



Partnership 2000: Targeted Employment and Training Measures

Forum Opinion No. 2

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Executive Summary

Executive Summary

1. This Opinion has been prepared as part of the Forum's role to monitor and develop the provisions in *Partnership 2000* on equality and social inclusion. The Forum has recently finalised its first Opinion, *Development of the Equality Provisions*, under this process and this will be published shortly.
2. This Opinion deals with the Partnership commitments made in relation to targeted employment and training measures. A particular focus in the preparation of this Opinion was the forthcoming Budget and the need to make provision in this for:
 - phasing in the 10,000 additional targeted places on labour market programmes under the *Partnership 2000* commitment;
 - further tax reforms, with more resources concentrated on lower to middle income earners, by way of increasing personal allowances; and
 - development and further extension of the Local Employment Service.
3. **Section I** sets out the background and process involved in the preparation of this Opinion while **Section II** briefly looks at the *Partnership* and National Anti-Poverty Strategy (NAPS) approaches to social inclusion from a labour market perspective.
4. **Section III** sets out the labour market context in which this Opinion is framed, and the underlying medium-term forecasts for economic growth, employment and unemployment. While the outlook is very positive, the sensitivity of these forecasts to changes in the underlying assumptions is particularly emphasised.
5. **Section IV** stresses the scale and challenge of long-term unemployment and labour market marginalisation. This must be more resolutely addressed to enable a more equitable sharing of the benefits of growth and labour market policy needs to be refocused for this purpose. Following on from its Report No.4, *Ending Long-term Unemployment*, the elements of that strategy which the Forum considers should now be given greater priority in tackling long-term unemployment more effectively are:
 - (i) early identification and intervention in the education sector; and
 - (ii) getting the currently long-term unemployed and other similar groups back into employment through a combination of measures specifically targeted at these groups.
6. **Section V** examines direct employment programmes, focusing on the various strands of the

Community Employment Programme. The Forum considers that the forthcoming Budget should make provision for the phased implementation of the commitment in *Partnership 2000* to provide an extra 10,000 places under targeted labour market measures. However, different views were expressed by Forum Members on the allocation of these additional places. The Forum's views on the target groups for such measures are also outlined; it reiterates its earlier recommendation for extending the whole-time *Jobs Initiative* to other areas, including rural areas, and suggests a number of ways to improve progression outcomes from schemes targeted at the long-term unemployed.

7. Section VI is concerned with training for the long-term unemployed. It looks at the proposals put forward in the White Paper on Human Resource Development and reiterates the Forum's view that such training should be set in the holistic context of the Local Employment Service. This Service, which should be targeted at the long-term unemployed, would identify and put in place individual progression strategies, with the goal of securing access as far as possible to employment on the open labour market. A number of tailored training initiatives such as the Ballymun *Tramlines* project are cited. The policy conclusions are that training interventions should be more closely linked to labour market requirements and targeted on the long-term unemployed, with a client-led approach to training provision being provided through a targeted LES.
8. Section VII considers the role of Employment Services, both in a local and national context. It welcomes the recognition in *Partnership 2000* that a Local Employment Service is essential to address the needs of the unemployed, particularly the long-term unemployed, which is the central recommendation in its Report No. 4. It discusses the role of an Employment Service and concludes that a targeted role focused on labour market exclusion should be the priority at this time. It repeats the Forum's views that the LES should be client-led with a clear **purchaser** role and **facilitating progression** options. The Forum expresses disappointment at the slow rate of implementation of the LES and again restates the recommendation in its Opinion No. 3 that additional staff should be deployed for this purpose if necessary.
9. Section VIII sets out the Forum's conclusions and its recommendations are summarised and listed for reference purposes in the Box at the end of this Section.

Section I

Introduction

Introduction

1.1 The new national programme, *Partnership 2000 for Inclusion, Employment and Competitiveness*, which was agreed between the Government and the Social Partners in December last, sets out a strategic approach to the development of the Irish economy and society into the 21st century. The key objectives of this strategy are the continued development of an efficient modern economy operating within the constraints of international competitiveness *and* ensuring that Irish society becomes more inclusive, that long-term unemployment is substantially reduced, and that the benefits of growth are more equally distributed.

1.2 The Forum has been given a specific role in monitoring the *Partnership* provisions on social inclusion and equality. The arrangements agreed on in this respect state that:

“the NESF, in addition to providing opinions on policy issues featuring in its work programme, will be asked to provide opinions at six monthly intervals on the development of the provisions of the Partnership agreement regarding social inclusion and equality. In undertaking this task the NESF will put in place a process to ensure that the four pillars of the partnership can participate in the preparation of these opinions. They will take account of the benchmarking analysis provided by NESF and will consult with relevant Departments as appropriate.”

1.3. This Opinion has been prepared on foot of the above and is concerned with the development of the provisions relating to targeted employment and training measures in *Partnership 2000*. At the outset, the Forum wishes to thank Mr Larry Bond, Trinity College Dublin, and the relevant Government Departments for their assistance and co-operation in the preparation of this Opinion.

1.4 Those organisations in the Four Pillars of the *Partnership* who are not represented on the Forum were also invited to participate in the preparation of this Opinion. However, the views and recommendations expressed are the Forum’s own responsibility.

Section II

**The Labour
Market and
Social Inclusion**

The Labour Market and Social Inclusion

2.1 *Partnership 2000* identifies three key challenges facing the Irish economy and society. These are summarised as:

- maintaining an effective and consistent policy approach in a period of high economic growth;
- significantly reducing social disparities and exclusion, especially by reducing long-term unemployment; and
- responding effectively at national, sectoral and enterprise level, to global competition and the information society.

The *Partnership* highlights the interdependence between these three challenges in framing a strategic approach to this country's economic and social development. The Forum welcomes this strategic approach and the centrality accorded within it to the challenge of social exclusion.

2.2 Defining social exclusion as: "*cumulative marginalisation: from production (unemployment), from consumption (income poverty), from social networks (community, family, neighbours), from decision making and from an adequate quality of life*", the *Partnership* states that :

"Social exclusion is one of the major challenges currently facing Irish society.... Social inclusion will therefore be pursued not in any residual way, but rather as an integral part of this Partnership and a strategic objective in its own right. The primary objective of a social inclusion strategy is to ensure that the benefits of economic growth and related social improvements, are shared by all sections of the Irish population. Access to jobs is a key to this."

2.3 It also highlights the importance of a new, more integrated and more determined approach to promoting equality, involving the adoption of a strategic approach for the full integration of women and of people with disabilities, Travellers and other groups experiencing discrimination. The Forum's views on developing the equality provisions have been outlined in an Opinion¹ which it finalised recently and which will be published shortly.

2.4 *Partnership 2000* recognises that the challenge of social inclusion can only be met through the strengthening of economic capacity and the adoption of a coherent inclusion strategy. Equally, it provides that "*Improvements in social solidarity and increased social inclusion make an important contribution to sustaining competitiveness and society's overall efficiency and cohesion*". The Forum strongly underscores this interdependence between

¹ *Partnership 2000: Development of the Equality Provisions*, Forum Opinion No. 1, (November, 1997).

equity and efficiency, particularly with regard to the labour market. The *Partnership* recognises the need to make the economy more competitive by way, inter alia, “of the full use of the potential of the labour force”. The Forum stresses that measures to address long-term unemployment and labour market marginalisation in general are both a requirement of social concern and a crucial investment in the future of our economy and our society.

2.5 The adoption of the National Anti-Poverty Strategy (NAPS) by the Government in April this year² is a central feature of the strategic approach adopted in the *Partnership*. This ten-year strategy sets out a global target of reducing the number of those who are “consistently poor” (defined as those subject to income poverty and experiencing deprivation due to lack of resources) from 9 - 15 per cent to less than 5 - 10 per cent³. Specific targets are also set out in the five key areas identified for anti-poverty action. These are:

- educational disadvantage;
- unemployment, particularly long-term unemployment;
- income adequacy;
- disadvantaged urban areas; and
- rural poverty.

2.6 On unemployment, the overall NAPS objective is that “Paid employment should be available to all men and women currently in poverty who are seeking employment. This should be capable of providing adequate income, either on its own or when combined with other forms of support, sufficient to lift them out of poverty and should be available without barriers of discrimination.” The specific target adopted is to reduce the rate of unemployment, on an ILO basis, from 11.9 per cent in April 1996 to 6 per cent by 2007 and to reduce the rate of long-term unemployment from 7 per cent to 3.5 per cent, with a particular focus on reducing the number of very long-term unemployed who are especially at risk of being consistently poor.⁴

2.7 Both the NAPS and *Partnership 2000* emphasise the importance of specific measures to improve the labour market participation of women (especially, in a poverty context, those in poor households), people with disabilities and Travellers. The basis of measurement for the targets, which are set out in the NAPS for reducing long-term unemployment, are discussed in Section IV of this Opinion.

² *Starting in Progress - National Anti-Poverty Strategy*, (1997).

³ The 9 - 15 per cent estimate is derived from the 1994 *Living in Ireland Survey* carried out by the ESRI. These estimates are based on the 50 per cent and 60 per cent income lines respectively.

⁴ A footnote in the NAPS suggested that if such a reduction had applied at April 1996 it would have reduced unemployment from 177,600 to 89,000 and long term unemployment from 102,000 to 51,000. However Labour Force growth between 1997 and 2007 means that, at that stage, the target in absolute numbers will be higher than this.

