation measure.

**Dr. John Sweeney:** I fully understand that. On the other hand, if we go with the thesis that as the numbers who might need these programmes are falling, the quality of the programmes should improve, we need to ask if we could be more ambitious for those who have been the core clientele for community employment. Taking the sponsors of these schemes, can we not get them to increase their commitment to ensure the period on these direct employment programmes is genuinely a stepping stone?

I referred to a concept known as closed circuits, which comes from French labour market research, namely, that if we restrict people's experience of the world of work to employment generated in their locality, we are selling them short. It would be a good ambition to ensure the quality of direct employment programmes features more training and more exposure to the world of work to ensure people are launched into the wider labour market. Given that the age group that avails of this programme would include people in their 40s and 50s, it is a good place to start.

This is not me clawing back the money and being thankful we got an evaluation which states it must be scaled down. That money should be reinvested in the quality of the measures.

**Senator Alice-Mary Higgins:** One point which gets missed with community employment schemes is that their hours are often more flexible. The National Women's Council of Ireland found that was one of the reasons people kept going into community employment schemes rather than other activation programmes. There is also the problem that many people are being skilled up in a sector which itself is being scaled down in terms of the funding and employment available in it.

**Dr. John Sweeney:** For those of working age who receive a payment for a status which has them outside the workforce, does that imply sanctions coming to them? I am also concerned about the term "activation" as it always has that connotation that it is the individuals in receipt of welfare payments who need the activation. In fact, the activation has to be of services, the Government and policy. After much work with the National Economic and Social Council, I have not found evidence that our social welfare payments are laxly administered. I have not found evidence that the incidence of fraudulent receipt of welfare in Ireland is particularly bad. Each instance of fraudulent receipt of welfare is one instance too much but, by and large, the control mechanisms of the Department of Social Protection pass a good test by international standards. It is regrettable that sanctions come into the question of how we encourage more people, who are currently in long-term receipt of a welfare payment, to enter sustained employment. We should pay credit to those in the control and fraud section of the Department and advise them to continue their work but we do not have to use active labour market programmes as an extension of their work. Those programmes should have an objective and an identity apart from that.

Senator Humphreys is right in that every time we get the live register figures for the month, we are reminded that the live register is not a measure of unemployment. For that, we have the quarterly national household survey, QNHS. The labour force survey, the QNHS, tells us about the extent of demand there is among the population for employment and those who are frustrated at not being able to get the job they are seeking. The focus of attention must be, as Senator Higgins has also implied, on those who are frustrated at not being able to find paid employment, rather than on the live register. The live register is the claimant count. Many people who are on systematic part-time work are recorded on it. Their status is totally valid and there is not an issue with them. If the Labour Market Council is truly to become an advisory body on labour market policy rather than on the management of the live register, it needs to align much more with economic development policy, Enterprise 2025 and the national skills strategy 2025.

This tension is lived daily within the Department of Social Protection and within the Intreo service. As members are aware, the capacity of Intreo has been enormously expanded by bringing in case officers who have very different backgrounds. Some have come from the old National Manpower Service and there are placement officers from FÁS and they understand perfectly well the position from where each Senator is coming on this. We would ask what is all the attention about the live register and ask if we are overdoing the focus. The former public employment service was there for anyone who wanted work but was not able to get it. We have merged those people and that culture with those who were primarily administering payments and who had to work very closely with those in the control and fraud section to ensure that only those who were entitled to it were getting a payment. In fairness to the Intreo service as we now have it, that tension continues and the merging of those two cultures is a work in progress.

On the question of what people are training for, I fully agree with Senator Humphreys that there is justifiable scepticism among many who have been looking for work for a long time with some of the opportunities for education and training that they have been offered. They are hungry to get back to work. The provision of good career guidance is essential for them. It is not enough to say that they do not want work, they want this. People need to be made aware of what, if they go into a certain job, will lie down the line for them. Good career guidance must be informed with good labour market intelligence. The people being given such career guidance must be given good insight into what is happening and what will most surely happen in a particular line of work that they are currently hungry to get into. One must ask them if this in their long-term interests? We cannot simply read the demand for education and training from the preferred list of jobs that comes from those currently on the live register. Good career guidance is an interactive two-way process.

