

Labour Market Advisory Council
Wednesday, 17th April 2024
Anne Vaughan Room, AMD

• **In Attendance -**

- Council Members - John Martin (Chair), Philip O’Connell, Ger Gibbons, Bríd O’Brien, Terry Corcoran, Kara McGann,
- Ex-Officio Members – Niall Egan, Roshin Sen, Fiona Ward, Linda Kane (alternate for Gary Tobin), Nigel Clarke (alternate for John Shaw), Robert Scott (alternate for Jasmina Behan),
- D/SP Officials – Louise Kavanagh (Secretary), James Carr, Maria Wrobel, Fintan Roche, Duran Marques, Anthony Jordan,
- For Agenda item 5 [hybrid attendance]: Hugh Cronin (DSP), Tony Kieran and Shane Reynolds (DSP – responsibility for employment programmes), Stewart Butler (OCED), Fabio Berton and Sara Flisi (EC Joint Research Centre).

• **Apologies -**

- Minister Heather Humphreys, Minister Emer Higgins, Andrew Brownlee, Frank Gleeson, Gary Tobin, Paul Gordon, John Shaw, Jasmina Behan.

1. Adoption of the Agenda and Approval of Minutes from 13th December meeting.

- Members adopted the agenda of the meeting.
- Draft minutes from the previous meeting (13th December) and revised minutes (27th September) were agreed.

2. Opening Comments from the Chair.

- The Chair thanked Paul Gordon, former Director of Policy and Advocacy at the National Youth Council of Ireland (NYCI), for his valuable contribution to the Council and wished him well in his new role.
- Given the need to retain the voice of young people on the Council, the Chair noted that it would be welcome if Minister Humphreys would consider inviting the NYCI to nominate a replacement representative.
- The Chair sought an update of when the Mid-Term Review and the updated Pathways to Work strategy would be published.

3. Opening remarks from Niall Egan, Assistant Secretary DSP.

- On behalf of Minister Humphreys, Niall:
 - Conveyed thanks to the Council for their considerable effort in finalising the Mid-Term Review of Pathways to Work. The Review is key to ensuring that Government policy continues to respond effectively to current and upcoming labour market challenges.
 - Advised that the Minister will shortly submit the Mid-Term Review and an updated strategy of commitments to Government for their consideration.

- Welcomed the recent publication of *Connecting People with Jobs: Impact Evaluation of Ireland's Active Labour Market Policies* undertaken by the OECD, the European Commission's Joint Research Centre and DSP economists. The Minister is a great supporter of Community Employment and Tús and it is encouraging that the report finds a positive impact of both programmes on employment outcomes.
- Thanked the Council for their submission to the consultation process on the Green Paper for Disability Reform. Due to feedback received during the consultation period, the Government has decided not to proceed with the Green Paper. The feedback will instead be used to inform the broader review of disability supports and services initiated by the Taoiseach under the auspices of the new Cabinet Committee on disability matters.
- Noted that drafting of the Bill to underpin the Pay- Related Benefit Scheme is now underway and is expected to pass through the Oireachtas during the second quarter of this year. The Minister intends to introduce the new scheme in the second half of 2024.

4. Update on the latest labour market developments.

- Anthony Jordan and Duran Marques (Labour Market Analytics Unit, DSP) provided an update on the latest labour market developments, including an analysis on employment and income included in a spotlight on lone parents.
- A rich discussion ensued, and the Council provided a number of comments and suggestions in relation to the structure of the Labour Market Update and the wider labour market situation.

5. Update from the LMAC Sub-Groups.

- Kara McGann from the **Employer Engagement Sub-Group** provided an update, on behalf of the Chair, from recent meetings:
 - Four new members have been appointed to the Sub-Group this year - Barry Whelan, CEO and founder of Excel Recruitment, John O'Shaughnessy, Managing Director of Clancy Construction, Ger Hyland, Hyland Transport and President of the Irish Road Haulage Association and Aisling Campbell, HR Director, Accenture.
 - Edel McSorley, Operational Director at Mr. Price, is expected to be appointed to the Sub-Group shortly.
 - Employers face increased labour costs, particularly in the retail and hospitality sectors, which are exacerbated by the introduction of statutory sick pay and increases to the minimum wage.
 - Recruitment challenges are faced by the construction sector, particularly in relation to the recruitment of apprentices.
 - The members of the Sub-Group have committed to signing the new Employment and Youth Engagement Charter, which will be launched next month. The Department will also circulate the Charter to its employer groups, encouraging them to sign up and adopt its principles.
 - The Sub-Group received a letter from the Construction Federation Ireland in relation to restrictions on driving licences for non-EEA nationals. A short note outlining the key challenges was circulated to the Council, for their consideration.