Section III

**Labour Market
Context**

Labour Market Context

3.1 *Partnership 2000* sets out a positive economic outlook for the programme period 1997-1999. It envisaged GNP growth of 5.5 per cent in 1997 and 4.5 per cent per annum thereafter, moderate annual inflation of around 2 per cent and average employment growth of 38,000 per year. Subsequently, official economic forecasts have been revised upwards. The Department of Finance has estimated a GNP growth rate of 6.5 per cent in 1997 and employment growth of 50,000⁵ - more recently these estimates have been further revised upwards. Unemployment on an ILO basis is expected to fall by 10,000. Inflation performance for the year to date suggests that the outturn in 1997 will be closer to 1.5 per cent than the 2 per cent initially expected.

3.2 This positive outlook is expected to continue as evidenced by the latest ESRI "*Medium Term Review: 1997-2003*"⁶. The Review's central forecast to 2003 is summarised in Table 3.1. Further estimates for the period to 2010 are also included in the Review. The ESRI sees these GNP growth rates being maintained to 1999 and a somewhat lower, though still impressive rate of growth in the early years of the next decade. Employment growth is characterised by a similar pattern. Annual expansion of over 3 per cent over the next few years will fall to around half that rate in the first years of the next decade but increase somewhat thereafter, with average growth of 2 per cent per annum for the period to 2000-2005. The rate of unemployment, on an ILO basis, is expected to fall to 8.6 per cent in the year 2000 and to remain close to that rate for the rest of the forecast period, with some further falls expected later in the decade.

Table 3.1.
ESRI Medium Term Forecasts, Percentage Change, Mid-April

	1996	1997	1998	1999	2000	2001	2002	2003
GNP	6.4	5.7	5.9	5.3	4.4	3.7	4.5	5.3
Labour Force	3.7	1.9	2.0	1.9	1.9	1.8	1.8	1.7
Employment	3.6	3.1	3.9	2.9	1.5	1.5	1.7	2.2
Unemployment*	11.9	10.9	9.1	8.3	8.6	8.8	8.9	8.4

* ILO Rate.

5 *Economic Review and Outlook*, 1997, Department of Finance.

6 *Medium-Term Review: 1997-2003*, ESRI, (1997).

- 3.3 Over the forecast period as a whole, employment is expected to grow by 233,000, of which a *“considerable proportion”* may be part-time. The labour force is forecast to increase by 199,000. Unemployment should therefore fall by 34,000. All of this fall in the numbers unemployed is expected to take place before the end of this decade. However, the difficulty in accurately forecasting labour force growth in particular must be noted. Apart from the natural increase, this is determined by participation rates and net migration both of which are sensitive to employment growth. The ESRI forecast assumes zero net migration until 2005. It specifically cautions as follows: *“In previous Reviews, difficulties in forecasting migration flows have bedevilled our unemployment forecasts. Given the forecast of strong growth in employment, the migration figures presented here are likely, if anything, to err on the side of under-predicting inward migration flows. This could have consequences for our forecast of unemployment but it may also reflect an underestimate of the likely growth in employment”*.
- 3.4 The ESRI expects the composition of forecast labour demand to become more skill intensive, with increases in employment concentrated in sectors with relatively high skill requirements. Demand for *“unskilled labour”* will grow in the services sector, especially distribution and personal services. Demand for such labour will be driven by domestic demand with, for example, distribution accounting for 21 per cent of forecast employment growth in the period to 2003. However, the ESRI emphasises that the changing nature of *“unskilled work”* means that the term itself is possibly misleading as employers nowadays require some educational qualifications for many of the *“unskilled”* jobs now being created. Also, the profile of unskilled employment will become more *“atypical”* with significant part-time and casual elements. It concludes that *“this demand will draw from a somewhat different pool of workers than previously. The traditional ‘unskilled workers’, with little or no educational qualifications, may face difficulties in entering this labour market, particularly given the general increase in the skill levels of new entrants to the labour market”*. The ESRI also notes that, while a rise in unskilled wage rates here might bring about a rise in immigration, this might still not be sufficient to make employment worthwhile for those on social welfare benefits.
- 3.5 Overall then, very significant progress is expected over the forecast period as a whole, with, if anything, the most rapid gains taking place in the period covered by *Partnership 2000*. The ESRI specifically notes, however, that forecast changes on a year on year basis are less reliable than the forecast for the period as a whole. Also some general assumptions underlying the forecast must be emphasised. Specifically *“the forecast is based on the assumption of prudent fiscal policy, wage moderation and the absence of serious domestic or international shocks”* and *“The forecast is crucially dependent on adherence to the current partnership agreement, and on its successors being at moderate levels”*.

Section IV

Long Term Unemployment and Social Exclusion

Long-Term Unemployment and Social Exclusion⁷

4.1 Table 4.1 sets out the rates of ILO long-term unemployment for this country and for the EU as a whole in 1993 and 1996. The fall in our overall rate from 9.2 per cent to 7.3 per cent is very encouraging, particularly in the light of an increase in the EU average of almost one percentage point over the same period.

Table 4.1
Long-term Unemployment Rates, Ireland and EU* (ILO Basis)

	1993		1996	
	Ireland	EU-15 average	Ireland	EU-15 average
	%	%	%	%
Overall long-term unemployment rate	9.2	4.6	7.3	5.3
Male LTU rate	9.7	4.0	7.7	4.5
Female LTU rate	8.5	5.6	6.7	6.3

*Source: derived from LFS/Eurostat data.

4.2 The 1997 Labour Force Survey (LFS) results, which have just been published, indicate that there has been a substantial drop in unemployment, and particularly in long-term unemployment, over the period mid-April 1996 to mid-April 1997. Employment grew by 41,000 on a PES basis while unemployment fell by almost 12,000 (51,000 and 20,000 respectively on an ILO basis).⁸ Long-term unemployment (those unemployed for more than one year) fell by 17,000 on an ILO basis.⁹ Most of the new jobs created were full-time private sector jobs, while the Survey results indicate that the bulk of those working part-time are not under-employed. These results were achieved against the background of a labour force growth of 1.5 per cent over the period.

7 This section draws on an unpublished Combat Poverty Agency briefing paper, *Long-term Unemployment: Trends and Issues*, Larry Bond, October 1997. We are grateful to the Agency for making this available to the Forum.

8 The Principal Economic Status (PES) method refers to a person's own classification of their labour force status while the International Labour Organisation (ILO) method is based on a number of specific availability and job-search criteria.

9 On the more negative side, the number of people who were "marginally attached" to the labour force rose by around 5,000 while there was a similar increase in the number who were PES unemployed, who were mostly men.

- 4.3 Our overall unemployment rate is now down to 10.3 per cent, compared to a European average of 10.8 per cent in April last. This reflects both an increase in the EU unemployment rate and a welcome fall in the Irish rate. Our long-term unemployment rate is also down to 5.6 per cent, a remarkable drop of almost 40 per cent on the 1993 rate of 9.2 per cent. The reduction of 13,400 in the gap between the LFS and the Live Register (76,000 at April last) is also very welcome. Moreover, the falling trend in unemployment has been maintained this year, with the October Live Register figures showing the standardised unemployment rate down to 10.1 per cent - the lowest level in over six years.
- 4.4 The central social objective of *Partnership 2000* is to significantly reduce social disparities and exclusion, especially by reducing long-term unemployment. The ESRI notes that *“even in a buoyant job market, those with poor education and low skill levels may find it very difficult to escape from long-term unemployment into a job, and the tax and social welfare systems can exacerbate the problem. Certain groups could be excluded from the benefits of employment growth, remaining unemployed for lengthy periods or drifting out of meaningful participation in the labour market. This would have serious consequences for their children, given the strength of forces transmitting unemployment and poverty from one generation to another.”* However, the ESRI presents no forecast for long-term unemployment.

Measurement of Long-term Unemployment

- 4.5 In a recent study, Sexton and O’Connell¹⁰ argue that the LFS data (as against the Live Register) indicate *“that long-term unemployment is much more significantly affected by cyclical changes in the economy than had heretofore been thought”* viz. an economic upturn, coupled with falling unemployment, is likely over time to feed through into a fall in the numbers who are long-term unemployed on an ILO basis. However, in order to assess the impact of such a fall on reducing social disparities and exclusion, the limits of measuring long-term unemployment on this basis must be taken into account.
- 4.6 At present, the Labour Force Survey does not identify whether persons on Government employment and training schemes are recorded as employed or unemployed. On the other hand, a person is counted as employed, on an ILO basis, if they are recorded as *‘working for at least 1 hour for payment or profit’* in the previous week with the result that many of those on such schemes are recorded as at work. To the extent that persons on Community Employment (CE) are seeking employment in the open labour market, this somewhat biases the measurement of unemployment downwards, and as the majority of those on these schemes are drawn from among the long-term unemployed, this will particularly influence the measured level of long-term unemployment.
- 4.7 There are now some 40,000 people participating on these schemes. Arguably then, on this factor alone, the underlying level of long-term unemployment is higher than that recorded in the Labour Force Survey.

