

Labour Market Advisory Council - Minutes

Thursday, December 9th, 2021 – 13:00 (Online)

In Attendance:

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

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

Ex-Officio Members – Geraldine Hurley (DSP), Roshin Sen (DSP), Andrew Brownlee (SOLAS), David Hegarty (DETE), Mary McGarry (alternate for William Beausang, DFHERIS), Cathal McDermott (alternate for Jasmina Behan, DPER).

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

Apologies:

Ade Stack.

1. Adoption of the Agenda

Members adopted the Agenda of the meeting.

The Chair noted the departure of Dermot Coates (ex-officio Council member) and Ailbhe Brioscú (Secretary), thanked them for their service to the Council, and wished them well in their new roles. Roshin Sen from DSP has replaced Dermot Coates on the Council and Jeff Dwan O’Reilly will act as interim Secretary.

Geraldine Hurley also informed the Council that DSP was undergoing an internal restructuring and as a result, Niall Egan will be taking over her role on the Council going forward.

2. Minutes of the previous meeting (September 8th 2021) and matters arising.

Members approved the Minutes.

3. Opening remarks from Minister English

The Minister noted the very positive labour market developments in recent weeks, with a strong rebound in employment across all sectors and a consequent sharp decline in unemployment rates – particularly among young people. However, he also noted that significant challenges and risks to further recovery remain, chief among these the evolving COVID-19 situation which continues to be very unpredictable on account of the new *Omicron* variant. As such, a clear picture of the full impact of COVID-19 on the Irish economy would only likely emerge

in mid-2022 as the remaining public health restrictions are eased and emergency supports gradually unwound.

The Minister also stated that he had a very useful meeting with the Employer Engagement sub-group in November on the issue of labour and skill shortages reported in some sectors. While acutely aware of the challenge this poses, the Minister emphasised that these issues were not unique to Ireland and that employers should seek to recruit from the available pool of jobseekers here in Ireland, as well as across Europe. The Minister acknowledged that effective communication and messaging around supports for employers by Government was essential to their take-up.

4. Update on the latest labour market developments.

Roshin Sen introduced a number of papers which DSP had prepared for the Council's information, including on the latest developments in the labour market, trends in post-PUP transitions to employment and trends in young PUP recipients.

Key points (*Labour Market Developments Paper*):

- The Irish economy continues to operate in a very dynamic environment as a result of the COVID-19 pandemic, as evidenced by Government's decision to implement further public health restrictions and consequently, reopen the PUP on December 3rd for affected workers. Prior to this, labour market developments had been very positive.
- As of November 30th, 2021, 54,800 individuals were in receipt of the PUP, with a further 275,000 employees supported by EWSS. Numbers supported by these schemes continued to decline steadily month-on-month.
- The Live Register has remained relatively flat at just under 165,000 since late September, despite transitions from the PUP.
- Sectoral dimensions:
 - 'Wholesale & Retail trade' and 'Accommodation & Food' remain the two largest sectors on the PUP at present with the 'Accommodation & Food' sector also by far the most reliant on EWSS, with nearly two-thirds of employees supported.
- Unemployment rate:
 - The CSO's COVID-19 adjusted unemployment rate for November 2021, was 6.9 percent – the lowest since the pandemic began.
 - The standard ILO unemployment rate for November was 5.2 percent.
- Labour Force Survey results (Q3 2021):
 - The Irish labour force was estimated to be 2.62 million – the highest level in the history of the State. The labour force participation rate of 65.1 percent in Q3 2021 is the highest rate recorded since Q4 2008. Notable increases were observed in the participation rates of women and older workers.

- Average weekly earnings were 9 percent higher in Q3 2021 for all sectors in comparison to Q3 2019, a faster rate of increase in earnings than pre-pandemic, although compositional effects arising from the pandemic may be biasing this trend.
- Job Vacancy Rates (JVR)
 - Available vacancy data from the CSO suggests an extremely high demand for workers. Reported vacancies at the end of Q3 2021 are the highest recorded figure in the series and are 72 percent higher than the pre-pandemic level at the end of Q3 2019, particularly in the sectors of administration & services and construction.