Most of those at work need upskilling. Apprenticeships will be a small part of the contribution. Traineeships offer potentially a greater quantitative contribution to what is a dual education approach, allowing people at work to upskill and allowing people preparing for work to be exposed to the workplace while they are receiving their training. Sadly, in underlining the importance of further training opportunities to those already at work, the evidence is that employers invest and co-operate more with outside bodies in training those who have higher education among their workforce. The uptake of continuing education and vocational training opportunities by people at work tends to be of the better educated in the workforce. It brings me back to the evidence that if one enters a low-skilled job because one is low skilled, it is unlikely that that employer will be particularly interested in facilitating or supporting one to upskill.

**Senator Kevin Humphreys:** Opportunities were opening up in 2005 and 2006, and the Institute of Technology, Tallaght was probably one of the leaders in it. It was partnering with



employers in the low-skill areas, but obviously when the recession came that was the first thing that was lost. As the economy recovers, we need to examine that area again because people are returning to low-skilled jobs. We need to partner with employers to make sure that such employees can be upskilled and educated. I do not refer to those who are coming in with degrees because in many ways, the State has already contributed to their education. I refer to those who have worked in low-skill areas who now need a second chance. That is where the partnering with employers comes into play.

**Dr. John Sweeney:** Yes.

**Senator Kevin Humphreys:** That is where the institutes of technology and the education and training boards can play a role in designing educational courses for people who are employed. I have seen this being carried out in a factory or an office where a certain amount of time was set aside for such upskilling. I know of one company that set aside two hours to facilitate its staff on the packing lines attending for training with the Institute of Technology, Tallaght to upskill and it was based on the condition that the employer would give the staff two hours of employment time if the staff gave two hours on a voluntary basis, and in that way four hours was provided in upskilling. We need to be more imaginative now with the change with an upturn in the economy and not wait until we reach the peak in that upturn to do it. I apologise as I must leave now to raise a matter on the Order of Business in the Seanad.

**Dr. John Sweeney:** One issue Deputy John Brady raised in that area is also significant. The proportion of people at work who are below the poverty line is small but the numbers are large because the number of people at work is now more than 2 million and a small percentage of that figure constitutes many people. In-work poverty normally is addressed by in-work supports. We have seen in the island across the Irish Sea a huge rise in spending on in-work benefits, absorbing much of the savings in benefits on unemployment payments. Clearly, the ideal is that people in work have skills that make their employment so valuable to their employer that no ongoing subsidy is needed to be paid to them or to their employer and that must remain the objective. Intreo, our new public employment service, is learning more that there are different types of employers. Some employers will state they have people among their staff who left formal education at a very early stage and who have been terrifically loyal and good employees but who, if they are to remain in employment until they reach the age of 65 or 66, will need real opportunities to upskill. Such employers will co-operate with that. However, there are employers who might talk the talk but will not walk the walk. Whereas our public employment service has built up considerable experience in identifying the work shy among the jobseekers, it is only acquiring expertise in identifying the employer who is not really serious about investing in its employees from those who are.

**Senator Alice-Mary Higgins:** Some of these issues are arising from the employer engagement subgroup within the Labour Market Council. Is there any danger of perverse incentive coming towards a situation where the in-work supports that are so vital to and needed by people are calculated in? Might we be building towards having employers planning for and assuming in-work supports in their calculations on expenditure and so forth? Can anything be done on that?

**Dr. John Sweeney:** Some employers will calculate in that way. It is one of the things that brought JobBridge into disrepute so quickly. A small number of employers realised this would be a short-term subsidy to their current business model and went for it. The significance in the wider picture may be quite small. The employer subgroup on the Labour Market Council is alert to that and is trying to advise the Department as to what to do, how to watch and so on.

