

Labour's Plan for Jobseekers



Labour

One Ireland
jobs, reform, fairness

EXECUTIVE SUMMARY

Ireland is facing a jobs crisis, that risks becoming a crisis of long-term unemployment. At 442,667, January's live register figures are the highest ever recorded, and represent the 20th month in a row where the live register tops 400,000 people. Already long term unemployment accounts for almost half of total unemployment. In a 'business as usual' scenario, the ESRI predicts unemployment will average 13.5% for 2011.

'Business as usual' is not enough to head off mass long-term unemployment. Even if the Irish economy was to demonstrate stronger growth than predicted for 2011, Ireland still risks being left with structural unemployment. This is due to:

- **A permanent contraction in the construction industry.** Approximately two in every five people on the live register were last employed in construction-related industries. This sector employed one in every 7 members of the labour force during the property bubble – a level of employment that will not return.
- **Low skills.** Almost one in three of those unemployed have a Junior Certificate education or less. Evidence suggests that those with higher levels of education find it easier to come off the live register than those with low skills.
- **High youth unemployment.** More than one in four 20-24 year olds, and more than two in every five 15-19 year olds, are unemployed. Younger people find themselves stuck in a vicious circle of needing experience to compete for a job, but needing a job to get that experience.
- **A changing jobs market.** The skill set of the Irish labour force is out of step with the kind of new jobs being created. The Expert Group on Future Skills Needs estimated that by 2010, two out of every three net jobs being created would require a third level education, compared to only 30 per cent in 2001. In 2008, only 25 per cent of the labour force was educated to degree level or higher; 24 per cent of the labour force had only a Junior Certificate or less; while an estimated one in four adults has difficulties with basic literacy.

The challenge ahead will not be solved simply by expanding the existing supply of continuous education and training. We need to be both more creative, and more committed, about helping people off the live register and into training, education or employment that will **permanently reduce their risk of long-term unemployment.**

This means matching education and training to the future needs of the economy. It means looking at how and where training is delivered; new ways of combining work and training or education; and innovative ways of using the considerable wealth of skills that people already possess.

In short, it means nothing less than a war effort to prevent long-term unemployment blighting individual lives, and acting as a drag on our economic recovery.

LABOUR'S PLAN TO HELP JOB SEEKERS

A National Employment Service to replace FAS

- Labour will replace FAS with a National Employment Service, which integrates employment services to jobseekers previously carried out by FÁS, with the delivery of social protection benefits, as recommended by the OECD.
- An integrated National Employment Service would provide a 'one stop shop' for people seeking to establish their benefit entitlements; looking for a job; and seeking advice about their training options.
- The majority of FAS funds for direct training, and all of the FAS training centres, would be transferred to the further education and Institute of Technology sectors, with an explicit mandate to deliver high-quality, flexible vocational education and training and a broader, modern apprenticeship programme that caters to a wider variety of trades, ages and genders.
- When fully operational, the National Employment Service would offer a higher level of personalised employment counselling than is currently available.
- Helping people move into employment, or into training that leads to sustainable employment, will be the primary function of the National Employment Service. Its performance will be measured on this basis, and the results published annually.

60,000 new training, education and internship places for jobseekers

Labour's Jobs Fund will fund 60,000 new training, education and internship places, to help people who are currently unemployed to develop their skills, and position themselves for new job opportunities. These include:

- **'Bridge the GAP' – a Graduate and Apprentice Work Placement Scheme.** A web-based broker connects recent graduates and apprentices with employers offering six-month internships. Participating interns would be paid at the single person's rate of Jobseeker's Allowance for the duration of the placement, plus a modest cost-of-work allowance.
- **An 'Earn and Learn' scheme** that enables people on 'short time' to combine a shorter working week with training or education.

- **A reduced qualifying period of three months for the Back to Education and Back to Work Enterprise Allowance** to make it easier for people to come off the dole and into education, and greater access to postgraduate courses under the Back to Education Allowance for the period of this economic emergency.
- **A tax-back scheme** to help people not eligible for other means-tested supports to claim up to two years of their income tax back to fund full-time study in an authorised institution.
- **Literacy and basic workplace skills to be a national priority**, with literacy training incorporated into a wider variety of further education and training.
- **‘Skills Exchanges’** within further education colleges, libraries, Institutes of Technology or training centres, to enable those availing of training in one field to use their previous professional experience to help train other people.
- **30,000 additional training places across the entire education and training system**, distributed in line with the recommendations of the Expert Group on Future Skills Needs on the skill requirements of the Irish labour force.