¹⁰ *Labour Market Studies: Ireland*, J.J. Sexton, P.J. O’Connell, ESRI, (1996)

- 4.8 Moreover, participation on these schemes not only under-estimates the numbers who are currently long-term unemployed by temporarily reclassifying them as 'at work' but is also likely to result in their reclassification as short-term unemployed on completion of their participation on these schemes. As a result, the ILO measure doubly under-reports the number who have been outside the mainstream labour market for long periods. The Forum welcomes the fact that the CSO's quarterly Labour Force Surveys will now include questions which would allow CE schemes and other State employment schemes to be separately identified, as called for in the Forum's Report No. 13, *Unemployment Statistics*.
- 4.9 This is not the only factor affecting the ILO measure of long-term unemployment. Those experiencing long-duration unemployment often drift out of meaningful participation in the labour market. This includes discouraged workers (i.e. those not looking for work due to pessimism about employment prospects) and those passively seeking work (i.e. those who report that they are looking for work but have not actively sought it in the last four weeks). In a recent study for the Forum, Murphy and Walsh¹¹ found that adding those recorded as '*marginally attached to the labour force*' adds only about one per cent to the unemployment rate. Nevertheless, this category accounted for 20,100 persons in the 1996 LFS and this would represent a further significant addition to the underlying level of long-term unemployment. As in the case of those who are long-term unemployed, the marginally attached count also varies counter-cyclically, rising in recessions and falling during booms. Thus the influence of this factor on the measured trend would not generally be significant, although for males at least, the rate of marginal attachment to the labour force has been increasing over time.¹²
- 4.10 This is not, however, a measure of all those who have drifted out of the labour market as a result of long-term unemployment. Some indication of this can be found in the measures of declining labour market participation of older males in particular. According to Murphy and Walsh¹³, in an analysis of data over the period 1983 to 1996, "*It is striking that after age 50 the majority of non-employed men are not unemployed but either retired, disabled or permanently ill. The numbers in these categories have been on a long-run upward trend, but do not appear to be cyclically sensitive*". They conclude that "*while the increasing tendency for men to drop out of the labour force before the normal retirement age poses important social and human questions, its economic significance is limited by their lack of skills and weak motivation to seek employment*". It remains to be seen if this trend persists or is modified in the booming labour market anticipated over the next few years.
- 4.11 The Forum is particularly concerned about tackling the poverty which is caused by unemployment. Overcoming this marginalisation and gaining access to a job may well be the most effective way of overcoming poverty even where the person concerned has

11 *Aspects of Employment and Unemployment in Ireland* in Forum Report No.13 *Unemployment Statistics*, A. Murphy and B. Walsh (1997).

12 *Unemployment, Non-Participation and Labour Market Slack Among Irish Males*, A. Murphy and B. Walsh (1997).

13 Op. cit..

despaired of getting a job. The level of labour market marginalisation that underlies poverty and social exclusion is, however, likely to be greater than the level of long-term unemployment as measured on an ILO basis, as this is not a comprehensive measure of the extent of such marginalisation. A fall in the ILO-measured level of long-term unemployment still represents very welcome progress. But this may overstate the rate of progress, unless parallel improvements are taking place in regard to the other aspects of unemployment or labour market marginalisation as discussed above.

Basis for the NAPS Targets on Long-term Unemployment

4.12 The Forum is concerned, therefore, that the NAPS, by setting its target for cutting long-term unemployment using the ILO measurement (see Section II), has focused only partially on the link between poverty and labour market marginalisation. This is particularly important given that the link between poverty and unemployment under the NAPS was established using a modified Principal Economic Status (PES) measure. The Forum, in its Report No. 13¹⁴, has already identified that 25 per cent of PES unemployed men are excluded from the ILO measure, while this rises to 33 per cent in the case of women. It is likely, therefore, that a large proportion of this group who consider themselves unemployed, but who do not meet the ILO criteria, are longer-term unemployed.

4.13 Furthermore, the NAPS relies strongly on targeting measures towards individual beneficiaries, using the Live Register criteria, augmented by additional measures which are mostly directed at unemployed women who are excluded from the Register for technical and other reasons. These criteria for targeting are restated in *Partnership 2000*, with the result that success or failure in tackling the problems faced by these groups suffering poverty and labour market marginalisation, will not be fully recorded in the ILO measurement.

Outflow from Long-term Unemployment

4.14 Sexton and O'Connell¹⁵ noted that, since the best equipped among the long-term unemployed tend to find work first, it may be increasingly difficult to achieve further reductions as the remaining body of long-term unemployed people will tend to have an increasingly disadvantageous education and skills profile. Such a selective outflow would in all likelihood also mean that those unemployed people who are suffering the greatest degree of social exclusion would continue to be those least likely to obtain employment.

4.15 The likelihood of this happening is reinforced by the fact that, in the first instance, a booming labour market reduces long-term unemployment by firstly reducing the numbers who would otherwise flow into long-term unemployment. This means that, other things being equal, as long-term unemployment falls, the aggregate risk of poverty facing those remaining long-term unemployed increases. It is particularly important to emphasise this, given as we already noted above, that the NAPS target on long-term unemployment is framed in terms of the ILO rate.

14 Op. cit..

15 Op. cit..

4.16 The scenario outlined above is far from fanciful. In a recent article, Bond¹⁶ argues that: “Between 1987 and 1994 both unemployment and long-term unemployment fell absolutely, by around 15,000 and 25,000 respectively. This fall in the numbers unemployed combined with an increase in the total labour force (+77,000) brought about a fall in the rate of unemployment from 17.6% to 15.6%. Over this period the ESRI poverty surveys record a small fall in the proportion of all households that are headed by an unemployed person. However in absolute terms the number of such households increased from 107,000 to 113,000. The proportion of all households that were both poor and unemployed remained unchanged, again implying an absolute increase from 61,000 to 67,000.”

Forum’s Report on Unemployment Statistics

4.17 The Forum’s Report No. 13 on *Unemployment Statistics* put forward a number of recommendations on the measurement of unemployment. These include the need for a number of rates of unemployment to arrive at a measure of the slack labour force for different policy purposes. This range of rates would build on the existing ILO measurement to take account of people on schemes, those marginally attached to the labour force, those who are PES unemployed etc.. The feasibility of implementing these recommendations is currently being considered by the Inter-Departmental *Special Group on Employment and Unemployment* which is expected to report to Government on this in the near future. In this context, the Forum considers that the Group should also examine the appropriateness of exclusively using the ILO measurement in setting the NAPS targets on long-term unemployment.

Conclusions and Policy Implications

4.18 Firstly, the extent of labour market marginalisation is on such a scale that it constitutes an enormous challenge which must be resolutely addressed if the *Partnership* commitment to sharing the benefits of growth is to be realised. This must not be pursued in any residual way and therefore must be reflected in decisions regarding the allocation of resources by Government, subject to the overall constraints set out in *Partnership 2000*. Some specific resource issues are discussed beneath.

4.19 Secondly, labour market policy should be refocused as a means of promoting social inclusion. The four elements of strategy that the Forum identified in its Report No. 4, *Ending Long-term Unemployment* (1994), were:

- appropriate macroeconomic and structural policies to help create more sustainable employment and thereby reduce overall unemployment;
- an early identification and intervention strategy in the education sector so that young people leave school with qualifications which ensure they do not become the long-term unemployed of the future;

16 *Unemployment and Poverty*, Larry Bond in *Prioritising Poverty: Conference Papers*, Combat Poverty Agency (1997).

- preventing people in the labour market from becoming long-term unemployed; and
- getting the currently long-term unemployed and other similar groups back into employment through a combination of measures specifically targeted at these groups.

4.20 Clearly, progress has been made on the first of these and this must be maintained. The resulting buoyancy in the labour market is likely to impact most directly on preventing people from becoming long-term unemployed, which is the focus of the third element above. Moreover, this is where much recent policy is directed, in particular the emphasis on activation in the White Paper's proposals for a revitalised National Employment Service (see Section VII).

4.21 However, the Forum's analysis suggests that, and given *Partnership 2000's* objective of addressing social exclusion, the second and fourth elements must now receive greater priority in education and labour market policies. With regard to the former, the Forum published its Report No. 11, *Early School Leavers and Youth Unemployment*, earlier this year, the recommendations of which have been broadly accepted by Government. However, the lengthier time-scale decided on by the Government for eliminating early school leaving should be reviewed. This, together with a number of related recommendations, has been outlined in the Forum's recently-published *Second Periodic Report* and the Government's response on these is awaited.

4.22 As regards the fourth element above of the Forum's strategy, international studies¹⁷ in the context of labour market interventions point to the heterogeneity of the long-term unemployed and the hard-to-place, noting the diversity of needs and the OECD's views that these require:

- a) remedial education for those who lack basic requisites; and
- b) professional training for skilled or semi-skilled jobs (training that should be relevant to actual needs on the labour market and therefore requires the involvement of employers).

4.23 In the remainder of this Opinion we address the policy issues arising from the provisions in *Partnership 2000* on targeted employment and training measures and how best these should be developed and adapted to respond more effectively to the needs of the long-term unemployed in relation to a number of key criteria such as:

- adequacy of provision;
- improving progression options and outcomes;
- linking active labour market policies to the skills required in the labour market;
- more effective targeting of priority groups hardest to place in employment;

17 International Handbook of Labour Market Policy and Evaluation, Schmid, O'Reilly and Schomann, (1996).

- mainstreaming successful pilot projects; and
- the development of effective employment services, at both local and national levels, to provide greater coherence and integration between all education and labour market programmes.

