

Labour Market Advisory Council - Minutes

Wednesday, October 19th, 2022 – 10:00 (Hybrid)

In Attendance -

Minister for Social Protection, Heather Humphreys TD.

Council Members - John Martin (Chair), Philip O’Connell, Frank Gleeson, Ger Gibbons, Kara McGann, Marie-Claire McAleer, Bríd O’Brien.

Ex-Officio Members – Niall Egan, Roshin Sen, David Hegarty, Andrew Brownlee, Nigel Clarke (alternate for John Shaw), Jenny Connors (alternate for Jasmina Behan).

D/SP Officials - Rory Geary, Zana Babaiee, Stephen McGreal, Elaine Bird, Annette Conroy.

Apologies -

Frank Gleeson, Angela Smyth, Terry Corcoran, Anne Heraty

1. Adoption of the agenda and matters arising

Members adopted the agenda of the meeting.

2. Minutes of the previous meeting (June 29th, 2022)

Members approved the minutes of the previous meeting.

3. Opening remarks from Minister Humphreys

- The Minister thanked the Council for their work in producing the first annual progress report on Pathways to Work. She gave an overview of the current labour market context noting:
 - 2.55 million people are in employment, the highest number on record.
 - The employment rate of 73.5 per cent in Q2 2022 is also at a record high.
 - The latest monthly unemployment rate in September is 4.3 percent, below pre-pandemic levels.
- Overall labour market indicators remain strong despite the global challenges including inflation and the ongoing war in Ukraine. The Minister noted that inflation is a significant challenge for many families and her priority as Minister is to protect the most vulnerable.
- The Minister discussed Budget 2023 noting that it was the biggest Social Protection budget in history and included lump-sum payments and 12 euro across-the-board increases in key income support schemes. The ESRI’s post-Budget analysis found that the package of measures introduced by Government, including the one-off cost of living measures, will be effective in protecting households from the significant impact of inflation.

- Regarding the Pathways to Work progress report, the Minister commented that 46 commitments are on schedule or delivered. While delivery is behind schedule on 12 commitments, half of these are due to a strong labour market reducing demand for employment supports.
- The Minister welcomed the report's recommendation of deepening linkages between the Department of Social Protection and the Department of Enterprise, Trade and Employment and its agencies. The Minister also noted that the LMAC Employer Relations Sub-group has an important role to play in raising awareness of available supports.
- The Minister told the Council that she is particularly keen to help people who have been out of the labour market for some time to return to work and asked how this group of people can be identified and supported in their search for work.
- The Minister requested that the Council, in the context of the Mid-Term Review of the Pathways strategy in 2023, examine the appropriateness and relevance of the KPIs, given the changing labour market context.

In response to the Minister's comments, Council members noted:

- the importance of ensuring that people can use the Public Employment Service regardless of circumstances is crucial.
- in a tight labour market, there is opportunity to reach out to the most disadvantaged.
- that labour market returners should not be thought of as a homogenous group – some will benefit from remote working possibilities while this will be less suitable for those with different skillsets and sectoral experience.
- Ibec is working with the Department of Social Protection to create a campaign to support returners.

The Chair welcomed focused support on people with disabilities and mental health challenges, noting that OECD countries have found it difficult to support people with mental health challenges.

4. Update from LMAC Sub-Groups.

On behalf of the Employer Relations Sub-Group, the Council was informed that;

- The group welcomed the Department's strategy to enhance cooperation with employers and suggested that it could be developed further by communicating individual stories.
- The group had discussed challenges in bringing in immigrant workers.
- There is a need to focus on disadvantaged groups, including those with disabilities.
- There are over 8,000 individuals who entered Ireland under the EU's Temporary Protection Directive in work. English language skills are beginning to prove challenging for some remaining members of this group who wish to work.

In response, Council members provided a number of comments:

- It is useful to get the views of employers on how they see the Public Employment Service working.
- In relation to immigrant workers, labour shortage challenges cannot be entirely solved by issuing more work permits. There are complex challenges of other societal factors including low pay.

The Evaluation Sub-Group provided the following updates¹:

- Pathways to Work KPI 16 (the target of moving 75,000 Long-Term Unemployed people into employment) is a complex indicator:
 - Given that it includes PUP recipients, the target has been surpassed.
 - The subgroup noted that the indicator does not include reference to sustainable employment or self-employment and suggested revising the indicator in the mid-term review.
- On the Community Employment and TÚS Evaluation:
 - The Department of Social Protection has noted that the Data Protection Impact Assessment has been completed.
 - The OECD/JRC research team have visited Ireland to meet CE participants and sponsoring organisations.
 - The sub-group would like to see the evaluation dataset maintained for future research purposes, although there will be challenges with data protection rules.
- On the general programme of future evaluations:
 - The sub-group believe it would be useful to produce a paper on the plan for future evaluations. The sub-group also suggested that ongoing and more frequent monitoring of employment programmes with less sophisticated methods also adds value.
- In relation to the research programme on employment arrangements in Ireland:
 - DSP is producing a tender to carry out the research.
 - The sub-group has recommended narrowing the proposal to specific questions.

5. Update on the latest labour market developments and future of COVID-19 related supports.

DSP provided the following update on the Irish labour market:

- The labour market continues to perform strongly despite international economic uncertainty.
- The Live Register, which as of 9 October stood at 180,837, has seen substantial variation in recent months primarily because of normal seasonal variation associated with increases in the Education sector over the summer months. Additionally, there are some 16,514 Live Register claimants who arrived from Ukraine under the EU's Temporary Protection Directive.

¹ Minutes of the Evaluation sub-group were circulated to Council members.