Several members, particularly the Chairman, referred to the balance in evaluation between the quantitative and the qualitative. I suspect, like many, they may be reading some of these evaluations and getting sore heads from the numbers being crunched and the metrics being used. In the long run what is going on here? This was very acutely observed in a presentation made on Monday at a conference in Dublin Castle jointly organised by the Geary Institute of UCD and the Labour Market Council. The speaker, Mr. Nigel Meager from the UK, reflected on the work programme in the United Kingdom. He said that if one sets out to prescribe only in general outlines what employment providers should achieve but one does not specify much how it should be done, one will always be left wondering what the results mean. If we are told that this programme is not working because at the end of it, those who took part in it are 30% less likely to be in a job than those who did not take part in it, we are left asking why it happened. If the impact evaluation is not balanced or accompanied by a process evaluation and if the number crunching is not accompanied by a narrative outlining what the education and training providers, case officers and individuals participating were looking for and how they experienced it, we end up scratching our heads a bit.

Already the Labour Market Council has seen evidence of that with the very impressive number crunching done by the ERSI on the back to education allowance, but it was left wondering what it needed to do about the programme. To be left with the binary option of closing it or keeping it going despite the evidence is not that helpful and rather assumes that the education and training providers, teachers, instructors, lecturers and the people, for whom going back to education is a big investment of time and energy, are all fools. We now have a qualitative evaluation of the BTEA in process precisely for the reasons members referred to. We need to balance quantitative and qualitative evaluations. There are instances of that being done very well in, for instance, the ESRI's work on secondary education. I do not know if we have yet brought that balance into our evaluations of active labour market policies.

I fully agree with the Chairman's remarks about soft skills. I repeatedly read about the importance attached to them. I believe Tony Donohoe at the committee's previous meeting articulated that extraordinarily well with evidence from IBEC. By and large, employers will say that if they have the right soft skills, the employability skills, the employers will teach employees the content of much of what is required by the job. However, we have done very little work on how to bring about that greater self-confidence and those abilities to listen and be a good team player and problem solver. These cannot be done with two or three days' communication modules. The evidence is that these soft skills are best incorporated as hard modules into occupation-specific training programmes. It is difficult to impart or to raise competency in soft skills in isolation from an educational training programme that is targeting a specific occupation. The soft skills needed to enter, for example, Intel with third level education are quite different from the soft skills needed to enter the hotel industry. Soft skills have a significant occupation-specific element, but it is hard-wiring modules on soft skills into substantive vocational education training programmes that is needed.

**Chairman:** Dr. Sweeney hit the nail on the head in talking about the soft skills. People entering the hotel industry may have no formal qualification in that area. They might go in as a lounge boy or similar. The access to the position still requires the soft skills they may not have had the opportunity to acquire and therein lies the challenge. I take Dr. Sweeney's point that where there is a more formal training piece, the piece relating to soft skills should be incorporated. People go without that level of qualification and frequently they are the people being turned down as a result of not having the interpersonal skills or not being a team player. As a result of their not being in a formal training structure, they find it very difficult to get those skills

from the employability point of view.

**Senator Alice-Mary Higgins:** Dr. Sweeney's contribution has been fascinating and invaluable. He answered so many questions that there were one or two he may have missed. The Chairman asked about how, where there is an area as well as individuals, we can look to wider social support. I worked with young unemployed people in Wexford for a year and looked at the very particular challenges of another blackspot.

My own question was on flexibility where we are trying to bring in new cohorts in, and not even trying to bring in because in many cases, as Dr. Sweeney highlighted, they are keen to be offered training and opportunities. Do we need to re-examine, for example, the full-time availability requirement specifically in that respect? I know that is a key issue for many people who are either qualified adults or are on disability payments.