Section V

**Direct
Employment
Programmes**

Direct Employment Programmes

- 5.1 Earlier in the 1990s, direct employment programmes were significantly expanded in response to rising unemployment and long-term unemployment. Such programmes were brought together within the Community Employment Programme launched in 1994. Community Employment (CE) continued the approach of offering half-time temporary employment to adult, mainly long-term unemployed people. While FÁS has responsibility for operating Community Employment, the delivery of programmes is contracted to public (local authority, schools) and non-commercial private (voluntary and community groups) sponsors. As regards direct employment provision, the Forum in its Report No. 4 and the subsequent Final Report of the Task Force on Long-term Unemployment identified two main issues which now guide present policies.
- 5.2 Firstly, the Task Force found that the short-term unemployed made up 30 per cent of all those on CE in 1994 and 39 per cent in 1995. While there was a commitment to set aside 25 per cent (10,000) places on the programme for those unemployed for three years or more, by mid-1995 this group made up only 13 per cent of CE participants. The Task Force therefore strongly advocated more rigorous targeting of Community Employment on the long-term unemployed and others similarly marginalised in the labour market and this was accepted by Government.
- 5.3 At the end of 1996, 96 per cent of CE participants had been unemployed for one year or more before entering the programme and 37 per cent had been unemployed for three years or more.¹⁸ The gender profile of participants has also changed markedly. In 1990 around 20 per cent of participants were female. This had increased to 36 per cent of CE participants in 1995 and 43 per cent in 1996. A major factor in this has been the inclusion of those on the Lone Parents Allowance (around 14 per cent of participants in 1996) within the eligibility criteria.
- 5.4 Secondly, direct employment provision has been reorganised to meet what is described as the “*growing consensus*” that employment options for the long-term unemployed should have two distinct objectives. These are:
- (i) integration into the mainstream labour force; and
 - (ii) the provision of sponsored employment.

18 Data provided by FÁS.

- 5.5 According to the Task Force, the **integration objective** was most relevant to people “*who - because of their existing education and skill levels - have good prospects of unassisted employment in the future*”. It suggested that integration programmes would mainly be of one year duration and that sponsors should be “*required to provide an opportunity that is capable of providing work experience and training geared specifically towards building the readiness of the participant for participation in the open labour market, with clear targets for progression.*”
- 5.6 The objective of **sponsored employment** was seen by the Task Force as most relevant to people “*who - because of their existing education and skill levels, their age and duration of employment - have poor prospects of unassisted employment.*” It would therefore be of longer duration than the integration measure (probably around three years). This is on the basis that the relative chances of this group finding a job on the open labour market are relatively much lower than for others. Sponsored jobs should thus even up the relative chances to some degree.
- 5.7 The Forum emphasises the continuing relevance of this distinction for the development of policy in this area but notes that it may be necessary to reassess the likely characteristics of each group in the light now of changed labour market conditions. We also emphasise that employment programmes are only one element in the range of interventions required to promote re-integration. In line with the Forum’s Report No. 4, the Task Force noted that, while its discussion focused on direct employment measures, “*other labour market policies are equally important. Training becomes more important and more skills specific as participants progress up the ladder¹⁹ while guidance is important throughout.*” We return to this issue below.

Strands of the Community Employment Programme

- 5.8 Since 1996, and reflecting the Forum’s earlier recommendations, the Community Employment Programme has been organised into a number of different strands. The two main strands are the Part-time Integration Option with a target of 30,000 places and the Part-time Jobs Option with a targeted 10,000 places for the older very long-term unemployed. Eligibility criteria are as follows:
- the part-time Integration Option is open to people of 21 years or more in receipt of Unemployment Assistance, Unemployment Benefit or Lone Parents Allowance for one year or more, to Travellers of any age in receipt of Unemployment Benefit or Unemployment Assistance for any period or in receipt of the Lone Parents Allowance for one year or more and to persons referred by the National Rehabilitation Board. It is a half-time, one year programme, though up to 10 per cent of participants may be re-engaged for a second year; and
 - the part-time Jobs Option is open to people 35 years or older (and Travellers of any age) in receipt of Unemployment Allowance, Unemployment Benefit, Lone Parents Allowance for three years or more or referred by the National Rehabilitation Board. While participants have an annual contract, this is renewable for up to three years.

19 The Task Force was looking at this in the context of people with poor prospects of unassisted employment moving over time to suitable integration.

- 5.9 Also in 1996, a 1,000 place Pilot Whole-Time *Jobs Initiative* was introduced. This represents a further new development in direct employment provision in that it provides full-time contract jobs with not-for-profit sponsors.²⁰ Contracts are annual and renewable up to three years. Those employed are paid an agreed rate for the job and are treated as employees for all purposes (tax, social welfare including Family Income Supplement, employment legislation etc.).
- 5.10 The Forum notes the increased level of participation by Lone Parents on CE as a positive outcome of current policy. The progression routes for Lone Parents as with other participants, should be considered in the context of the forthcoming evaluation of CE, the results of which are expected by end-April next.

Expansion of Targeted Employment Measures

- 5.11 Partnership 2000 includes a commitment, as resources permit, to a further expansion of 10,000 places. Specifically it states:

“The range of labour market interaction measures, including the Community Employment Programme (both the integration and part-time job options), the Pilot Part-time Jobs Opportunities Programme and the Jobs Initiative will be reviewed to ensure that priority is given to those most disadvantaged. The objective will be to meet their needs through a greater choice of full-time or part-time options. As resources permit there will be an increase of 10,000 places, with particular provision for those unemployed for more than five years.”

- 5.12 The Forum welcomes the *Partnership* commitment to target available opportunities at the hardest to place unemployed and the commitment noted above “to make particular provision for those unemployed for more than five years”. Of particular importance now is the wider range and the relative attractiveness of different types of intervention to different groups of the long-term unemployed. For example, the whole-time *Jobs Initiative* has been successful in attracting a group of very long-term unemployed people, largely older men, who did not come forward for other programmes.
- 5.13 Equally, places on the Back to Work Allowance Scheme and the Area Enterprise Allowance Scheme have been taken up by older groups who, while considered unemployed on a Live Register basis, would probably have been considered ‘inactive’ on an ILO basis.²¹ This demonstrates the capacity of a range of options, including full-time work, to reactivate people who would otherwise remain marginalised. Another point of significance is that programmes, such as the whole-time *Jobs Initiative*, which employ such very long-term unemployed groups require a higher level of management, counselling and other human resource development support than those targeted at the easier to place.

20 The Forum had recommended the introduction of a full time option in direct employment provision in the public and voluntary sectors in its Report No. 4, *Ending Long-term Unemployment*, (June, 1994).

21 A number of recommendations to provide the long-term unemployed and other disadvantaged groups with enhanced opportunities and incentives to take up self-employment are contained in the Forum’s recent Report No. 14 on *Self Employment, Enterprise and Social Inclusion*.

5.14 The Government's Programme²² includes a commitment to establish a 25,000 place programme to tackle long-term unemployment which will pay the going rate for the job (at present, there are 2,000 places²³). It is also the policy intention by the Department of Enterprise, Trade and Employment to put all of the existing 10,000 places on the Part-time Jobs Option on a rate-for-the-job basis by the year 2000. This is particularly welcomed by the Forum, given its earlier call for such a development in its Opinion No. 3 on *Long-term Unemployment Initiatives*.

5.15 No resources have, however, as yet been made available to meet the *Partnership* commitment for an extra 10,000 places on targeted labour market schemes. In the circumstances, the Forum is firmly of the view that provision should be made in the forthcoming Budget to begin the phasing in of these extra places over the remaining years of the *Partnership*, subject of course to the overall expenditure constraints set out in the Programme.

5.16 The detailed allocation of these extra 10,000 places should take account of the forthcoming evaluation of the CE Integration Option (30,000 places) which is due to be completed by end-April next. In this respect, some Forum Members favour a restructuring of the Integration Option (provided this is supported by the results of the evaluation with any resources freed up reallocated to other measures targeted at the long-term unemployed) with the extra places between the Part-time Jobs Option and the whole-time *Jobs Initiative* then allocated according to the level of support as indicated by sponsors and unemployed people themselves. (Both of these programmes should continue to be directed at creating real, socially desirable, jobs paid at the going rate). Other Members, however, take the view that the priority should be directed at developing and extending the *Jobs Initiative* for the very long-term unemployed and be more widely available in unemployment black-spots, as these are the least likely to be able to access jobs on the open labour market.

5.17 As discussed earlier, the Forum considers that the priorities guiding further developments in this area require clarification in the context of changing requirements in the labour market and, in this respect, it notes that discussions on the 10,000 extra places will now continue between all the Social Partners in a Working Group which has been recently established under the monitoring process of *Partnership 2000*.

Target Groups

5.18 In the Forum's view, and taking account of the provisions in *Partnership 2000*, the priority target groups for labour market measures should be:

- persons on means-tested long-term unemployment payments; and

22 *An Action Programme for the Millenium.*

23 These are spread between the whole-time *Jobs Initiative* (1,000) and the CORI *Part-time Jobs Opportunities Programme* (1,000).