- The Employer strategy will be updated this year to ensure that its objectives remain relevant.

Response from the Council:

- A member requested that the minutes from the Employer Sub-Group are circulated to the Council and that the membership of the Employer and Evaluation Sub-Groups be made available on the Council's webpage.
- Another member queried the relevance of the issues raised by the CIF to the Council's mandate and suggested that the Road Safety Authority is best placed to respond to these challenges.
- A member noted the ongoing engagement between SOLAS and DETE in relation to accessing the 'untapped' talent pool in the labour market and suggested that the Sub-Group consider this work under its work programme.

The Chair of the **Evaluation Sub-Group** provided the following updates from its recent meeting:

- Thanked Hugh Cronin, former Secretary, for his excellent work on evaluations and contribution to the Sub-Group and wished him well in his new role. He also extended his appreciation to Shauna Dunlop, SOLAS, who is replaced by Alan McGrath as the new SOLAS representative.
- The Sub-group had a discussion on potential research topics following the unsuccessful tender to commission research on Employment Trends. The Secretariat will summarise and prioritise a shortlist of topics to be discussed at the next sub-group meeting and for consideration at the next Council meeting.
- The future role of the WWLD in research topics was also a topic of discussion. The WWLD has a large scope and a full session on this may be useful to the sub-group members.
- Cathal McDermott and James Shaw, DPENDR presented the key findings from their Spending Review paper on "*The Structure and Usage of the Public Employment Service*".
- The Chair noted that the paper provides a good synopsis of how the PES operates in Ireland.

6. Policy recommendations from the joint OECD, EU Commission JRC and DSP *Impact Evaluation of Ireland's Active Labour Market Policies*.

- The OECD, EU Commission's JRC and DSP introduced this item by giving a presentation on the key findings and policy recommendations from the report. A lengthy discussion followed, and the Council raised the following comments:
- One member welcomed this very sophisticated piece of research which is cutting edge in terms of how administrative data can be used. Another welcomed that they had had the opportunity to discuss the evaluation with researchers during the development stage.
- A member noted that CE and Tus account for a large proportion of public spending on ALMPs and queried whether it is possible to identify more and less effective variants of CE and tailor the spend accordingly.

- A member queried whether the impact of the COVID-19 pandemic on the labour market was considered for the evaluation.
- A member welcomed the improved sharing of aggregated data between DSP and SOLAS but noted that issues are still outstanding. They suggested that operational data systems (PLSS and BOMI) are joined up which would provide potential access to the customer journey and help the PES steer clients on to the most appropriate pathway to employment.
- A member requested a definition of ‘social inclusion’. This would require a broader methodical approach, as it cannot be achieved using administrative data alone.
- A member noted the policy recommendation around Programme flexibility and extra hours – if this was to be implemented there will be a payment issue. This would need to be explored further to ascertain the intention here.
- A member queried how people are being referred to these Programmes and whether referrals could be made in a more supportive and practical way. It is also crucial that the PES ensures a common standard across the Programmes nationwide.
- A member welcomed the policy recommendations on ensuring alignment of CE placements with labour market needs. A bit of thought will be needed on how this will be achieved given the variety of schemes. Social partners, including civil society, should be included in this dialogue also.
- A member noted the project-based nature of CE and TUS - in their earliest forms, they were subsidising existing public sector and community-based schemes to take on participants. A project-based approach makes it harder to vary the size of the programme in response to changing labour market demand.
- A member welcomed the policy recommendations to optimise the links between CE placements and ongoing job-search behaviour. There often exists a multitude of challenges for participants – the value of providing effective ‘wrap around’ supports cannot be underestimated.
- A member noted that Ireland spends a lot on job creation programmes and relatively little on other ALMP’s (compared to other OCED countries) and welcomed the recommendation to rebalance this.
- The Chair concluded that Ireland has had a success story with CE and TUS and the results are encouraging, relative to the international comparison. However, the evaluation raises some important questions:
 - Do the gains dissipate after a point in time?
 - If there is a recommendation that Ireland should switch spending away from job creation towards training, it is vital that this training is effective, and careful consideration should be given to the types of training schemes we want to invest more in. We need to have good evidence that the training will lead to good outcomes. For example, VTOS and Skills Specific Training Schemes were evaluated by SOLAS; the latter had better outcomes. It would also be useful to undertake an updated evaluation of BTEA – to ascertain if the outcomes have improved since the original evaluation.
 - One feature of CE and TUS is the local nature of service delivery – the evaluation doesn’t identify which local service delivery models work best and which can be promoted/implemented to raise the average performance of these programmes.