I wish to add to what Dr. Sweeney said about soft skills. We need to look at this again. It relates to philosophy, civics and those sorts of things in our secondary education system. Those are capacities. They need to be occupationally applied. Based on what Dr. Sweeney said, we may have to propose recommendations on changes to how career guidance is provided in schools. My last point is that I would strongly support some of the points that Dr. Sweeney made about the direction that the Labour Market Council might need to go in terms of alignment. We have been pushing a joined-up approach in terms of the sectors we want to build, the enterprise we want and the quality of employment we want in Ireland. I would support some of the ambition on where the Labour Market Council could focus. I know there is an employer engagement group but is there a union engagement? Is there engagement with other strands? How might that be strengthened as the Labour Market Council continues to evolve?

**Dr. John Sweeney:** I thank Senator Higgins for drawing attention to two issues which I overlooked. In regard to whether more can be done for area-based initiatives, it is close to my heart because I earned my spurs at one stage by living and working in what is still an unemployment black spot all of 30 years later. It drags on me when I hear those who are now activists in that area using sentences that I would have used nearly 30 years ago and asking what has changed here? What has changed over the 30 years is that the investment going into the area through multiple Departments and different types of programmes has enormously increased. At the time I was active in this area to get a youth employment agency grant of £5,000 was the highest accolade one could get. The budgets of some of the area-based interventions is much bigger.

I would point out that for all we have done with area-based interventions over the last two or three decades we have never given them the dignity of seeking to evaluate well what they were achieving. We still do not know if some area-based partnerships work better than others. Why? Of those who entered the programmes and received the subsidised services, what have they achieved? This is not an argument for discontinuing but it is an argument for bringing the same evaluation that we give to some programmes to more of the area-based work. Unemployment black spots have been far too persistent.

**Senator Alice-Mary Higgins:** This goes to the point I forgot to make earlier. We heard about the scheme in Tallaght, for example, during 2003-2004, Dr. Sweeney spoke about some of the things that public employment services were doing right in terms of accessing supports for everybody and we talked about area-based supports. These all pre-date the establishment of the Labour Market Council. Might there be scope to look back and examine some of the best historic work done and learn from that? Is that something that might be on the cards?

**Dr. John Sweeney:** It certainly is, probably among the Departments which administer these, such as Department of Housing, Planning, Community and Local Government which has an Irish version of the social inclusion and community action programme, SICAP. It is interesting that it is only programmes and services for which the Department of Social Protection is responsible that our evaluations and input are required.

**Senator Alice-Mary Higgins:** Not the historic programmes of that Department.

**Dr. John Sweeney:** No. Programmes that are very important to unemployment black spots are currently not on the horizon of the Labour Market Council. Senator Higgins's question about flexibility and accommodating people with a capacity to work some hours, or staggered hours, is very true. It is inherent in the council's endorsement of bringing the public employment service to provide services to those who are inactive for whatever reason and are not currently members of the workforce. This is what quality means, having that flexibility, and understanding that people, especially in their 50s and 40s, have very significant household commitments and we cannot expect them to drop those and be full-time employed. That is part of the change in capabilities and culture that the council is pointing to. That is what is required if the public employment service is genuinely to serve all those looking for work.

I thank the committee for this opportunity which I enjoyed much more than I thought. I would say again that when the Labour Market Council's chair passed the committee's invitation to me, I had not realised at the time the very difficult decisions that had been taken in his place of work, Hewlett Packard. I think the committee will fully understand why he was unable to attend and why I am here.

**Chairman:** I thank Dr. Sweeney for his presentation, his attendance and the direct manner in which he answered the questions. I am glad that he found it more enjoyable than he had anticipated. To be fair to the members of the committee, its work is not hostile in any sense but it is to gather information and to elicit the answers which will help us produce an informed report on this whole area and Dr. Sweeney has been very helpful in the committee's deliberations.

The joint committee adjourned at 11.45 a.m. until 10 a.m. on Thursday, 26 February 2017.