- persons in the following categories who are seeking employment - dependent spouses of claimants on long-term unemployment and other means tested payments; Lone Parents; persons in receipt of Disability Allowance (formerly DPMA); Travellers of all ages and people with a history of long-term unemployment.

These target groups should form the focus of schemes for the very disadvantaged and marginalised. Such schemes should be subject to the other eligibility criteria for the *Jobs Initiative* regarding duration and age (viz. full-time places for three years for people over 35 years of age and unemployed for five years or more) for all groups with, however, Travellers of all ages eligible on the basis set out above. The Local Employment Service should form the basis for delivering a targeted and tailored service to these client groups.

5.19 With regard to young people, different forms of support are required, and a number of recommendations in this area were made in the Forum's Report No. 11, *Early School Leavers and Youth Unemployment*, most of which have been accepted by Government. The Forum further considers that innovative *YOUTHSTART* market-led programmes targeting young people should be developed and mainstreamed.

5.20 Furthermore, places on the *Jobs Initiative* (which are currently restricted to a number of urban areas) should be extended to **other areas, including** rural areas, and targeted at areas of significant levels of unemployment and underemployment, while FÁS should give priority to upgrading the quality of CE programmes in rural areas, as already recommended in the Forum's Report No. 12.

Integration Option

5.21 As noted above, the Integration Option comprises the majority of Community Employment places. When integration is the objective, the primary purpose of intervention is to prepare people to compete effectively in the mainstream labour market. In a recent study, O'Connell and McGinnity²⁴ compared the outcome for four different types of intervention while controlling for the personal characteristics of participants. Categorised according to their degree of labour market orientation, the four types were specific skills training and employment subsidies (greater orientation) and basic training and direct employment (lesser orientation). Their results suggest that Community Employment is relatively ineffective in employment terms i.e. participation adds little to a person's subsequent chances of finding employment.

5.22 This analysis has been disputed by FÁS who highlight the increased rates of placement in employment and in further labour market programmes reflected in more recent data. However, the FÁS claims are based on 1994 data and a number of factors, including the particularly poor targeting of the programme in that year, may have influenced this result.

24 *Working Schemes?: Active Labour Market Policy in Ireland*, O'Connell and McGinnity, ESRI, (1997).

- 5.23 O'Connell and McGinnity also estimated the net outcomes of programmes, though here the analysis was restricted to younger people in their sample. A number of factors influence raw placement rates from programmes - the level of demand in the labour market, the profile of participants and so on. The net outcome refers to the impact of the programme itself on post-programme outcomes assessed by comparison with a control group. This again confirmed the weak employment effects of direct employment interventions. These results are consistent with their central theoretical argument that programmes that are more orientated towards the labour market have greater labour market effects.
- 5.24 Two policy implications follow for the CE Integration Option. O'Connell and McGinnity suggest that for employment programmes to be more effective at promoting integration into the labour market, they must be:
- more orientated to the labour market;
 - alternatively, the objective of employment programmes may be redefined as progression on to other more labour market-oriented programmes; this raises many issues concerning the organisation and targeting of employment programmes within this Option; how progression will be achieved in practice is also of central importance.
- 5.25 In the Forum's view, a greater focus on progression and outcomes from the Integration Option is required. The restructuring changes introduced to CE in 1996 set an initial target progression rate to employment, education or training of 50 per cent for this Option, as compared to the then existing minimum target progression rate of 20 per cent. However, according to a 1997 FÁS follow-up survey of those leaving in the period April-July 1995, 39 per cent of CE participants had obtained a job (34 per cent in employment at the time of the survey) with a further 33 per cent on a FÁS programme or in education. The Forum does not have details on the age, duration of unemployment, education/skills profile or gender of those progressing/not progressing, which would be important in evaluating the impact of schemes on the very marginalised and disadvantaged. It therefore urges that FÁS should collect and publish such basic data on a regular basis.
- 5.26 Following discussions with the Forum, the Department of Enterprise, Trade and Employment has now undertaken to prepare a flow chart setting out progression options and eligibility criteria for people on such schemes. This should be taken into account by the Working Group which has been set up under *Partnership 2000* to look at the training component of schemes, with a view to addressing any gaps in provision or areas where bridging courses are required. A properly-resourced Local Employment Service has, of course, a very pivotal role to play in tailoring appropriate interventions according to their clients' needs (see Section VII).

5.27 The Forum suggests a number of approaches which would help in developing progression options:

- greater emphasis should be taken to recruit those who are currently participating on CE on to VTOS²⁵ and FÁS special training programmes;
- greater use should be made of CE special projects, where the income maintenance and administrative systems of CE are used to support programmes with a much higher level of training intervention; targets for higher training levels on such programmes should be set;
- the FÁS Sponsor Training Programme should put particular emphasis on specific modules on:
 - working with the long-term unemployed;
 - using CE as a recruiting ground for progression options;
 - special projects;
 - anti-discrimination and outreach strategies for including members of minority groups; and
- provision should be made for accessible and affordable childcare.

Conclusions

5.28 In the Forum's view, sponsored job programmes will continue to be necessary for those who are very marginalised and lacking the skills to effectively compete in the labour market. Where integration is the objective, however, these programmes are not necessarily the most appropriate intervention. The Forum considers, therefore, that integration provision for the long-term unemployed should be rebalanced in favour of training and employment subsidies that are more directly linked to opportunities in the labour market. Section VI develops this discussion further.

5.29 In advance of this, the Forum urges that next month's Budget should continue the process initiated in recent years of making our tax/social welfare system more employment-friendly by enhancing the incentives to move from welfare to work. In this respect, it restates the recommendation set out in its *Second Periodic Report* that the priority for further tax reforms should concentrate more resources on lower to middle income earners, by way of increasing personal allowances.

25 Vocational Training Opportunities Scheme.

Section VI

**Training the
Long-term
Unemployed**

Training the Long-term Unemployed

- 6.1 *Partnership 2000* specifically identifies the need for action to link programmes to the skills required in the labour market. It further states that “*greater emphasis will be given to equipping the unemployed and early school leavers with skills that are in demand now and are likely to be in demand in the future in the labour market.*”
- 6.2 The Forum stresses the central importance of this principle in the development of human resources policy in the present context. The mismatch between the skills and qualifications of many among the long-term unemployed and the skill composition of labour demand in our rapidly growing economy is widely acknowledged and documented. This suggests that without at least some upgrading of the skills and qualifications of the long-term unemployed, many of them will be at a disadvantage in realistically competing for many of the jobs that are becoming available. Furthermore, the rapid expansion of labour demand now provides a context and incentive where there are real opportunities for positive returns to such training through securing employment. In fact, the present possibilities are literally unprecedented in our history. This represents a window of opportunity that must not be missed.

White Paper on Human Resource Development

- 6.3 The Forum therefore welcomes the recognition given in the White Paper on Human Resource Development to the importance of investing in the skills of those long-term unemployed, for example: “*There is a particularly important responsibility on the State to address the training needs of the long-term unemployed*”, and “*The Government has decided that greater priority will be given to interventions which provide greater training and work experience opportunities for the long-term unemployed.*”
- 6.4 However, some central arguments in the White Paper remain to be clarified regarding the role of training in a programme of re-integration of the long-term unemployed, particularly in regard to the needs of the adult unemployed. Thus:

“4.19 Evaluation and research have shown that conventional training programmes have a limited role in the reintegration of the unemployed, and particularly the long-term unemployed, back into the labour market.”

4.20 In its 1995 Economic Survey of Ireland, the OECD noted that ‘there is evidence that the returns from State-run training programmes for the unemployed in Ireland, as elsewhere, are not very high’. It went on to state ‘the few studies which have been undertaken find little evidence that such (training) programmes are effective.’

4.21 Similarly in its Report No. 4, *Ending Long-term Unemployment*, the Forum pointed out that the international evidence 'lends meagre support to the contention that such (broadly-based training) programmes are effective. For example, in Germany, no type of training was found to have any significant effect on the flows out of either short or long-term unemployment, nor on the flows into unemployment. Similar findings apply to the Netherlands. More positive results were, however, found in the case of Finland and Sweden'....."

- 6.5 This discussion takes place in relation to the Section on *'Importance of Role of a Public Employment Service in the Reintegration of the Unemployed into the Labour Market*. The White Paper continues:

"4.22 Intensive, personal engagement through counselling with the long-term unemployed, linked to a process of systematic engagement with the generality of the unemployed, in a framework of a strengthened connection between income support entitlement and a requirement to actively participate in measures aimed at enhancing employability, have been found internationally to produce richer results. The NESF, for its part, concluded that 'The most successful approach to tackling long-term unemployment is to develop a well planned strategy that is embedded firmly in a quality, independent service that takes a holistic approach to the problem, addressing individual social and financial obstacles and local area problems as an integral part of the strategy. Quality counselling and labour market advice are not only the most important elements in the strategy, but paradoxically, perhaps the least costly'."

- 6.6 The Forum repeats its view expressed in Report No. 4 that the role of counselling and guidance for the long-term unemployed and that of the Employment Service more generally should be to assist long-term unemployed people to identify and to put in place individual progression strategies with the goal of securing eventual access to employment. In many instances, and with active employer involvement to ensure its relevance, training which is linked to emerging labour market opportunities will be an essential element of that progression strategy. This holistic approach should form the central basis of policy-making in terms of responding more effectively to the needs of the long-term unemployed. The central role of the Employment Service in this regard is considered further below.

