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INOU PRE-BUDGET SUBMISSION TO THE DEPARTMENT OF SOCIAL PROTECTION

Introduction

The issues that the INOU are seeking to have addressed in this Pre-Budget Submission arise out of the work of the Irish National Organisation of the Unemployed (INOU) through queries to our Welfare Rights Section; issues arising from our affiliates and individual members through the structures and work of the organisation including the National Executive Committee; the General Branch; Regional Discussion Forums; meetings with unemployed people using the Intreo service and the Training Section's work.

At the INOU's recent Annual Delegate Conference delegates discussed the challenges facing so many people trying to manage on a social welfare payment; the difficulties of finding and accessing suitable education, training and employment opportunities; the requirement for services to work *with* unemployed people to find sustainable solutions to their unemployment; and the urgent need for the creation of decent jobs that unemployed people can access.

The theme of the conference was '*decent work for unemployed people*' and delegates noted the difficulties in finding such work outside of certain sectors, geographical areas, and certain age groups. This latter issue did not arise with regard to youth unemployment which is a significant issue but with regard to older unemployed people who are facing discrimination in the labour market.

The focus of this submission are the issues for which the Department of Social Protection has responsibility. Other issues will be addressed in the INOU's wider pre-budget submission which will be sent to the relevant Departments and agencies. This submission will also be sent to the members of the Oireachtas who are on the Joint Committee on Education and Social Protection.



Context

According to the Quarterly National Household Survey Quarter 1 2014¹ there were 1.89m people in employment while 258,100 people were unemployed. This is an improvement on two years ago when the unemployment rate stood at 15% and the long-term rate stood at 9.5%, in Q1 2014 they were 12% and 7.3% respectively. However, the nature and extent of the unemployment challenge facing Ireland becomes more evident when Q1 2014 is compared with Q1 2008, a few months before employment fell and unemployment rose so dramatically. In Quarter 1 2008 there were 2.15m people in employment and 113,600 people were unemployed. Then 33,000 or 29% of those who were unemployed were long-term unemployed. This is in marked contrast to 2014 when 156,200 or 60.5% of people who are unemployed have been so for more than a year. In Q1 2008 the long-term unemployment rate was 1.5%. The long-term unemployment rate remained under 2% from Q1 2000 until Q1 2009. At the end of 2010 this rate went over 7% and where it has since remained. It is not unreasonable to infer from the LTUR rate during the noughties, that getting job creation right is the critical factor in lowering unemployment.

Recent work by the Economics and Social Research Institute² noted that for the vast majority of unemployed people “work pays more than welfare”; while for the overwhelming majority of unemployed people for whom it does not, they would prefer to be in employment. These findings are welcome as they help to dispel the myth that unemployed people are not taking up work opportunities because of ‘overly generous’ welfare payments. In response to discussions about activation and recent employment creation, many unemployed people have asked us ‘what jobs?’ and ‘where are they?’ as they are not seeing them and cannot find them in their own job searches.

The areas of key concern to unemployed people and those working on these issues for which the Department of Social Protection are responsible are:

- **Social Protection: Income Adequacy and Supports**
- **Employment Services: Accessing Paid Employment**
- **Employment Services: Activation Programmes**

¹<http://www.cso.ie/en/releasesandpublications/er/qnhs/quarterlynationalhouseholdsurveyquarter12014/#.U575Ciguics>

²<https://www.esri.ie/UserFiles/publications/JACB201239/BP201503.pdf>



Social Protection: Income Adequacy and Supports

In April the CSO published the Survey on Income and Living Conditions³ 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 was for children aged 2-11 was €200 per child, while for children aged 12-22 in full-time education was €305 per child. 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.