- Referrals are small relevant to the size of the eligible populations – is this an administrative constraint or is there reluctance on part of the eligible population to take up referral to these programmes.
- TUS is unusual in Ireland in that participant selection is random– has random selection been considered for CE as this would give a more rigorous test of Programme outcomes?
- CE and TUS participants’ access to training funds has dwindled and the real value of the fund has declined. Could an increased training fund for the local operators could be deployed more effectively to foster the transition to the local labour market for those most distant from it, to increase their employability?

Response from DSP:

- DSP welcomed the Council’s feedback and will examine the policy recommendations closely.
- TUS uses random selection as participation on this Programme is mandatory, whereas participation on CE is voluntary.
- There are no administrative constraints for referrals to CE. Significant resources are assigned to identify and match customers to CE and to promote available positions to the eligible population. A number of those currently on the Live Register are tagged as being in recovery and are not subject to activation measures – this limits the eligible population for CE.
- The Training Fund needs to be reviewed to ascertain how best to spend it. CE participants aged over 55 are not obliged to participate in training (this group make up quite a high percentage of the participant population). Training on TUS is provided externally by local development partner. Flexibility has been introduced locally to facilitate the transfer of individual training payments across candidates, as required.

Response by OECD:

- International evidence indicates that employment outcomes are better from job creation programmes for the long-term unemployed.
- It would be interesting to analyse the variation of outcomes achieved by different CE providers i.e., what is it that makes a particular provider better in supporting participants to transition into the wider labour market, but it was not possible to include in this analysis.

7. The Impact of Artificial Intelligence on the Labour Market.

- Marguerita Lane (OECD) introduced this item by giving a presentation on the key findings of an analysis of the potential impact of AI on the Labour Market. The presentation included an overview of the occupations most exposed to recent advances in AI, the impact of AI on employment growth and wage inequality, and workers attitudes to the use of AI and its potential effect on job quality.

The discussion raised the following points:

- DETE is undertaking a refresh of the National AI strategy which will be structured under the same seven pillars. Engagement with relevant stakeholders is ongoing.

- Following the publication of an IMF Paper on AI and the Future of Work, DETE are working on a research paper with D/Finance which is expected to be published in Q2, 2024. The Paper will be circulated to the Council, when published.
- Reference was made to the Labour Market Pulse, recently published by IDA in collaboration with Microsoft and Linked, which indicates that generative AI will be a catalyst for enhancing workforce productivity and Ireland's competitiveness.
- There could be scope for the Council to develop synergies with the AI Advisory Council, particularly around AI and Digitalisation. This will be considered further by DSP and the Evaluation Sub-Group.
- Reference was made to recent OECD work on AI, in particular an OECD paper '*Shaping the Transition: Artificial Intelligence and Social Dialogue*' which acknowledges that the acceptance and willingness of workers to engage with AI was higher when they are represented by trade unions.
- '*Using AI In the workplace*', OECD, March 2024, identifies the main risks and policy gaps that need to be addressed when using AI in the workplace and offers possible policy avenues specific to labour markets.
- AI could serve to reverse the widening of wage inequality.
- Generative AI could have a positive impact on the PES - by improving job matching and reducing the admin burden of case officers thus allowing them to devote more time to personal services. On the other hand, it could potentially exacerbate existing biases.

Response by DSP:

- AI presents future opportunities to improve the PSE service offering for customers. It could facilitate a renewed focus on individual skills and competencies rather than relying solely on PEX scoring. This opportunity is being discussed by the EU PES Network.

AOB:

- It is proposed to include a presentation by DETE on 'An Assessment of the Cumulative Impact of Proposed Measures to Improve Working Conditions in Ireland' for the next meeting.
- The next Council meeting will be held in late June/early July (date TBC).

Actions:

1. Secretariat to circulate Working Paper on the Rising Incidence of Secondary Employment, prepared by IGEES Staff in the Department of Trade, Enterprise and Employment.
2. Secretariat to include the membership, and bios, of the Employer and Evaluation Sub-Groups on the main Council webpage.
3. Evaluation Sub-Group to present a shortlist of potential research topics for consideration at the next Council meeting.
4. Secretariat to circulate the Research Paper on AI and the Future of Work, being prepared by IGEES Staff in the Department of Trade, Enterprise and Employment and Department of Finance, when published.