ESRI Mid-term Evaluation of the EU Community Support Framework

- 6.7 In its recent mid-term evaluation of the Community Support Framework,²⁶ the ESRI addresses the issue of training and education for the disadvantaged and the long-term unemployed. Noting the recent 'bad press' for such initiatives (it refers specifically to an article in the *Economist* citing much the same argument and evidence as that cited in the White Paper), it notes that the qualification 'broad based' is significant. The OECD review which is the initial source for the negative assessment of training "did suggest that training specifically targeted at the disadvantaged did yield more positive results." The ESRI cites

26 *EU Structural Funds in Ireland; a Mid-Term Evaluation of the CSF 1994-99*, ESRI, (1997).

recent Irish research which lends support to a more positive assessment of training and adds that *“Furthermore, although placement rates for less advantaged course participants will often be lower, yet the net social and private benefit of their participation in training courses is typically higher than for the more advantaged.”*

- 6.8 Furthermore, the ESRI Evaluation specifically criticises Human Resource Sub-Programme 2, *‘Continuing Training for the Unemployed’* for not being effectively focused on the long-term unemployed or the disadvantaged. In 1996, one quarter of participants were at work before joining the programme and fewer than one in six were long-term unemployed; over two thirds had the Leaving Certificate and about one quarter had a post-Leaving Certificate diploma or degree.
- 6.9 The ESRI states that *“The main idea behind funding such a measure should be to help ensure that persons who are unemployed and cannot quickly find suitable employment can acquire relevant skills. On the other hand, there is much less justification for providing free training to the general body of well educated labour market participants in skills that are well known to be in short supply.”* It therefore argues that such training should be drastically restructured to focus public spending more on target groups less well able to cope with the open labour market. It also argues that training should provide progression from foundation level programmes and suggests that reserving places for graduates of CE could help in this regard.
- 6.10 While there is some evidence that, in the past, long-term unemployed people have been reluctant to take up training, this frequently reflected a quite realistic perception of a lack of post-training employment opportunities. In this regard, the labour market has changed dramatically. However, in practice, the access of long-term unemployed people to training has always been highly restricted. O’Connell and McGinnity found that *“the short-term unemployed have privileged access to the most effective training programmes, while the long-term unemployed are concentrated in the relatively ineffective (in employment terms) Direct Employment Schemes.”* This finding holds even after controlling for educational qualifications and previous labour market experience.

Tailored Training Initiatives

- 6.11 Little effort has been devoted to developing effective models for engaging adult unemployed people in particular in education and training. This situation has begun to change more recently. It is worth emphasising here the relative success of the VTOS in this regard, although until the money allocated to the VTOS for the provision of childcare is drawn down, disincentives for Lone Parents will remain. The Forum also notes the emergence of a small but increasing number of successful tailored training interventions, focused to a significant degree on the long-term unemployed. It considers that these initiatives suggest important elements of good practice which should inform the development of mainstream provision in this area.

- 6.12 One such initiative is the Ballymun Partnership's *Tramlines* Project²⁷. *Tramlines* provides intensive computer training for people who are unemployed so that they can become employed as computer professionals. All 25 participants to date have passed the first certification examination in *Word* and 17 have become Microsoft Certified in *Windows 95*. The group is now working towards certification to systems programmer and systems engineer level. Three specially selected local people were recruited 10 weeks before the project commenced and were placed on a specialised Microsoft Trainers Course so that they could assume responsibility for training other people on the course. These three people have now been certified at Microsoft Trainer level. All but one of the trainees recruited were unemployed, ranging in age from 19 to 40 with the majority in their twenties. Most had little exposure to training and had limited schooling and formal training.
- 6.13 Another example is the Dublin Inner City Partnerships' *Fire Station Artists Studios Horizon Project*.²⁸ This training project identified a niche opportunity within the arts economy for technical support to practising sculptors and sought to expand this opportunity by training long-term unemployed people with an arts orientation. Over a period of two years, eight people were trained as sculptors' technicians through a combination of formal training modules and practical project work. The project combined technical skills development and personal development, including interpersonal skills, work organisation and planning capabilities. Project certification was provided by the Sculptors' Society of Ireland, the Inner City Renewal Group and the Fire Station Artists Renewal Group. The labour market outcomes from this project have been very positive.
- 6.14 Not all training interventions are as intensive as the above two examples. For example, another Ballymun Local Employment Service Network initiative, *Workmate*, has promoted a range of shorter training courses with some success. The *Workmate Over 40's* project is targeted on long-term unemployed people of 40 years and over. It is specifically tailored to address the needs of some of the most disadvantaged job seekers in Ballymun, based around individual support and advocacy to encourage participants on to education and training activities. All the training courses initiated by the project include specific skills training and the project combines training support with support in subsequently finding employment. In addition, project staff design and co-ordinate tailored training programmes to match identified needs of participants. For example, the *Workmate Over 40's* project has organised a short Warehouse/Stores (Forklift) Training Programme for participants. Project staff also encourage providers such as the VEC and FÁS to provide programmes tailored to the identified needs of project participants.
- 6.15 There are many other examples of tailored initiatives for the long-term unemployed and disadvantaged, such as those provided under the *Integra* programme, which is piloting a range of transnational and innovative actions under the headings of developing new systems of labour market provision, training and employment creation. Total expenditure over the

27 *Partnerships: Making a Difference in People's Lives*, Area Development Management, (July, 1997).

28 *The Fire Station Artists' Studios Horizon Project Evaluation - Final Report*, Devplan Associates. (April, 1995).

period 1995 to 1999 is expected to be just over £18m., 75 per cent of which is being provided by the European Social Fund. The *Youthstart* programme also provides further examples of tailored initiatives for targeting unemployed and disadvantaged young people under the age of 20.

Policy Implications

- 6.16 All of these initiatives are characterised by their investment in long-term unemployed people in a targeted way i.e. in a way that offers them whatever they need to have a real chance of availing of specific opportunities identified in the labour market. The discussion above suggests that there are at least two ways in which this approach can be mainstreamed in national labour market policy.
- 6.17 Firstly, ensure that FÁS mainstream specific skills training is clearly focused on the opportunities emerging in the labour market and specifically target this provision to take into account the varying needs of the long-term unemployed, with appropriate pre-training or bridging interventions where necessary. Secondly, adopt a client-centred approach to training provision through a targeted LES working in conjunction with all of the Social Partners at local level. This means that the LES should work directly with long-term unemployed people as a priority and **serve as the 'gateway'** to all employment and training programmes. The focus of this work would be identifying what they need so as to have a real chance in availing of specific job opportunities arising in the labour market. Crucially the Local Employment Service would then ensure that these training needs were met through a range of effective pathways and greater coherence and integration between all programmes.
- 6.18 This would mean giving the LES a clear purchasing (rather than provider) role and the budget to back this up, which was one of the core recommendations in the Forum's Report No. 4. This was made specifically with regard to the provision of a targeted service or services whose overriding objective would be *"getting the currently long-term unemployed and other similar groups back into employment through a combination of measures specifically targeted at these groups"*. Both of these approaches should be vigorously pursued. The role of employment services are discussed in more detail in the next Section of the Opinion.
- 6.19 In the light of the above, the Forum welcomes the recent establishment of the Working Group under *Partnership 2000* to consider the development of training interventions linked to the labour market and the mainstreaming of innovative projects in that regard. A further aspect which the Forum suggests should be examined concerns the various number of schemes now underway to boost investment in rural areas, which will require the availability of local skills and expertise to maximise the full potential of this investment as well as boosting progression opportunities which are very limited in certain rural areas. The Forum looks forward to that Group submitting a report on these key issues as quickly as possible.

Section VII

**Employment
Services**

Employment Services

- 7.1 In its Report No. 4, *Ending Long-Term Unemployment* (June 1994), the Forum's central recommendation was "that a national, comprehensive, locally-based Employment Service should be put in place" which it described as "the key to the integrated operation of all aspects of an active labour market policy." The Task Force on Long-term Unemployment, established on foot of the Forum's Report, set out its detailed proposals for the development of a Local Employment Service (LES) in its Interim Report of February 1995. These proposals were adopted by Government and the Local Employment Service was set up in the 12 initial PESP²⁹ Partnership Areas and in two other areas. By the end of 1996, the LES was working with unemployed clients in eight areas and just starting in six others.
- 7.2 *Partnership 2000* states that "the development of an effective public employment service, especially through the Local Employment Service, is essential to address the needs of the unemployed, and particularly the long-term unemployed." Thus it includes a commitment to extend the Local Employment Service to all designated Partnership Areas during the Programme period. This would proceed on a phased basis, initially in areas of concentrated unemployment. The Forum welcomes the subsequent announcement of the extension of the LES to four new areas. Extending the LES to other Partnership Areas will, however, require the allocation of additional resources in the forthcoming Budget if the above commitment is to be met.
- 7.3 The Forum is also concerned at the lack of focus on expanding the LES into rural areas with significant levels of unemployment and under-employment and reiterates its concern that further work be done to promote the most effective model of delivery for the LES in these areas.³⁰
- 7.4 A related area of concern for the Forum is the low level of take-up of the £1m. *Special Education and Training Fund* available to the LES, the bulk of which will be handed back to the Exchequer or rolled over at the end of this year. The Forum understands that this is mainly due to the early stage of development of the LES, combined with the fact that requests for funding are to be based on new and innovative schemes which do not duplicate services already in place. However, the Department of Enterprise, Trade and Employment has now drawn up a set of guidelines to streamline the approval process and an evaluation of proposals already approved is planned in order to identify models of good practice. The Forum urges that this work be expedited as part of a strategic plan to speed up the development of the LES.