Key points (*PUP Employment Transitions Paper*):

- Among former PUP recipients who had returned to work:
 - 62 percent returned to their former employer post-PUP.
 - 38 percent of people moved to work with a different employer – the majority of these (68 percent) in a different sector than that in which they worked immediately prior to opening their PUP claim.
- This analysis also 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.
 - those sectors most impacted by restrictions, e.g. ‘Arts’ and ‘Accommodation & Food’ saw lower numbers of former employees returning to work in those sectors.

Key points (*Trends in youth unemployment and young PUP recipients*):

- Increases in unemployment rates and numbers on the PUP were sharpest for young people (those under 25 years of age) over the course of the pandemic.
 - The CSO’s COVID-19 adjusted youth unemployment rate reached almost 70 percent in May 2020. The standard ILO rate at that time was 18 percent.
 - In recent months, however, there has been a sharp reduction in the COVID-19 adjusted youth unemployment rate, which stood at 10.2 percent in November 2021. The standard ILO rate was then 9 percent, lower than the pre-pandemic level.

Among the points raised by Members in response, included:

- Council members welcomed the very positive labour market developments, with recovery in employment progressing faster than many would have expected just a few months ago.
- Moreover, evidence of improvements in a number of key labour market indicators such as labour market participation among women were particularly welcome.
- It was noted that this sharp labour market recovery is not unique to Ireland.
- PUP transitions to employment and the Live Register:

- Several members noted that a large proportion of former PUP recipients back in employment were now employed in EWSS-supported jobs.
- The Chair also drew attention to the point that the PUP seems to have functioned much like the EWSS in retaining the employer-employee link.
- Staff shortages and vacancy rates:
 - Members noted, with differing views, the concerns expressed by employers and reports in the media of labour shortages and recruitment.
 - In particular, some members raised the potential impact these shortages were likely to have on increasing wage levels and consequent costs for employers as well as wider inflationary pressures.
 - Several members called for recent job vacancy trends in Ireland to be compared with those in other EU countries.
 - To help address skill shortages, one member suggested that the Public Employment Service (PES) should focus attention on appropriately matching all individuals seeking employment to available job opportunities, rather than on increasing take-up of activation programmes, such as the WPEP. In doing so, the PES should be actively referring jobseekers to the necessary skill training courses that are currently preventing them from taking up employment opportunities.
- Evaluating the youth labour market:
 - In relation to the paper on youth unemployment, Council members highlighted the need to place greater emphasis on Ireland's youth NEET rate (those not in employment, education or training), which increased sharply in 2020.
 - The Chair suggested that the ratio of youth to adult unemployment rate can be a preferable indicator and, in the current situation, indicates that the Irish youth labour market is in relatively good condition.

5. Update from LMAC Sub-Groups.

Frank Gleeson (Chair of the Employer Engagement Sub-Group) summarised the discussions and actions emerging from the most recent meeting of sub-group on November 24th. Among the issues discussed;

- The current tightness of the labour market – both in Ireland and internationally – making it very challenging for employers to hire staff in all sectors.
- Although sub-group members recognised the imperative to fill vacancies first with Live Register and PUP recipients, there was also a discussion on looking further afield and securing the relevant work permits to hire additional labour from abroad.
- Sub-group members and employers are committed to championing and publicising the employment supports run by the State, many of which are unknown to employers or are perceived to be administratively burdensome.

Responding to a query around the overall role of the Employer Engagement Sub-Group, the Sub-Group Chair stated that while to date the group had largely discussed short-term disruptive

issues facing employers, that, as meetings progress, the group's attention would shift to addressing longer-term issues, such as how to best support the implementation of the Pathways to Work commitments.

One Council member cautioned against using the term 'low skilled' work associated with some sectors of the economy as it can act as a disincentive to entering into the sector. Rather, these jobs should be presented as viable career pathways with opportunities for progression rather than transitory and uncertain. The Sub-Group Chair agreed that championing stories of individual development within these sectors to encourage engagement and recruitment is something the sub-group would consider.

The Chair asked the sub-group to discuss at a future meeting the low take-up of the WPEP to date and whether they could provide any insight as to why this has been the case. The Chair also asked whether they could make any recommendations as to how to improve the schemes attractiveness both among employers or potential candidates.

Philip O'Connell (Chair of the Evaluation Sub-Group) noted that the group is awaiting updates from the DSP on two specific work streams.