-  **The INOU calls for a €5 increase in Jobseekers payments.**
-  **For Secondary Benefits to be set at levels that really assist people to meet their living costs.**
-  **And to restore the Christmas Bonus.**

³ http://www.cso.ie/en/media/csoie/releasespublications/documents/silc/2012/silc_2012.pdf



On the issue of secondary benefits 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, it will not address the shortage of suitable accommodation not only facing people seeking to live in Dublin but in other parts of the country. The INOU is conscious of the fact the Department strives not to be a market leader when it comes to rent levels and the Department's concerns in this regard are understandable. However, 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. The recently announced greater flexibility in the Dublin area to address the serious issue of homelessness is welcome. Calls to the INOU make it clear that this enhanced flexibility is also required to support people to meet their accommodation needs⁴ across the country.

The INOU remains concerned that the incorporation within DSP of the Supplementary Welfare System is leading to a situation whereby people who do not readily or neatly fit into a category are refused an initial payment; are then advised to appeal it; and then find their application for Supplementary Welfare Allowance refused because their initial payment application was refused. The INOU is particularly concerned at the refusal by some local welfare offices to put their reasons or rationale in writing which then leaves the applicant in an invidious position as they are unclear as to what exactly they are appealing against. The INOU is also questioning the legality of this development which flies in the face of good and indeed established practice.

 **INOUE urges that social protection applicants are fully informed of their rights including the right to appeal.**

 **Negative decisions are always presented in writing.**

 **Applications for SWA are assessed in their own right.**

⁴ According to DSP's Statistical Information on Social Welfare Services 2012 11.4% of Jobseekers were in receipt of Rent Supplement.



Employment Services: Accessing Paid Employment

The Public Employment Service is now incorporated into the Department of Social Protection and has been streamlined so that access is only guaranteed through *Intreo* which is only accessible to people in receipt of a Jobseekers payment. This situation throws up a number of policy and practical challenges.

From the policy perspective, major restructuring of social protection and employment services are underway but are only incorporating one payment of working age, Jobseekers. In the middle of an unemployment crisis prioritising people on the Live Register is understandable from a political and logistical perspective - in particular when there are limited resources. However, it excludes a considerable number of people of working age who considered themselves to be unemployed⁵ but who may be in receipt of another working age payment or no payment at all.

In a recent INOU submission⁶ to the Joint Committee on Education and Social Protection this latter issue was discussed. It is an issue that individual members and affiliates have raised many times and a motion to the Annual Delegate Conference in 2011 called on *“the Government to ensure access for unemployed people not included on the Live Register to the full range of employment, training and education supports including the Training Allowances and other supports.”* For some unemployed people it is the lack of access to any supports that is so frustrating, as one person noted

“Are there others like me? I am currently unemployed but not in receipt of any SW payment as my husband is in full time employment. I have no problem with that, but what does annoy me is that I cannot apply for any Employment Schemes, FAS courses etc. because I have to be in receipt of a SW payment. I really want to get employment and would happily work on a Scheme but find the situation very unfair...I feel as if I am the forgotten unemployed!!”

-  **The Public Employment Service develops the capacity to respond to the needs of all people of working age seeking employment;**
-  **Access to programmes is based on wider criteria than a person’s Live Register status;**
-  **Programme participants are given the wherewithal to support their engagement.**

⁵ In 2013 35% of closures on the Live Register resulted from people being no longer entitled to a Jobseekers payment.

⁶ To read the full submission please click on this link

http://www.inou.ie/download/pdf/inou_icesp_presentation_12_6_14.pdf



A critical issue for unemployed people who are in receipt of a Jobseekers payment and who are seeking work is access to good quality and timely information. Over the past year Ireland has seen a growth in full-time employment which is to be welcomed. However, it is not yet on the scale required to give real hope of accessing a decent job to the majority of people who are long-term unemployed. In the meantime access to part-time or short-term work can give unemployed people opportunities to maintain and develop their skills and be in the best place to hear about employment opportunities – a job. A perennial issue from the INOU is the situation that arises for an unemployed person who finds part-time work: if the hours are spread over a week he or she will most likely lose her / his Jobseekers payment. However, if the hours are concentrated in fewer days this may not happen. As the most effective activation tool is potentially another job, it is in the Department’s own interest to support unemployed people to take up the employment opportunities that are available.