29 Programme for Economic and Social Progress (1993-1996).

30 Op. cit., Forum Opinion No.3.

Role of the Local Employment Service

- 7.5 At the outset, it is important to clarify the role(s) or function(s) that an Employment Service might be expected to perform, which may be distinguished between a *general* role and a *targeted* role. The general employment service function is to promote efficient matching between job seekers and vacancies in the labour market. This role can be beneficial for all job seekers. The targeted role is about getting the currently long-term unemployed and other similar groups back into employment through a combination of measures specifically targeted at these groups. Thus it is focused on long-term unemployment and labour market exclusion and extends beyond a standard matching role to include actively equipping its clients to compete effectively in the labour market.
- 7.6 The Forum considers that developing this targeted role should now be the priority for Employment Services. Thus, a comprehensive labour market counselling and guidance function would be at the heart of the LES, as envisaged in Forum Report No. 4 and in the White Paper.³¹ This should be based on a client-led approach to training provision where the LES, working directly with long-term unemployed people, has a clear **purchaser** role in meeting clients' training needs. The Forum also sees the Service shifting the policy focus to facilitating **progression** from employment schemes to further education and training options, based on the needs of the individual client rather than an approach driven by the supply of places on programmes. In its Report No. 11, the Forum further considered that the LES should also play a role, along with FÁS and relevant community groups, in determining the guidance, development and counselling needs of young disadvantaged people aged between 18 and 21 and in the development of programmes for this group.

Forfás Review of LES

- 7.7 To date the Local Employment Service has been the main vehicle for a targeted service. A recent review carried out by Forfás³² concluded that "*Overall the initial experience of the LES has been reasonably encouraging.*" Nevertheless a number of the Review's findings suggest areas of concern. One of the more important of these is the very slow rate of development of the LES. As noted earlier, by the end of 1996, the LES was working with unemployed clients in eight areas and just starting in six others. Operational data suggest that the overall levels of activity achieved to date are quite limited - the Review stated that "*There has however been widespread concern about the perceived slow start up of the local LES. The Dail was told in November 1996 that £2m. was unspent because of slower than anticipated start-ups.*"
- 7.8 A wide range of practical factors affecting this slow rate of development are noted in the Review, which concludes that "*the key reality is that the work of building relationships with community groups, State agencies and employers is complex and slow.*" The Forum, however, took the view in its Opinion No. 3 on *Long-term Unemployment Initiatives* (April,

31 Op.cit.

32 *Initial Review of the Local Employment Service*, Forfás, (January, 1997).

1996) that obstacles to the development of the LES should be more vigorously tackled as quickly as possible, with additional staff deployed for this purpose if necessary.

7.9 A second area of concern relating to the development of the LES is the administrative provisions at national level to support it which up to now have been limited and are crucial factors in the delays which have occurred. At present, the main national support structure for the LES is the Department of Enterprise, Trade and Employment's *Policy Unit on Unemployment*, which also has responsibility for overall policy on long-term unemployment. The FÁS *Technical Support Unit* provides support to the former and, on its behalf, to the LES, in respect of systems, service promotion and staff development.

7.10 In the Forum's view, it is essential that these areas have sufficient resources to carry out their functions effectively. According to the Forfás Review, *"the role of a focused, dedicated national 'driver' is of critical importance to the future of the LES."* The Review also discussed a number of practical aspects of the proposed national operational centre, and suggested that *"It is important that additional staff for the operation centre should be drawn from a variety of backgrounds, in so far as is practical"*. However, it made no recommendation as to its organisational location. The Forum also did not express a firm opinion on this issue, beyond emphasising that whatever organisational structure is finally decided on should *"build on the staff and other resources coming available within FÁS and the Department of Social Welfare."*

White Paper Proposals on a National and Local Employment Service

7.11 The Forum understands that the proposals set out in the White Paper are now under consideration by the present Government. These proposals relate to *"the establishment of a new revitalised National Employment Service that will assimilate FÁS' current Employment Service and take charge of developing the Local Employment Service."* Institutionally, the White Paper suggests that the National Employment Service (NES) would be established as a subsidiary of FÁS. Its functions would be to:

- engage in a new *"labour market activation"* policy nation-wide;
- re-invigorate the delivery of employment services at a national level; and
- further develop the Local Employment Service (LES).

7.12 In addition to the general matching function of employment services, the National Employment Service would also have a new *"labour market activation role"*. According to the White Paper, the essence of the approach is that the Employment Service would work actively with unemployed people to help them enter the workforce, rather than simply acting as a passive channel of information about programmes. Thus, it states, *"the approach is client-centred rather than programme-centred"* and that *"...the labour market activation process will involve the registration of all unemployed people with the Employment Service and the identification of those registered unemployed whose job prospects could be enhanced by structured access to improved information, guidance and placement services..."*

In addition to the initial registration, a more intensive activation process will be put in place for those furthest removed from the labour market. For example, the adoption of such a process for all persons crossing the 6-month unemployed duration threshold will require the Employment Service to engage actively with about 6,000 people per month and to deal with specific referrals from the Social Welfare Service....”

7.13 The White Paper couples activation with conditionality in what it describes as “*a framework of strengthened conditionality*” and as “*the activation and strengthened conditionality policy framework within which the Service will operate.*” This framework includes “*a closer integration between social security entitlement and a willingness to participate actively in such measures.*” In its previous work, the Forum has emphasised the importance of ensuring that registration with the Local Employment Service should be on a voluntary basis and, in keeping with this position, expressed its serious concerns last year when a compulsory element was included in the new Youth Progression Programme for 18/19 year olds on the Live Register. One Member now considers that the issue of conditionality should be left open, given the current labour market situation. This viewpoint is, however, challenged by some other Members who consider that the LES could not operate as intended if made part of a system of conditionality.

7.14 On the Local Employment Service, the White Paper envisages that “*The LES will become an integral part of the National Employment Service while at the same time maintaining its unique features*”. Two issues arise in this context. First, what distinguishes the role of the LES and the activation role of the National Employment Service. Second, what institutional arrangements are necessary to secure the future development of the LES.

7.15 The White Paper refers to a number of factors that distinguish the LES. First there is its geographical targeting viz. “*The ongoing development of the LES is central to the Government’s approach to tackling long-term unemployment in those areas where there are high concentrations of unemployed.*” Secondly, it also suggested that the LES will be targeted on the most disadvantaged in the labour market. The third distinctive factor is “*its unique role in involving, at local level, State agencies, social partners, voluntary and community groups and the unemployed themselves in delivering an integrated intensive employment service to areas of high deprivation*”.

7.16 It is less clear what distinguishes the services to be offered by the LES and the NES. According to the White Paper “*The role of the Local Employment Service in providing a person-centred service to the long-term unemployed will complement the more general activation focus which will become the primary focus of the enhanced general employment service*”. It states that individual intensive counselling, guidance, training, education and employment supports are at the heart of the LES and that these supports will continue to be developed. It is also envisaged that the NES “*will refer clients in need of the more intensive, specialised service of the Local Employment Service to that strand where available and indeed will take referrals from the LES strand who do not fall within the latter’s target group.*”

7.17 The other main issue that arises concerns the institutional arrangements necessary to strengthen the LES and to secure its future development. The White Paper recognises that the LES' *"need for a focused, dedicated 'national driver' is of critical importance to its future development."* According to the Forfás Review of the LES *"The national operational centre needs to be able to assert a view of the LES and show commitment to its delivery, be adequately staffed to do the job, and be capable of gaining the confidence of other participants in the LES process."*

7.18 As noted above, the White Paper envisages that the LES will become an integral part of the National Employment Service and a specific, autonomous service is ruled out. The NES will have responsibility for the development of the LES, which *"will have the support of the general strand, both in technical and operational terms."* Overall, the Forum considers that the White Paper was an important and timely policy document on key labour market issues. The above discussion indicates that there are still a number of areas which require clarification and discussion, particularly in relation to the type and nature of services to be provided by the NES and the LES. The Forum's views on the institutional structure necessary to support the LES are set out in Section VIII.

