

Investing to Address Unemployment



"The INOU is a federation of unemployed people, unemployed centres, unemployed groups, community organisations and Trade Unions.

The INOU represents and defends the rights and interests of those who want decent employment and cannot obtain it. We promote and campaign for policies to achieve full employment for all.

We also campaign for an acceptable standard of living for unemployed people and their dependents. The INOU is an anti-sectarian, anti-racist, non-party political organisation which promotes equality of opportunity within society."

INOUE Mission Statement

INOUE

Irish National Organisation of the
Unemployed
Araby House
8 North Richmond Street
Dublin 1

Phone: 01 - 856 0088
Fax: 01 - 856 0090
Email: policy@inou.ie

Government's recent Statement of Priorities 2014-2016 noted "while the country is moving in the right direction, too many people continue to struggle in their daily lives". This is particularly true for unemployed people who have not secured employment and who ask the INOU 'where are all the jobs people keep talking about?' This question highlights a significant challenge facing Ireland, even though our headline economic statistics are moving in the right direction, the reality for many people is that this is not visible in their local areas.

Ireland needs a more diverse and better geographical spread of employment: employment that is decent and sustainable. In turn this requires the provision of supports to unemployed people that facilitate their pathway to work in a positive and person-centred approach; and where appropriate the provision of educational and training supports that enhance participants' employment prospects. Investment is required to address these issues constructively and Budget 2015 has a critical role to play.

As an organisation campaigning "for an acceptable standard of living for unemployed people and their dependents" we are keenly aware of the importance of the provision of an adequate income and good social services. Earlier in the summer the INOU made a Pre-Budget Submission to the Department of Social Protection that covered many of these issues. However, socio-economic supports and services are the responsibility of a broader range of Government Departments and agencies and this Pre-Budget Submission will cover issues of relevance to the Departments of: Education and Skills; Environment, Community and Local Government; Finance; Jobs, Enterprise and Innovation; Public Expenditure and Reform; and Social Protection.

The INOU 2015 Pre-Budget Submission covers issues of:

- ◆ **Adequate Income**
- ◆ **Affordable Cost of Living**
- ◆ **Quality Education and Training**
- ◆ **Decent Jobs and Employment Programmes**
- ◆ **Social Inclusion and Equality**

Adequate Income

In April the CSO published the Survey on Income and Living Conditions for 2012. The 'at-risk-of-poverty rate'; the deprivation rate; and the consistent poverty rate were all higher at the national level which is hardly surprising four years into a crisis that has left so many people worse-off. At the national level the 'at-risk-of-poverty rate' in 2012 was 16.5%; the deprivation rate was 26.9%; and the consistent poverty rate was 7.7%. However, for unemployed people these rates were even higher, increasing in 2012 to 34.7%; 49.4%; and 19.2% respectively.

In recent pre-budget submissions the INOU has called on the Government to stand by its 'Programme for Government' commitment that *"We will maintain social welfare rates."* However, we believe this call is no longer sufficient given the financial difficulties facing so many unemployed people and their families, and the additional charges and cost of living they are facing. The Christmas Bonus, an additional weekly social welfare payment which recognised the increased expenses facing people at Christmas, was abolished in 2010 and was in effect a 2% cut. Since 2011 the Jobseekers payments have been set at €188 for the main claimant and €124.80 for the Qualified Adult Increase; yet over the past three years the Consumer Price Index has increased by 2.6%. Since 2010 the Qualified Child Increase has been set at €29.80.



In June 2011, the Back to School Clothing and Footwear Allowance (BSCFA) for children aged 2-11 was €200 per child; and €305 per child for children aged 12-22 in full-time education. In Budget 2013 these rates were halved to €100 for children aged 4-11 and set at €200 for children aged 12-17. For older children aged 18-22 the BSCFA is only payable if they are in full-time second level education in a recognised school or college. Yet over this period the cost of education has increased by 19.8%. The negative impact on families has been further exacerbated by the reduction in Child Benefit: which has decreased from €150 per child for the first two children and €187 per child for any subsequent child in 2010 to a standard rate of €130 per child in 2014.

Affordable cost of living

INOU affiliates and individual members are keenly aware of the accommodation difficulties facing so many unemployed people. In particular the challenge of securing a decent and affordable place to live. While the introduction of the Housing Assistance Payment (HAP) should help to address the considerable welfare to work issues facing unemployed people on Rent Supplement (RS), it will not address the shortage of suitable accommodation - particularly facing people living in Dublin.

The INOU is conscious of the fact the Department of Social Protection strives not to be a market leader when it comes to rent levels. Whilst the Department's concerns in this regard are understandable, feedback the organisation receives indicates that in too many cases it is not feasible to source suitable accommodation under RS limits and that this issue is likely to persist under HAP. Calls to the INOU make it clear that greater flexibility and more realistic supports are required to support people to meet their accommodation needs across the country.

It is extremely difficult to manage on a social welfare payment. As the ECFIN Economic Brief notes *"Unemployment status is a key determinant of poverty"* and concludes *"Poverty increases were expressed mostly in terms of severe material deprivation (an indicator of "absolute poverty") and low work intensity rates."* According to the most recent SILC data for Ireland the deprivation rate for unemployed people was 22.5% points higher than the national average.

Given this scenario the impact on unemployed people of the introduction of the property tax and water charges carries with it a considerable risk of further impoverishing people already struggling to survive. At the INOU most recent Annual Delegate Conference, delegates called *"on the Government to extend the derogation to water charges to all unemployed people"*.