The INOU welcomed the Department’s introduction of what initially was called ‘Fast-Track’ and now appears to have the more functional name of: “‘no break in claim’ seasonal work processes”. A catchier more marketable name is required and greatly enhanced communication of positive developments; for example, it should be more visible on welfare.ie. Making the welfare-to-work journey can be difficult for people who have been unemployed for a period of time. In effect people are moving from a position of some certainty to one that holds out the prospect of something better but may not last or indeed materialize. So it is absolutely critical that constructive supports are communicated well and used to their maximum effect. For example, the Jobseeker pack on welfare.ie is an excellent resource and should be the first item on the Jobseekers page on the website.

For unemployed people with families the welfare-to-work journey is more challenging - in particular if the only employment on offer is at the lower end of the pay scale. Family Income Supplement (FIS) was designed to support people with families in low paid employment and provides an important support for unemployed people seeking to move from welfare-to-work. Much of the public debate around

 **The INOU urges the introduction of an hours-based social welfare system and re-design the earnings disregard accordingly.**

 **The active promotion and extension of the ‘Fast-Track system’.**

 **Resourcing Frontline staff to work *with* Jobseekers to use effectively the range of back-to-work supports that are available to them; and to explore the potential to maximise their income if they move from JB to JA.**



unemployed people not taking up work invariably moves around welfare being too high rather than wage being too low⁷ and rarely factors in FIS and the important role it can play in smoothing out the welfare-to-work transition. The application process is an issue that has concerned the INOU for a long time. The time lag between a welfare payment ending and income from work starting can create difficulties for any unemployed person taking up work. However, for unemployed people with families who would be eligible for FIS the time lag between income required and eventual income received can prove a step too far. It is evident from the ESRI research cited on page 2 that the vast majority of unemployed people wish to work. Streamlining the FIS administration could make an important difference to jobless families seeking to achieve this aspiration.

Another way to address the welfare to work issues for unemployed people and one that would be inclusive of all Jobseekers not only those with children would be the re-introduction of the Back to Work Allowance scheme. Such a development would be timely and help to address some of the concerns raised with JobBridge, for example, the lack of an employer's contribution and the inadequate income the unemployed person receives from what in many cases is a job. One way to ensure that the unemployed person's ability to stay in work was not undermined by the precariousness or unsustainability of emerging employment would be to allow the payment to move with the person. This could help to address some of the fears and uncertainties that people have of taking up employment if the employment does not last. For such a development to produce sustainable outcomes it will require employment services within DSP to work with unemployed people to find employment and to provide appropriate follow-up supports.

A good quality Public Employment Service is one that engages well with unemployed people and employers and has the capacity to match the right jobseeker with the best employment option. It is vital

-  **The INOU urges the development of a person centred employment service that ensures that the individual is supported to make an informed choice.**
-  **To invest in the professional development of frontline staff and the management and resource systems underpinning their work.**
-  **Improved communications between Government Departments and agencies to facilitate an integrated client centred professional educational guidance and information service to support all the unemployed.**
-  **To build on best practice models of engagement, guidance and support developed within the community based organisations.**

⁷ It is imperative that Ireland seeks to create decent and sustainable employment. The personally demoralizing and socially questionable cycle of 'low pay, welfare' must be addressed.



that frontline staff are given the necessary resources and tools to undertake this work; of equal importance is the ethos underpinning the delivery of such a service. The INOU remains concerned that the needs of the control function of the Department are outweighing the needs of the Department's other functions to detriment of the significant reforms underway.