1. Joint evaluation between the DSP-JRC/EU Commission-OECD of the Community Employment (CE) programme.
2. Development of a Work and Welfare Longitudinal Database (WWLD) within the DSP.

The Sub-group Chair expects to be able to provide more detailed updates on each of these items at the Council's next meeting in early 2022.

Responding to a request from the Chair, Roshin Sen agreed to circulate a brief note to Council members on the ongoing development of the WWLD, for their information.

6. Update on research plans: Trends in employment arrangements.

Roshin Sen provided Council members with an update on ongoing research plans around trends in employment arrangements as well as a request for their views on proposed next steps. The plan proposed involved undertaking three main components of research:

1. A detailed examination of trends in employment arrangements in Ireland, to be undertaken by the Skills and Labour Market Research Unit (SLMRU) of SOLAS in Q1 2022.
2. An examination of the literature around the prevalence of non-standard employment in Ireland to be undertaken by the DSP in Q1 2022.
3. Present these papers to the Evaluation sub-group who could then examine whether it would be useful to commission independent research.

Council members welcomed the proposed approach, agreeing that it was sensible to first get a clear sense of the existing situation and what work has already been conducted on the topic before commissioning further research.

7. Update on Council Membership.

Geraldine Hurley informed Members that the Minister of Social Protection would shortly be inviting two new members to join the Council in 2022.

8. Update on PES developments: Overview of Pathways to Work 2021-2025 implementation and setting of inter-Departmental monitoring framework.

Roshin Sen informed the Council that a ‘High-Level Group’ consisting of colleagues from the DSP, the Department of Further and Higher Education, Research, Innovation and Science (DFHERIS) and the Department of Children, Equality, Diversity, Integration and Youth (DCEDIY) has been established to monitor, on a quarterly basis, the implementation of all interdepartmental commitments relevant to those departments. All commitments for which DSP is responsible for have been assigned a relevant Assistant Secretary and Principal Officer, with a steering group to be set up shortly.

The first set of updates from business areas (end-2021) will be requested shortly and once all responses have been received, this will be submitted to the Council for review and comment, in the form of the reporting template circulated.

Following this update, DSP officials clarified some queries raised by Council members around specific commitments outlined in the Pathways to Work strategy, including plans to refine the existing ‘probability of exit from unemployment’ (PEX) model for jobseekers; and the future of the Regional Employment Service model and its impact on those working in existing local employment services.

The Chair noted that it might be useful to have another Council discussion in the future on the Regional Employment Service procurement process when it is further towards completion. Additionally, the Chair requested that the ESRI report on the updated PEX model be circulated to the Evaluation sub-group for their comment, once available.

9. The Commission on Taxation and Welfare’s public consultation.

A very short presentation on the Commission on Taxation and Welfare’s public consultation was provided by Roshin Sen. The question posed by the Chair to Council members was whether they would like to respond to this consultation in one consolidated Council response, or whether they would prefer to respond on an individual basis. Members agreed that it would likely prove too difficult for the Council to reach a consensus, given the wide-ranging views of the Council’s membership. Many members indicated that they were already engaged in preparing their own submissions.

The Chair suggested that it might be useful for the Council to attend the stakeholder forum in the new year, as well as to review and comment on the relevant parts of the future report being prepared by the Commission. Council members agreed with this suggestion.

10. AOB

Andrew Brownlee informed the group that the DFHERIS had commissioned the OECD to conduct a review of Ireland's national skills policy, overseen by the National Skills Council (NSC). It was suggested that the Council might wish to formally engage with this review and meet with the OECD as part of a consultation process in the first half of 2022. The Chair agreed to table a further discussion on this topic at the next meeting.

Action Points

LMAC Secretariat:

- To circulate a brief note to Council members on the ongoing development of the new Work and Welfare Longitudinal Database, once available.
- To circulate the ESRI report on the updated PEX model to the Evaluation sub-group for their comment, once available.
- Engage with the Commission on Taxation and Welfare to indicate the Council's desire to partake in its stakeholder forum in the new year.

LMAC Employer Sub-group:

- Discuss why there has been less than anticipated take-up of WPEP places among employers and whether the sub-group has any recommendations as to how to improve the scheme's attractiveness both among employers and potential candidates.