

Labour Market Advisory Council

Wednesday, 10th May 2023

Fitzwilliam Hotel, Dublin 2

- **In Attendance -**

- Minister for Social Protection, Heather Humphreys T.D., Minister of State with special responsibility for Employment Affairs and Retail Business, Neale Richmond T.D, Pauric McPhillips (Adviser to MSP), Fiona Campbell (Adviser to MoS).
- **Council Members** - John Martin (Chair), Philip O'Connell, Frank Gleeson, Ger Gibbons, Kara McGann, Bríd O'Brien, Terry Corcoran, Paul Gordon.
- **Ex-Officio Members** – Niall Egan, Roshin Sen, Linda Kane (alternate for David Hegarty), Andrew Brownlee, Nigel Clarke (alternate for John Shaw), Robert Scott (alternate for Jasmina Behan), Sarah Rochford (alternate for William Beausang).
- **D/SP Officials** – Fiona Ward, Stephen McGreal, Maria Wrobel, Fintan Roche, Niall Hickey, Zana Babaiee, Louise Kavanagh (Secretary).

- **Apologies -**

- Anne Heraty, Angela Smith

1. Adoption of the agenda and matters arising and approval of the Minutes of the previous meeting (January 26th, 2023)

- Members adopted the agenda of the meeting.
- Members approved the minutes of the previous meeting with no amendments.

2. Opening remarks from Minister Humphreys

She began by welcoming:

- Minister of State Neale Richmond to his first Council meeting.
- Paul Gordon (Director of Policy and Advocacy at the National Youth Council as a new member of the Council. The Minister re-iterated the importance of hearing the views of young people in the labour market.
- The Minister noted the strong labour market performance, with the latest CSO figures for Q4, 2022 reporting 2.57 million people in employment, the highest on record since the beginning of the series, and the monthly unemployment rate for April, at 3.9 per cent, the lowest recorded level since 2001.

- In relation to the mid-term review of the strategy, the Minister emphasised the importance of the strategy remaining relevant to the current labour market context and appropriately addressing longer-term challenges arising from digitalisation, the green transition, and an ageing population. New and revised commitments will ensure that the Government takes appropriate action to deal with these challenges.
- The strategy (under Strand 4) also needs to continue to support those who face labour market disadvantage – not everyone has benefited from the current record high levels of employment and some jobseekers will require additional support from the Public Employment Service to enter the labour market.
- The Minister thanked the Evaluation Sub-Group for their work to date on reviewing the strategy’s key performance indicators (KPIs).
- The Minister also thanked the Council for making a submission to the Pay-Related Benefit consultation process and provided an update on the key findings from that process.

3. Update on the latest labour market developments

Zana Babaiee from the Labour Market Analytics Unit in DSP highlighted the following key points on the Irish labour market, building on the update provided by the Minister:

- The Live Register comprised 180,208 claimants as of 23rd April 2023. This figure included 23,114 Beneficiaries of Temporary Protection from Ukraine. Excluding BOTPs, the Live Register total was 157,094, markedly lower than pre-pandemic levels.
- Aggregate hours worked per week increased very slightly in Q4 2022 compared to Q3 2022, by 0.4 percent. Total hours worked per week remained 3 percent below the post-pandemic peak, observed in Q2 2022.
- The seasonally adjusted labour force participation rate fell for a third consecutive quarter in Q4 2022 to 64.5 percent, a fall of 0.6 percent from the post-Covid peak of 65.1 percent in Q1 2022.
- Other possible structural changes are evident in the Irish labour market in Q4 2022 when compared to Q4 2019. The number of employed people who identify their principal economic status as ‘student’ increased by 37 percent between Q4 2019 and Q4 2022, reaching 134,000 people.

- In addition, the share of non-Irish citizens in the labour force has rapidly expanded in size, from 16.8 percent in Q4 2019 to 19.2 percent in Q4 2022, overwhelmingly driven by non-Irish citizens entering employment.
- The number of foreign workers joining the labour force has risen markedly in recent years, reaching 183,700 by Q4 2022 and this is reflected in the substantially higher number of work permits issued, particularly for sectors such as health & social work, and ICT.
- Broader domestic and international trends point to a modest slowing of economic activity in 2023. However, at present, Ireland's labour market is expected to remain strong throughout the year.

In response, Council members provided the following comments:

- Significant barriers to employment remain for certain groups, such as people not in receipt of income supports, and people with disabilities. Non-nationals can have difficulty getting recognition of prior learning and qualifications obtained abroad.
- Inclusive developmental work is needed for the long-term unemployed. Pathways to Work and the Roadmap for Social Inclusion must work in tandem on providing holistic supports to address the wide range of barriers to work facing this group.
- The Council welcomed the reference to the European Pillar of Social Rights. However, it was noted that Ireland's economic strength should be measured against other top-performing open-market economies and not compared solely to the average performance across the EU.
- NEETs are a cohort that require more focus, and emphasis should be on foreign-born people, who tend to have a higher NEET rate.
- A focus on job quality and greater consideration of earnings is needed. Ireland has the highest work stress levels in the EU and 100,000 people are underemployed. The link between low pay and productivity also needs further analysis.
- Inflation and energy costs continue to be a problem for employers, especially for SMEs.
- Recruitment in the tech industry has begun to slow down.
- The hospitality sector is seeing fluctuations in recruitment – while larger hotels are doing well, restaurants are not necessarily experiencing the same levels of growth.
- Employers remain committed to supporting youth employment measures.