- In terms of the ongoing impact on the Live Register of the cessation of pandemic-related supports, as of 9 October, there are 15,230 people who transitioned from the PUP. As of 2 October, there are around 4,400 former EWSS supported employees who joined the Live Register within two months of receiving an EWSS supported payslip. This analysis does not indicate that the closure of the scheme was associated with an immediate significant impact on the labour market.
- Seasonally adjusted employment figures from the CSO's Q2 2022 Labour Force Survey indicate employment is now above 2.55 million, an 11 percent increase compared to Q2 2019 pre-pandemic levels, and a 1.9 percent increase compared to Q1 2022. This is highest number of people in employment and the highest employment rate (73.5%) since the series began in 1998.
- The CSO's September Monthly Unemployment Release finds that the unemployment rate remains low at 4.3 percent and 12.4 percent for those aged under 25.
- The overall participation rate for all persons over 15 years of age is also strong, exceeding pre-pandemic levels, at 65.3 percent in Q2 2022.
- Going forward, economic challenges include the continuing war in Ukraine and its impact on energy and commodity prices, slowing economic activity in Ireland's major trading partners and the effects of monetary tightening to rein in inflationary pressures.
- As part of the Budget 2023, the Department of Finance projects the unemployment rate to increase slightly to 4.9 percent in Q4 2022 and to average 5.1 percent in 2023.

In response, Council members provided the following comments:

- In relation to the observed lower Live Register exit rates of former PUP recipients compared to short term claimants, the Chair noted that the difference would likely reduce if other characteristics were controlled for.
- Interpreting the official Potential Additional Labour Force in Ireland is difficult as it is a concept more applicable to a closed economy, while Ireland experiences high levels of migration.
- The Chair said he was somewhat surprised by how low the ESRI and Central Bank projections for unemployment are and suggested that a Beveridge curve for Ireland would be welcome in the next report.
- It was noted that when ICTU met the European Commission's DG Employment, ICTU stated during these discussions that the employment targets for Ireland are not ambitious enough.
- There is a potential for idiosyncratic issues such as large multinational companies pulling out of Ireland. It would be interesting to understand the granular drivers of the huge increase in employment in the IT sector in recent years.
- The Chair commented that a recent OECD economic outlook shows that lower employment in Admin & services may be due to new outsourcing structures in place.
- Two sectors that haven't yet recovered to pre-pandemic employment levels are Accommodation & Food and Administrative & Support Services. Employers may need to look at their offerings in these sectors.

People Arriving Under the TPD

- Ukrainian entrants to the labour market are majority female with high formal education qualifications. There are issues with the recognition of prior learning, in common with other EU members states.
- 12,347 Ukrainians are being supported by the FET system. Mainly English language training but many are also enrolling in upskilling courses. There is a strong demand for training opportunities from the cohort.
- It was noted that the quality of information published on Ukrainian beneficiaries of temporary protection by the CSO and DSP was high.

6. Presentation on Blended Employment Service Delivery

DSP gave a presentation (slide deck circulated to members) to the Council on utilising the online delivery service MyWelfare.ie.

Two projects are being progressed in this area;

1. Digital Pathways to Work (DPtW) – Supporting activation employment services.
2. Timify - Scheduling and video conferencing technology in the Department.

At the end of the presentation a discussion ensued, and the following was noted;

- Members welcomed digitalisation being implemented across Government and pointed out the potential to reach more people.
- The Chair asked if the ultimate goal is to deliver a more cost-effective employment service?
 - DSP noted that the core goal is to enhance services, not to substitute digital services in place of existing services.
 - The purpose is to improve customer services and enhance the reach and ability to deliver employment services on a more regular basis. .
- It was noted that the Netherlands and Estonia have moved very strongly in the digital direction. Face-to-face interactions are uncommon in their systems, with people profiled by their ex-ante probability of exiting unemployment.
 - DSP highlighted that the intention is not to follow a digital-first approach in Ireland. People are asked whether they want to avail of the service so those with low digital skills are not required to participate.
- More than 70 percent of interaction with MyWelfare is on mobile devices. All services are optimised for mobiles.
- It was asked if there is feedback from people with low digital skills. DSP noted that intensive customer testing is done on all new digital services, where feedback is taken on board and the Department reviews the effectiveness of the service on an ongoing basis.

7. Note on Commission on Taxation and Welfare proposals relevant to Pathways to Work

This item was not discussed due to time constraints.

8. Proposal on the Mid-Term Review of Pathways to Work (PtW)

DSP noted that there is a commitment in PtW that a mid-term review of the strategy be carried out in 2023. The reason for its inclusion in the strategy was the awareness of the uncertain labour market environment in which the strategy was launched in July 2021.

The main outputs of the review are expected to be;

- a review of progress made in implementing the strategy.
- reviewing existing commitments given the changing labour market circumstances.
- reviewing Key Performance Indicators and assessing the relevance of each indicator. The Evaluation Subgroup is expected to lead on this.
- a public consultation will be launched in January to receive feedback.

In response, members mentioned the following:

- Now is a good opportunity to address more structural challenges in the labour market which are often deprioritised.
- DETE is currently conducting a review of enterprise policy with a view to a White Paper in December and happy to work with DSP on this.
- A member enquired if we will be in a position to use WWLD for indicators at this stage. DSP noted WWLD likely won't be ready, but the Department will be able to access all data sources for KPIs.
- The Chair suggested that the Council should be able to input into the list of stakeholders who will be notified when the public consultation is launched. He suggested that all KPIs should be reviewed with the help of the Evaluation subgroup, including suggesting new indicators.
- The importance of allowing sufficient time for responses to the public consultation was also pointed out.

9. AOB

Chair to discuss date of next meeting with secretariat.