Section VIII

Conclusions and Recommendations

Conclusions and Recommendations

- 8.1 Despite the record number of jobs being created, labour market marginalisation constitutes an enormous challenge which must be resolutely addressed if the Partnership commitment to sharing the benefits of growth is to be realised. This must be seen as a legitimate objective in its own right and given greater policy priority. The creation of more jobs, while very welcome in itself, will not be sufficient unless parallel efforts are made to provide the long-term unemployed and other marginalised groups with an enhanced capacity to compete for these jobs.
- 8.2 For this purpose, more active and targeted labour market policies are required, together with a client-centred and adequately resourced Local Employment Service. This is one of the most opportune times to not only introduce but also to obtain maximum economic and social gains from such policy initiatives.
- 8.3 Against this background, the Forum considers that the Community Employment Programme should be more rigorously targeted on the long-term unemployed and others similarly marginalised in the labour market and that employment options for the long-term unemployed should continue to have two distinct objectives. These are:
- (i) integration into the mainstream labour force; and
 - (ii) the provision of sponsored employment.
- 8.4 In terms of the four elements of its strategic framework to tackle long-term unemployment (see Section IV), the Forum considers that greater priority should now focus on prevention and on policies to assist the currently long-term unemployed and other similar groups back into employment. With regard to the former, the Forum published its Report on *Early School Leavers and Youth Unemployment* earlier this year, and its recommendations have, in the main, been accepted by Government. The Working Group set up to examine the Forum's recommendations did, however, set a longer time-scale than that proposed by the Forum for the elimination of early leaving (2006 instead of 2002) and also put forward a different set of measures for 18-21 year olds. As already mentioned in Section IV, the Government's response to the Forum's more recent recommendations in this area are awaited.
- 8.5 As regards more active labour market policies, the Forum considers that FÁS specific skills training should be clearly focused on the opportunities emerging in the labour market and that special provision should be specifically targeted to facilitate the long-term unemployed to avail of these opportunities, with appropriate bridging and progression measures with other schemes such as VTOS and CE. A stronger policy focus is

required on progression options to further training which allow skills to be built up. The Forum again reiterates its earlier emphasis that a client-led approach to training provision should be adopted through a targeted Local Employment Service. Our main recommendations are listed in Box 1 for reference purposes.

Box 1

Summary List of Main Recommendations

(the number references are to the corresponding paragraphs in the Opinion)

(i) *Unemployment Statistics*

4.17 The Inter-Departmental Special Group on Employment and Unemployment, which is at present examining Forum Report No. 13 on *Unemployment Statistics*, should also examine the question of the appropriateness of exclusively using the ILO basis for the NAPS targets on long-term unemployment.

(ii) *Partnership 2000 commitment on extra places on labour market schemes*

5.15 Appropriate provision should be made in the forthcoming Budget to ensure that the commitment in *Partnership 2000* for an extra 10,000 places on labour market schemes are phased in over the remaining years of the *Partnership*.

5.16/5.17 The detailed allocation of all these extra 10,000 places should take account of the results of the evaluation of the CE Integration Option which is due to be completed by end-April next. The Working Group set up under the *Partnership* to look at the provision of the extra places should examine this in the context of a targeted nation-wide service operating through the Local Employment Service to ensure a tailored approach for the very marginalised and disadvantaged.

(iii) *Target Groups*

5.18 The groups targeted for labour market interventions should be the long-term unemployed, dependent spouses of the long-term unemployed and those on other means tested payments, lone parents, those on Disability Allowance, Travellers of all ages, and people with a history of long-term unemployment, subject to the other eligibility criteria for the whole-time *Jobs Initiative* regarding duration and age. The Local Employment Service should form the basis for delivering a targeted and tailored service to these client groups.

5.19 Innovative *YOUTHSTART* programmes should be developed and mainstreamed.

(iv) Extension of Jobs Initiative Scheme

- 5.20 Places on the *Jobs Initiative* should be extended to other areas, including rural areas, with significant levels of unemployment and under-employment, while FÁS should give priority to upgrading the quality of rural CE programmes.

(v) Progression Options

- 5.27 Progression options from CE could be improved by:
- greater emphasis on recruiting those who are currently participating on CE on to VTOS and FÁS special training programmes;
 - greater use being made of CE special projects, where the income maintenance and administrative systems of CE are used to support programmes with a much higher level of training intervention; targets for higher levels of these should be set;
 - particular emphasis in the FÁS Sponsor Training Programme on specific modules of: (i) working with the long-term unemployed; (ii) special projects for marginalised groups; (iii) improved progression options from CE; (iv) anti-discrimination and outreach strategies to include minority groups; and
 - making provision for accessible, affordable childcare on all targeted labour market measures.

(vi) Work Incentives

- 5.29 Provision should be made in the forthcoming Budget to continue the process of rewarding work by targeting more resources on lower to middle income earners, by way of increasing personal allowances.

(vii) Development of the LES

- 7.2 Sufficient resources should be made available in the forthcoming Budget to ensure that the target provision in *Partnership 2000* for the LES to be extended to all designated Partnership Areas by the end of the Programme is achieved.
- 7.3 Greater focus on expanding the LES into disadvantaged rural areas with significant levels of unemployment and under-employment and work should be expedited to promote the most effective model of delivery for the LES in these areas.
- 7.4 Work on the streamlining process underway in the Department of Enterprise, Trade and Employment in relation to the *Special Education and Training Fund* and the proposed evaluation of this Fund should be expedited as part of a strategic policy to speed up the development of the LES.

7.8 The Forum repeats its call in its Opinion No. 3 that obstacles to developing the LES should be overcome as quickly as possible, with additional staff being deployed if necessary for this purpose.

(viii) LES Institutional Structure

7.19 The LES should have the resources and autonomy to carry out its functions; in this regard, the critical importance of interaction between all of the Social Partners and agencies at local level, including employers and trade unions, should form the cornerstone of any institutional structure put in place, at local and at national levels.

8.6 Finally, the Forum repeats the call in its recent *Second Periodic Report* that the review of the Public Service's role as an employer of the long-term unemployed should be expedited.

**Terms of Reference
and Constitution of
the Forum**

**List of the Forum's
Publications**

Terms of Reference and Constitution of the Forum

1. The Terms of Reference of the National Economic and Social Forum are to develop economic and social policy initiatives, particularly initiatives to combat unemployment, and to contribute to the formation of a national consensus on social and economic matters.

The Forum will:

- (i) Have a specific focus on:-
 - job creation and obstacles to employment growth;
 - long-term unemployment;
 - disadvantage;
 - equality and social justice in Irish society; and
 - policies and proposals in relation to these issues.
 - (ii) Make practical proposals on measures to meet these challenges;
 - (iii) Examine and make recommendations on other economic and social issues;
 - (iv) Review and monitor the implementation of the Forum's proposals and if necessary make further recommendations; and
 - (v) Examine and make recommendations on matters referred to it by Government.
2. The Forum may consider matters on its own initiative or at the request of Government.
 3. The Forum will work in two year cycles and will inform Government of its programme of work within three months of the beginning of each cycle.
 4. In drawing up its work programme, the Forum will take account of the role and functions of other bodies in the social and economic area such as NESC to avoid duplication.
 5. The Forum may invite Ministers, Public Officials, Members of the Forum, and outside experts to make presentations and to assist the Forum in its work.
 6. The Forum will publish and submit all its reports to Government, to the Houses of the Oireachtas and to other Government Departments and bodies as may be appropriate.
 7. The Forum will be drawn from three broad strands. The first will represent the Government and the Oireachtas. The second will represent the traditional Social Partners. The third strand will be representative of groups traditionally outside the consultative process including women, the unemployed, the disadvantaged, people with a disability, youth, older people and environmental interests.
 8. The Forum will have an independent Chairperson appointed by Government.
 9. The term of office of members will be two years during which term members may nominate alternates. Casual vacancies will be filled by the nominating body or the Government as appropriate and members so appointed shall hold office until the expiry of the current term of office of all members. The size of the membership may be varied by the Government.
 10. The Forum is under the aegis of the Department of the Taoiseach and is funded through a Grant-in-Aid. This Grant-in-Aid is part of the overall estimate from that Department.

Forum Publications

(i) Forum Reports

Report No.	Title	Date
1.	<i>Negotiations on a Successor Agreement to the PESP</i>	November 1993
2.	<i>National Development Plan 1994-1999 - the proposed Local Development Programme</i>	November 1993
3.	<i>Commission on Social Welfare - Outstanding Recommendations</i>	January 1994
4.	<i>Ending Long-term Unemployment</i>	June 1994
5.	<i>Income Maintenance Strategies</i>	July 1994
6.	<i>Quality Delivery of Social Services</i>	February 1995
7.	<i>Jobs Potential of the Services Sector</i>	April 1995
8.	<i>First Periodic Report on the Work of the Forum</i>	May 1995
9.	<i>Jobs Potential of Work Sharing</i>	January 1996
10.	<i>Equality Proofing Issues</i>	February 1996
11.	<i>Early School Leavers and Youth Unemployment</i>	January 1997
12.	<i>Rural Renewal - Combating Social Exclusion</i>	March 1997
13.	<i>Unemployment Statistics</i>	May 1997
14.	<i>Self-Employment, Enterprise and Social Inclusion</i>	October 1997
15.	<i>Second Periodic Report on the Work of the Forum</i>	November 1997

(ii) Forum Opinions

Opinion No.	Title	Date
1	<i>Interim Report of the Task Force on Long-term Unemployment</i>	March 1995
2	<i>National Anti-Poverty Strategy</i>	January 1996
3	<i>Long-term Unemployment Initiatives</i>	May 1996
4	<i>Post-PCW Negotiations - A New Deal?</i>	August 1996
5	<i>Employment Equality Bill</i>	December 1996
6	<i>Pensions Policy Issues</i>	October 1997

(iii) Forum Opinions under the Monitoring Procedures of *Partnership 2000*

Opinion No.	Title	Date
1	<i>Development of the Equality Provisions</i>	November 1997
2	<i>Targeted Employment and Training Measures</i>	November 1997