- Further Education and Training has recovered well from the pandemic with 188,000 unique FET learners, 20,000 e-learners and 8,000 newly registered apprentices last year. Additionally, 21,000 completed the Skills to Compete module in 2022.
- The Further Education and Training (FET) Systems Annual Progress Report 2022 was published in April and will be circulated to the Council. DFHERIS will continue to work with DSP to develop approaches to stimulate FET and place a greater focus on digital employability.
- FET is working positively for Lone Parents, Young People and Older People. It was noted that older workers and persons with a disability often have a preference for in-person training and this will continue to be accommodated.
- There has been a large increase in the number of people combining employment with FET, which warrants further analysis.
- It was suggested that payroll data from Revenue (highlighting the differences with the Labour Force Survey across sectors) could be incorporated into the Labour Market Update paper.
- A large increase in older workers across Europe was noted. Further analysis would help establish whether this is due mainly to longer retention of older people in jobs or new recruitment of older workers.
- The landscape of work is evolving rapidly with the growth of blended working and the spread of Artificial Intelligence (AI) and machine learning. The OECD has completed several reports on the impact of AI on the labour market and the Chair will ask the OECD to provide a presentation on their findings to a future meeting of the Council.
- Some of the labour market challenges Ireland faces in terms of a tightening of labour supply are testament to economic success. Ireland is now a standout among EU countries in terms of the steep decline in the NEET rate.
- Increasing employment opportunities for the Traveller/Roma community is a major challenge that needs to be addressed. It was suggested that the Council secretariat approach researchers and key NGOs dealing with these communities with a view to a presentation at a future Council meeting on how these challenges might best be addressed.

4. Update from the LMAC Sub-Groups

The Chair of the Employer Relations Sub-Group updated the Council on their ongoing work:

- A new member is needed to fill a vacancy on the Group.
- “Champion” companies are needed to promote the recruitment of people with disabilities.
- The Group is committed to relaunching the Youth Employment Charter this year.
- The work permit situation has improved but a greater effort is needed to successfully integrate Ukrainian nationals and older people into the workforce.
- Government financial investment during the pandemic has played a crucial role in the strong position of employers’ post-pandemic.

The Chair of the Evaluation Sub-Group noted that:

- Work is ongoing to review the adequacy of the existing KPIs and identify potential new targets.
- Shauna Dunlop will present to the evaluation sub-group on ongoing SOLAS evaluations of FET programmes.
- The counterfactual review of the State employment programmes is progressing. The OECD, DSP and JRC will present their findings to the sub-group next week on Community Employment, Tus, and the sequencing of programmes respectively.
- Work on a review of the Back-to-Work Family Dividend scheme will commence shortly.

5. Update on the Mid-Term Review of *Pathways to Work 2021-2025*

On the Mid-Term Review, three items were discussed: (i) the key findings from the public consultation process; (ii) an update on the review of the KPIs; and (iii) the draft structure of the report.

DSP presented on the key findings from the Public Consultation. 21 submissions were received from 19 representative organisations. Key feedback included the need for specific commitments for under-represented groups, case officer training, and addressing barriers to work such as childcare and English-language training.

The Council responded with the following comments:

- The Chair asked that the specific recommendations that were referred to in the DSP presentation be circulated for their consideration.
- People facing multiple barriers to work can drift into long-term unemployment so there needs to be a multi-agency approach to utilise a wider range of non-job supports.
- DFHERIS advised that the Community Education Framework is currently being developed and it was suggested that it would be useful to follow up with DSP employer services in relation to its implementation.

DSP then presented on the ongoing work by the Evaluation Sub-Group to review the KPIs.

The Council responded with the following comments:

- A new KPI to measure customer satisfaction with Intreo services is recommended.
- Guidance on thresholds is needed and a decision should be made by the Council on this.
- KPI 19 to increase employment levels for persons with a disability, may need to be revised as part of the Mid-Term Review once the latest CSO data are available.

DSP presented on the proposed structure of the Pathways to Work Mid-Term Review and Council members were invited to provide feedback.

The following suggestions were made:

- The inclusion of a comprehensive executive summary is vital.
- It was suggested that the use of the 'Traffic Light' rating system may not be helpful. However, other Council members highlighted the merit of using the 'Traffic Light' rating system, noting that its use increases accountability.
- Reporting on each of the 83 commitments was deemed excessive. However, it was also noted that commitments are statements of policy and require accountability on implementation.

- It was suggested that the mid-term review should include an annex of organisations that participated in the public consultation.
- A summary of the proposed KPI changes should be included as an annex.

6. AOB

- A presentation on the OECD Skills Strategy will be arranged for the next meeting.
- The Chair will arrange the date for the next LMAC meeting with the Council secretariat and this will be circulated in due course.

Action Points

- Secretariat to circulate the FET Annual Progress Report and OECD Skills Strategy.
- Secretariat to circulate a summary of specific recommendations received during the consultation process.
- Secretariat to arrange a presentation of the OECD Skills Strategy for Ireland for the next meeting.
- Secretariat to arrange for a presentation at a future Council meeting by researchers and key NGOs on the barriers to employment facing the Traveller/Roma community.
- Chair to invite the OECD to make a presentation to the Council on its work on the impact of AI on the labour market.