

Labour Market Advisory Council - Minutes

Wednesday September 8th 2021 – 10:30am (Online)

In Attendance:

Minister of State for Business, Employment and Retail, Damien English.

Council Members - John Martin (Chair), Terry Corcoran, Ade Stack, Philip O’Connell, Frank Gleeson, Ger Gibbons, Kara McGann, Bríd O’Brien, Angela Smith.

Ex-Officio Members – Geraldine Hurley, Dermot Coates, Shauna Dunlop (Alternate for Andrew Brownlee), Kevin Daly (Alternate for David Hegarty).

D/SP Officials - Ailbhe Brioscú (LMAC Secretary), Jeff Dwan O’Reilly, Rory Geary, Oisín Murphy, Zana Babaiee, Stephen McGreal.

Apologies:

Andrew Brownlee, Sinéad McSweeney, David Hegarty.

1. Adoption of the Agenda

Members adopted the Agenda of the meeting.

2. Minutes of the previous meeting (May 6th 2021) and matters arising.

Members approved the Minutes of May 6th.

3. Opening remarks from Minister English

The Minister began by stating that he has been keeping up-to-date on the work of the Council and welcomes the active role the Council is taking in providing advice on the formulation of policy. In particular, he acknowledged the role of the Council in advising on the development of the now launched Pathways to Work 2021-2025 and the important role given to the Council in providing external oversight to the strategy. He added that he hopes to engage further with the Employer Engagement Sub-Group, particularly in ensuring the success of Pathways to Work and activation measures.

The Minister noted the very positive progress being made in recent weeks and months in individuals returning to work, as evidenced by significant reductions in the numbers supported by the Pandemic Unemployment Payment (PUP). However, there will still be a significant unemployment challenge to be faced, with a clearer picture likely to emerge as the remaining public health restrictions are eased and as emergency supports are unwound. In responding to

this challenge, Minister English noted the critical role to be played by Pathways to Work in paving a way forward.

4. Update on the latest labour market developments.

Geraldine Hurley and Dermot Coates introduced the paper which DSP prepared for the Council's information on the latest labour market developments.

Key points:

- As of September 7th 2021, just over 140,000 people were in receipt of the Pandemic Unemployment Payment (PUP), a huge drop from its 2021 peak in claims on February 9th.
- Sectoral dimensions:
 - 'Accommodation & Food', 'Wholesale & Retail' and 'Administrative & Support Services' are the three largest sectors on the PUP at present, accounting for almost half of total claimants.
- Long-term PUP claimants:
 - The number of persons who have been in receipt of the PUP for at least 95 percent of the weeks available has fallen from 111,000 in mid-March to close to 60,000 as of August 31st, a decline of over 46 percent.
- Post-PUP Transitions
 - An overview was provided on preliminary DSP analysis on former PUP recipient's employment transitions following their return to work. This detailed trends in returns to work; including the rate at which employees were returning to their pre-pandemic jobs and the estimated numbers changing either their pre-pandemic employer and/or sector.
 - This preliminary analysis highlighted the sectoral movements in the labour force of those who have moved from PUP into employment, with some sectors seeing net gains and losses as a result. Preliminary results indicated approximately 20,000 paid employees had been lost in the Accommodation & Food sectors as a result of these movements.
- Unemployment rate:
 - The CSO's COVID-19 adjusted unemployment rate for August 2021, which includes all those currently on PUP, was 12.4 percent – the lowest since pandemic began.
 - The standard ILO unemployment rate for August was 7.1 percent.
 - The gap of 5.3 percentage points between these estimates has sharply narrowed in the past 6 months.

Among the points raised by Members in response, included:

- Staff shortages:

- Members noted, with differing views, the concerns expressed by employers and reports in the media of labour shortages and recruitment.
- Some Members noted that the situation is likely more complex than is being portrayed by the media.
- Supply and demand-side implications:
 - The reduction in spending seen during public health restrictions will likely ease once restrictions are lifted and households begin to run down their excess savings. This will help businesses but will not likely return to pre-COVID levels initially (including due to the lack of international tourists/spenders at present). Due to this, some Members noted the need for longer supports to some sectors, in order to keep them afloat until demand is fully restored.
 - On the supply side, it was noted that some EU workers have returned to their home countries during the pandemic. As workers transition PUP to jobseeker payments, this will provide an indicator of the true extent of labour supply.
- Unwinding of EWSS:
 - Some Members highlighted that businesses remaining on EWSS are not back to full revenue and will need to be supported on an ongoing basis. Otherwise, they will need to let workers go, which would be counterproductive and should be carefully considered by Government.
 - A Council Member highlighted a possible need to introduce a mechanism to claw-back some TWSS/EWSS payments over the medium-term from viable firms.
- Wider issues:
 - While discussions around skills/labour shortages are prevalent at present, Members highlighted the need to be considerate of wider issues, including low wages and working conditions. These need to be increasingly considered going forward, particularly as temporary supports are unwound.

The Chair acknowledged that it is very good to see that DSP is expanding its capacity in these kinds of analyses, particularly in the case of the work on post-PUP transitions. The Chair also provided some additional observations and suggestions for future avenues of analysis, including additional work on trends on EWSS, exploring trends in vacancies and wages and whether patterns being seen in the reallocation of labour are more significant post-COVID than in previous cyclical upswings.

5. Research plans: Trends in employment arrangements / changing world of work.

Council Members were given the opportunity to discuss a draft research scoping paper for planned work on employment arrangements / changing world of work, having previously provided written observations on the proposal over the summer.

The Chair noted that the current plan was too detailed for a single piece of work. It was suggested to prioritise the first piece of work to focus on the trends in employment arrangements and to take the commitment under the Roadmap for Social Inclusion as the starting point: *‘Commission, with the support of the Labour Market Advisory Council, a study of trends in employment arrangements in Ireland’*.

It was agreed to move forward with the project on this basis, with other areas suggested by Members, including the changing world of work, to be explored in future research projects to be commissioned by the Council over time.

6. Update on PES developments: Launch of Pathways to Work 2021-2025 and the Work Placement Experience Programme (WPEP).

7. Pathways to Work 2021-2025: Envisaged role for the Council re: annual monitoring/reporting to the Minister for Social Protection and mid-term review (2023).

Items 6 and 7 were taken together, with an update provided by Geraldine Hurley (DSP).

Pathways to Work 2021-2025 was launched by the Taoiseach and Ministers Humphreys, Harris and English on July 12th. This is Government’s employment services strategy, which sets out the strategy for activation support measures on a cross-Government basis. While the strategy focusses on economic recovery from the COVID-19 pandemic, it also has a wider focus on improving labour market outcomes for all, including those who are underemployed, unemployed pre-COVID or facing additional challenges.

The strategy sets out 83 commitments on a cross-Government basis, with focus now turning to ensuring they are delivered effectively. The Council was provided an overview of the monitoring process and associated structures to assist this process.

External governance will be central to this monitoring, which will be provided by the Council, as set out in Pathways to Work and in the Council’s Terms of Reference. This will include the preparation of an annual report by the Secretariat setting out progress under Commitments and Key Performance Indicators. This draft report will be delivered to the Council, with the Council preparing commentary of their views, which will then be submitted to the Minister for Social Protection.

In addition to this, the Council and its sub-groups will also play a key role in delivering other commitments set out under Pathways to Work including in developing a new employer relations strategy.

Some Members indicated their strong preference for the Council to take an active monitoring / oversight role and how this should be carried out.

A Member also highlighted the need for sufficient resources to assist the Council in fulfilling its oversight role. The Council was advised that, since the last meeting of the Council, the Secretariat team had expanded in size.

8. Update from Sub-Groups (Employer Engagement).

Frank Gleeson (Chair of the Employer Engagement Sub-Group) advised he will give a more detailed update at the next meeting.

One of the Members underlined the importance of the full Council continuing to receive regular updates on the work of the Group – which was agreed.

9. AOB and Date of Next Meeting

The Chair gave Philip O’Connell the opportunity to speak to Members on his proposal for adding a youth representative to the Council. Philip highlighted the significant impact of the COVID-19 pandemic faced by this cohort and the potential difficulties to be faced by new entrants to the labour market. Given this, it is Philip’s view that young persons should therefore be represented on the Council’s membership. There was consensus among Members on this issue. The Chair advised he would write to the Minister setting out the views of the Council on the matter.

Action Points

LMAC Secretariat:

- Circulate document setting out commitments and KPIs under Pathways to Work to all Members.