Incentivising employers to hire new staff

Labour’s Jobs Fund will also fund **an 18 month PRSI holiday for employers** who take on new employees who have been on the live register for 6 months or more

WHY BUSINESS AS USUAL IS NOT ENOUGH

State training for jobseekers

State training for employment, and in particular active labour market interventions, have primarily been channelled through the state training agency, FÁS. FÁS has been described as the 'Swiss army knife' of labour market policy in Ireland, with a mandate that spans social inclusion, training for employment, and training those in employment, and a budget of half a billion euro. A further half billion euro is spent on Community Employment schemes, now transferred to the Department of Social Protection.

FÁS was established in 1987 to address the unemployment crisis caused by a prolonged economic downturn. While FÁS has adapted to changes in the labour market since then, the Labour Party believes that it is no longer the most appropriate response to the training needs of our labour force.

Firstly, while FAS is, in theory, fulfilling its mandate in training people for the workplace, participants' progression to the workplace is mixed. For example, in 2005, when unemployment was only 4.2 per cent, only half of all participants were in employment one year after graduation. In 2008, that figure was one in three.

Secondly, the skill needs of the Irish labour force require a sustained intervention, which in turn demands a permanent response. According to the Expert Group on Future Skill needs, half a million people in the workforce in 2006 needed to move up at least one skill level. This figures includes 320,000 people who need to up-skill to Level 5 in the National Qualifications Framework, or the equivalent of a Leaving Certificate.

While short, skill-specific courses have a role to play in meeting the needs of jobseekers and people in work, public investment in vocational education and training should be focused on meeting the needs of the economy in the longer term. Furthermore, investing in transferable skills also helps people to adapt to changes in the labour market, reducing their risk of unemployment into the future. We believe that these courses can best be delivered through existing publicly-funded educational institutions, such as the Institutes of Technology and further education colleges (VECs).

Thirdly, Labour believes that the apprenticeship system needs a radical overhaul to broaden the range of trades a person can train for; which provide for more flexible traineeships; and to provide lateral training in transferable basic skills, such as literacy, numeracy and IT. The classroom-based modules of apprenticeships can be delivered through the Institute of Technologies or further education colleges; would contain a higher proportion of on the job training; and would be subject to a value for money review.

Finally, the role of FÁS in furthering social inclusion, such as for early school leavers or people very distant from the labour force, does not need to be fulfilled by a specific state training agency.

Training for early school leavers can be delivered by other institutions, such as VECs or Institutes of Technology, or not-for-profit training providers in partnership with a reconstituted employment support service. We also envision a role for the voluntary sector or social enterprises in supporting people who need particular support in returning to the labour force, including those with disabilities, again in partnership with a new employment service.

Active Labour Market Supports for jobseekers

Labour believes that investment in active labour market supports for jobseekers should be as closely linked to the labour market as possible. We know that there is no 'one size fits all' solution, and that jobseekers need to be able to access options that meet their skill needs. Labour also believes that, in light of current labour market conditions, it is appropriate to shorten the waiting period for existing programmes such as the Back to Education Allowance, to allow those who have lost their job, and who want to return to full time education, to do so.

Labour was the first party to propose a suite of new measures in April 2009 to deal with what was – and is – an urgent crisis of unemployment. The Fianna Fáil government and other parties have followed Labour's lead, particularly in relation to facilitating internships for recent graduates and apprentices. However, Labour believes that the government's Work Placement Programme does not provide enough protection against exploitation of interns or apprentices, and will be seeking to replace this programme with Labour's own Bridge the GAP Graduate and Apprentice Work Placement Scheme.

Welfare support for jobseekers

Ireland is unusual among OECD countries in having separate government departments or agencies dealing with unemployment benefits and related supports on the one hand, and employment services on the other. Supports for people of working age are fragmented, with responsibility for jobseekers and other welfare recipients spread across the Department of Social Welfare, the Department of Enterprise (via FÁS), the HSE and 26 Local Employment Services.

Ireland has also been an outlier in attaching weak conditions to working age benefits, with only two face-to-face eligibility review interviews, with limited employment counselling, by the 15th month of unemployment.

Despite a prolonged period of economic growth and full employment, welfare dependency among working age people has remained relatively stable for the past two decades. By the mid-2000s, a period of full employment, the rate of working age beneficiaries of welfare payments was not significantly different to the mid 1980s. This is largely due to the growth in the numbers claiming lone parents allowance and disability benefits.

Recent research published by the Department of Social Protection demonstrates that structural welfare dependency of 4.5-5.4 per cent is consistent across age profiles. It points out that “[t]his suggests a long term structural problem in the system, where progression either between welfare schemes or to supported employment/FÁS has been non-existent for a large group of customers over many years.”