INOU SEEKS:

- ◆ **A €5 increase in social welfare payments.**
- ◆ **5% in top-up payment on activation programmes.**
- ◆ **Restoration of the Christmas Bonus.**
- ◆ **Rent Supplement and Housing Assistance Payments to be set at realistic levels.**
- ◆ **Extension of the derogation to water charges to all unemployed people.**

Quality Education and Training

According to the most recent Quarterly National Household Survey, there were 252,600 people unemployed. Of this group almost two-thirds belonged to three educational categories: higher second level education (29%); Post Leaving Certificate (19%); lower secondary (17%). Amongst the skills shortages identified in the labour market are: IT, multilingual contact centre staff, scientists / techs, engineers, business professional, medical / pharma, tool makers, meat industry related occupations, supply chain managers. It is clear from this list that re-skilling will be required if the jobs available and coming on-stream are to be truly accessible to people who are unemployed. It is also clear from this list that both Higher Education and Further Education and Training have important roles to play in improving unemployed people's chances of securing a decent job. Building on the learning from *Springboard* and *Momentum* will be important.

In May 2014 the Further Education and Training Strategy was published and its five strategic goals include **Skills for the economy** which has as a strategic objective to "Provide further education and training programmes for a diverse range of individuals with a particular focus on long-term unemployed people and unemployed young people." Within the **Quality Provision** goal one strategic objective seeks to respond "to the needs of learners". The development and roll-out of learner-centred provision will not only ensure a meaningful service for unemployed people and other learners but will ensure a more effective use of resources. This goal's third strategic objective will focus on upgrading "the guidance service within FET and extend it to all who engage with FET". The issue of guidance has been raised regularly with the INOU. It is vital to get this right and to ensure unemployed people are matched-up with the most appropriate provision for them.



INOUE SEEKS:

- ◆ Increased investment in appropriate education and training provision for unemployed people.
- ◆ Investment in the provision of quality adult education and training guidance
- ◆ An acknowledgement of the diversity of learning needs amongst the unemployed, especially literacy and numeracy.

Decent Jobs and Employment Programmes

Using data from the Quarterly National Household Survey, the Skills and Labour Market Research Unit in SOLAS (SLMRU) explored labour market transitions i.e. how many people moved from and between employment, unemployment and inactivity across a given time period. In the National Skills Bulletin 2014 the SLMRU noted that most individuals did not move from one status to another in 2013 as “on average, 97% of individuals who were in employment, remained employed in the subsequent quarter; 94% of those economically inactive, continued to be outside the labour force and 70% of those unemployed continued to actively look for work.” Remember that the ‘inactive’ figure includes people who are unemployed who have become ‘discouraged’ in their search for work.

To address the unemployment challenge facing Ireland in a manner that ensures unemployed people get access to decent employment requires a number of steps. Firstly, the focus must be on the creation and maintenance of decent jobs. It is not in Ireland’s interest to create low paid and precarious work.

Secondly, every effort must be made to work *with* unemployed people to secure access to this employment including the provision of good information and advice. The work with employers undertaken by the Department of Social Protection and through the Labour Market Council must be built on to create real access points, especially for people who are long-term unemployed.

Thirdly, a greater effort must be made to maximise the potential of employment programmes. Many people are concerned about the effectiveness and the appropriateness of these schemes. For example, unemployed people have raised concerns with the INOU that JobBridge is displacing paid employment and reducing their chances of finding a job. Others are concerned about the low progression rate from schemes like Community Employment (CE). Yet, in many communities CE is the only available employment and underpins many social services.

To address these issues requires better monitoring and evaluation, enhanced integration across social protection, employment services, education and training provision, enterprise supports to ensure that unemployed peoples’ work on these schemes is valued and built on and they create a genuine ‘*pathway to work*’.



Social Inclusion and Equality

The principles of social inclusion and equality are integral to addressing the challenges facing unemployed people and others distant from the labour market, including lone parents, people with disabilities, Travellers and other ethnic minorities. It is not in Ireland's interest to see an inequitable and exclusionary recovery taking place. To that end Social Impact and Equality Assessments must be embedded across the entire pre- and post-budgetary processes and across all agencies and departments. Failure to undertake such an approach will exacerbate existing and emerging structural issues, resulting in an ineffective and inefficient use of resources.

In many areas, in many communities it is locally lead initiatives that provide employment and participation opportunities for unemployed people and others distant from the labour market. Supports for such initiatives have been badly hit by the recession and at a time when demand for their supports and services have increased. If Ireland is to emerge from this crisis a more equitable and inclusive society then the role and contribution of community and voluntary sector organisations must be acknowledged and supported.

To achieve equitable and inclusive growth Ireland's economic development must move beyond an export lead and FDI focus and start to explore and support alternative approaches. Community lead initiatives could play a greater role in the creation of employment and the development of social enterprises that strive to address gaps in both provision and opportunity. Ireland lags behind other European countries in this regard yet there is real potential to use such an approach to roll out more effective social and environmental policies on the ground.

Integral to achieving a more just and equitable society are taxes, how they are collected and how they are spent. For many people in this society, living with disadvantage and marginalisation many of the proposed tax cuts will be of little benefit to them. For people managing poverty on a daily basis, increases in social welfare payments / supports, and a reduction in VAT would be more meaningful. For those making the welfare to work journey a cut in the lower rates of USC and an extension of the income bands to which they apply would be more relevant. However, the introduction of a refundable tax credit would send a powerful message that *"By the end of our term in Government Ireland will be recognised as a modern, fair, socially inclusive and equal society supported by a productive and prosperous economy"* is indeed on the cards.



INOU SEEKS:

- ◆ **Pre and Post Budget integrated Social and Equality Impact Assessments.**
- ◆ **Properly support CVS organisations to continue their work in addressing social and economic exclusion.**
- ◆ **Reduce USC burden on low paid workers.**
- ◆ **Introduce Refundable Tax Credits.**

INOU Contact: Bríd O'Brien, policy@inou.ie