It is not only demoralising for the individual unemployed person to be put through activation processes and job searches that are not fruitful but it can be an ineffective and inefficient use of limited resources. At this year's Annual Delegate Conference the call was made *"to cease directing unemployed people onto employment, education and training programmes that do not meet their needs and to work instead with unemployed people to find the best solution to their unemployment."*

-  **The INOU calls for an increase of 5% in top-up payment on activation programmes.**
-  **An increase in the duration of the BTWEA to 3 years.**
-  **A communications campaign to improve the perception of employment programmes in the wider labour market to improve subsequent progression rates.**
-  **Introduce an employers' contribution on JobBridge.**

Employment Services: Activation Programmes

Building on this motion, there are key principles the INOU believes must be an integral part of any activation programme and they include:

-  **Participation is by choice;**
-  **Participants are given the right supports to make an informed choice;**
-  **Appropriate and participant centred options are provided;**
-  **When on programmes with sponsoring organisations good supports are provided to them to maximise the opportunity for the participants;**
-  **Mechanisms are put in place to support exchange of learning and the development of models of good practice;**
-  **Progression into paid employment is actively supported by the Department's employment services; and,**
-  **Social inclusion and equality are built into programme design and delivery.**



Active labour market programmes can provide an important social and economic outlet for unemployed people. They can play an important role in addressing the personal impact of unemployment: the isolation, the loss of confidence, and the importance of work for so many people in how they see and define themselves.

There is a lot of commentary in the public arena that is critical of employment programmes in particular JobBridge and Gateway. With regard to JobBridge the INOU has received feedback from individuals and affiliates raising their concerns about job displacement and its impact on any potential paid employment opportunities arising from participation on JobBridge. An internship programme has an important role to play in providing work experience and opportunities to put existing education skills into practice. However, improved monitoring is required to ensure that it is acting as a stepping stone into a decent job. Introducing an employers' contribution, part of the initial design of this scheme, would address other concerns and would improve the impact of this programme for participants.

It is disappointing that after almost two Budgets since Gateway was announced it is still at the beginning stages. To address some of the concerns people have with this scheme the INOU recommends lifting the Public Service recruitment embargo and giving participants on this activation programme an opportunity to access properly paid employment.

With regard to long established programmes for Community Employment, many commentators have criticised its cost vis-à-vis its outcomes. However, what is not always appreciated or factored into evaluations of this programme is the invaluable role it plays in supporting community based organisations to provide a wide range of public services. Indeed for many communities and individuals experiencing rural isolation, urban disadvantage, social exclusion and discrimination, programmes like CE and Tús may be the only employment option available.

Given the important personal and social role these programmes can play it is critical that they produce a positive outcome for unemployed people. However, the reality is that for many unemployed people participating on these schemes is not as meaningful as it ought to be. The cost of participation can be considerable and in particular for unemployed people with families as they pass the PRSI income threshold. The top-up payment on CE, which was carried through to Tús and Gateway, was cut to €20 in Budget 2010. Yet looking at a key cost of participation, transport, it has increased by 4.7% over the past four years. These issues along with the progression issue must be dealt with constructively in this Budget.



Another important activation programme is the Back to Work Enterprise Allowance. In April 2014 there were 10, 406 people participating on this programme. At the INOU's Annual Delegate Conference in May the following motion was passed calling *“on the Government to actively support unemployed people including groups of unemployed people who seek to address their unemployment through self-employment and ensure that they have access to the full range of supports available for SMEs.”* The important role of the Enterprise Officers in the Local Development companies supporting this option for unemployed people was noted in the debate on this motion; as was the length of time people can be on BTWEA, participants felt that a longer time scale would enhance participants' prospects of developing their businesses.

In conclusion, this submission explores the DSP's activation role only. However, to secure better outcomes for unemployed people demands good cooperation and collaboration between:

- DSP / Intreo / Social Welfare Offices and DES / SOLAS / Education and Training Boards to ensure that unemployed people can access the most relevant educational and training option for them.
- On the enterprise side DSP / Intreo / Social Welfare Offices must work well with the Local Development Companies, the Local Authorities / Local Enterprise Offices to support unemployed people creating their own jobs to make a real go of it.
- On the employment services side it is important that all strands of DSP work together to maximise the impact of all of the Department's initiatives and ensure a person centred approach is integral to subsequent developments. Good working relationships with community based organisations including the Local Employment Service are critical in this regard. While the roll-out of the JobPath approach will create a new dynamic and set of challenges that must be addressed in a holistic and inclusive manner.



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