Helping people to move off the live register and welfare benefits, and into employment, is about more than fostering job growth. It is about removing obstacles to work, and actively ensuring that the transition to work is a sustainable and rewarding one.

During the boom years, there was little attempt to address structural welfare dependency. With the return of mass unemployment, it is critical that we prevent the emergence of a large cohort of people who become de-skilled and permanently distant from the labour market.

Long-term unemployment poses a risk to recovery

Without far-reaching and innovative change, Ireland’s jobs crisis risks becoming a crisis of long-term unemployment. As well as pushing more people into poverty, and damaging whole communities, mass long-term unemployment will act as a drag on economic growth, and risks prolonging our recession.

There is already evidence of this happening. Long term unemployment has doubled in the past 12 months to 6.5 per cent. Towards the end of 2010, long-term unemployment accounted for almost 47 per cent of total unemployment, compared with 25.5 per cent a year earlier.

Youth unemployment is also unacceptably high, with 41 per cent of people aged 15-19, and 26 per cent of those aged 20-24, not in work, education or training. Young people are disproportionately affected in economic downturns, even if they manage to find work. Econometric evidence shows that early experience of protracted unemployment can have a permanent scarring effect on a person’s career progression and earning potential. This is equally true of young people who enter the labour market in a recession, but who become trapped in temporary jobs or jobs which do not develop their skills.

Business as usual will not be enough to avert this damage to individuals, to our society, and to our economy. Evidence shows that countries have only acted to address long-term unemployment after years of persistently high rates. Ireland has an opportunity to meet this challenge head on, and to avoid the high personal and economic consequences of large-scale structural unemployment and under-employment.

The key tests for state investment in vocational education and training, and active labour market programmes, must be whether they secure progression to the workforce for those who can make that transition; do they secure

progression in the workforce; and do they meet the current and projected needs of the economy, so as to ensure that peoples' skills match demand for them.

These are progressive tests of any state investment in training for work, and training in work. Not only do they require public investment to be targeted at reducing unemployment and increasing productivity in the economy, but they also require that individuals' risk of experiencing long spells of unemployment is reduced.

LABOUR'S PLAN FOR A NATIONAL EMPLOYMENT SERVICE

Labour will replace FAS with a National Employment Service, which integrates employment services to jobseekers previously carried out by FÁS, with the delivery of social protection benefits.

This development of a flagship National Employment Service is a key part of Labour's wider reforms of the social protection system, which are grounded in the principle that a person's first day of unemployment should also be a first step on the way back to work, with appropriate training, education or work experience support and other incentives to make that happen.

How the National Employment Service would work

This new employment and benefit support service would be managed by the Department of Social Protection, and would absorb:

- The functions of the Department of Social Protection relating to assessments of benefits for people of working age.
- The functions of the Department of Social Protection relating to Community Employment participants.
- The administration of the Supplementary Welfare Allowance, currently carried out by the HSE.
- The Employment Services unit of FÁS, which provides support to jobseekers.
- The Local Employment Service Network.

Funding currently allocated to FÁS for training for people in employment, and training people for employment, would be transferred to the VEC and Institute of Technology sectors, which already have considerable expertise in delivering education and training that is linked to the labour market. When the process is complete, FÁS would cease to exist.

An integrated National Employment Service would provide a 'one stop shop' for people seeking to establish their benefit entitlements; looking for a job; and seeking advice about their training options. It also decentralises the administration of working-age benefits, which will in future be assessed and managed locally.

When fully operational, the National Employment Service would offer a higher level of personalised employment counselling than is currently available. Training and deployment of staff will reflect this focus. Those on the live register who are identified as being most at risk of long-term unemployment will receive priority treatment for more intensive support.

A flagship web-based adult career guidance portal will be developed, which will provide adults with free advice on how to develop their skills for work. This will be funded through efficiency savings arising from the dismantling of FAS.

This new local employment and benefit support agency would be responsible for managing existing active labour market programmes, such as Community Employment schemes and Tús. It would also be able to act as a broker for organisations availing of Labour's proposed 'Earn and Learn' scheme, where employees on short time can combine work and training opportunities.

Helping people move into employment, or into training that leads to sustainable employment, will be the primary function of the National Employment Service. Its performance will be measured on this basis, and the results published annually.

A new approach to training, education and work experience for jobseekers

The majority of FAS funds for direct training, and all of the FAS training centres, would be transferred to the further education and Institute of Technology sectors, with an explicit mandate to deliver high-quality, flexible vocational education and training and a broader, modern apprenticeship programme that caters to a wider variety of trades, ages and genders. This will be accompanied by a redeployment of qualified training staff from FAS to the VECs and Institutes of Technology, as appropriate.

This represents a transfer of approximately €325 million of funding for FAS training for employment and FAS training in employment to vocational education and training across the VEC and Institute of Technology sectors. This transfer of funding to the VEC and Institute of Technology sectors will be conditional on those institutions providing flexible vocational training options, which are closely aligned with the needs of the labour market.

This process would be strategically managed by government so that the courses offered are in line with the current and projected needs of the labour market, as identified by the Expert Group on Future Skills Needs, and are appropriately flexible for jobseekers.

In order to retain the element of flexibility in the old FAS system that allowed it to respond to emerging skills shortages, a proportion of the funding would go to create a fund that all providers (public and private) could tender for in order to deliver training in designated skills shortages. Those skills shortages would be identified in annual labour market surveys.

HELPING JOBSEEKERS ACCESS TRAINING, EDUCATION & WORK EXPERIENCE

Establish 'Bridge the Gap' – A Graduate and Apprentice Work Placement Scheme

How it would work:

- A web-based brokerage service connects employers offering placements and prospective interns.
- Employers sign up to accept new graduates or apprentices for 6 month placements in their organisation (public and private sector, as well as voluntary or community organisations).
- Both parties would have to agree to code of practice – i.e. the work offered has to provide useful professional experience for the graduate; the graduate intern also has obligations to the host organisation.
- It would be a condition of participation in the scheme that an intern would not be displacing an existing employee, and measures would be put in place to prevent potential displacement.
- Participating interns would be paid at the single person's rate of Jobseeker's Allowance for the duration of the placement, plus a modest 'Cost of Work' allowance.

Our target is that 30,000 young people would move from the dole into the 'Bridge the GAP' scheme

Extend the Employer PRSI Incentive Scheme

Labour was among the first to propose a PRSI holiday for employers taking on new staff. Labour would extend the current exemption period to 18 months to incentivise employers to employ people who have been on the live register for 6 months or more.

An 'Earn and Learn' scheme

This would enable people to combine work and education and training. If an employer reduces a person's working week to three days, it should be possible to receive training and upskilling on the other two days. This could be done through a broker (i.e. a new National Employment Service, or directly through the local VEC), which would facilitate the provision of appropriate training for the remainder of the week. Participants in the scheme could be paid a pro-rata PRSI-related payment for days spent training.

Let people claim tax back to fund full-time study

People who have lost their job, and who want to return to full-time education, would be allowed to claim up to two years of their income tax back to fund that study. This is based on an existing scheme that allows people to claim tax back to invest in setting up a business.

Labour's scheme would be aimed primarily at those who are not eligible for means-tested educational benefits, and who are enrolled in an authorised institution. Payment would be subject to completion of the qualification. The number of years for which a person could claim their tax back would be limited to the duration of the course being pursued, with a maximum claim of two years.

Reduce the qualifying period for Back to Education Allowance and Back to Work Enterprise Allowance to 3 months.

In an extended economic downturn, it does not make sense that someone has to spend 9 months on the dole before being entitled to the Back to Education Allowance, and 12 months before being eligible for the Back to Work Enterprise Allowance. Instead, we will reduce the qualifying period for these allowances to three months. The condition that a person would have to have an underlying entitlement to a jobseekers' benefit would still apply.

Create 'Skills Exchanges' to tap into the wealth of work experience of those currently unemployed.

The hundreds of thousands of people currently on the dole are vast reservoir of professional experience and skills. A 'Skills Exchange' within VEC colleges, Institutes of Technology or training centres, would enable those availing of training in one field to use their previous professional experience to help train other people.

Provide 30,000 additional training places using Labour's €500m Jobs Fund

Labour has provided for 30,000 additional places across the entire education and training system, distributed in line with the recommendations of the Expert Group on Future Skills Needs on the skill requirements of the Irish labour force.

Make literacy a national priority.

According to the most recent survey of adult literacy, one in four Irish adults score at the lowest level of literacy. Limited literacy makes changing jobs, or adapting to new working practices extremely difficult. This is why it is

essential that literacy is at the forefront of any action plan to counter unemployment. This means:

- A three-fold increase in the number of places for intensive literacy and numeracy tuition.
- The incorporation of literacy and numeracy tuition into other kinds of skills training, wherever appropriate.
- A campaign specifically targeted at retired people, asking them to volunteer to become a literacy tutor.