

# Budgeting for Unemployed People

## INOU Mission Statement

*"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."*

## INOU

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the Unemployed**

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According to the Labour Force Survey (LFS) Quarter 1, 2019, published on May 21<sup>st</sup> by the Central Statistics Office, unemployment decreased by 14% over the year, to 114,400 people. The last time the number of people who were unemployed was under 120,000 was in Q4, 2007. The unemployment rate was 4.8% - the first time it has been below 5% since Quarter 4, 2007. However, the participation rate, at 62% in Q1 2019, was 4.2% points lower in then it was in Q4 2007. The Participation Rate is the number of people in the labour force i.e. those employed plus those unemployed, expressed as a percentage of the total population aged 15 or over.

40,900 people were long-term unemployed, which brings this figure back to 2008 levels. In Q4 2008 long-term unemployment accounted for 22.8% of those who were unemployed. In Q1 2019 they represented 35.8% of the people who were unemployed. In Q1 2019 the long-term unemployed rate was 1.7%, the last time this figure was below 2% was Q4 2008.

Looking at these figures from a regional perspective, the Border (3.9%), the South-West (4%), Dublin (4.4%) and the Mid-East (4.1%) had lower unemployment rates than the national rate of 4.8%. Four regions had a higher rate and they were the Midlands (6.2%), the South-East (6.7%), the Mid-West (5.5%), and West (5.5%). All regions saw the numbers of people employed in their region increase, and most saw a decrease in the numbers of people unemployed, with the exception of the West which saw a slight increase. Six out of the eight regions saw their participation rate increase, while Dublin saw a slight decrease, and the Midlands experienced a 0.8% decrease.

In Q1 2019, 2,301,900 people were employed, a 3.7% increase on the same quarter in 2018. Of this figure, 20.5% or 473,000 were working part-time. Of the people working part-time, 22.6% or 106,900 people described themselves as underemployed i.e. they would like to work more hours than they currently can acquire.

These headline figures are all moving in the right direction, however that can be cold comfort to people who become unemployed; who remain unemployed; who find it difficult to find a job because of their age, address, ethnicity, family status, disability, and / or skills set. Finding a job is a job in itself, and like others jobs, most people need support to be able to do it well, and in particular to secure a decent and sustainable job.

## INOU 2020 Pre-Budget Submission to the Department of Employment Affairs and Social Protection covering:

- ◆ Adequate Income
- ◆ Supportive Employment Services
- ◆ Activation Programmes
- ◆ Access to Decent Employment



# Adequate Income



According to the Survey on Income and Living Conditions, SILC, for 2017, published by the Central Statistics Office (CSO) on December 17<sup>th</sup>, 2018, the national at-risk-of-poverty rate declined to 15.7%; the deprivation rate to 18.8%; and the consistent poverty rate to 6.7% in 2017.

Looking at these figures from the perspective of people who are unemployed a starker picture emerges: the at-risk-of-poverty rate increased to 42%; the deprivation rate declined but was still much higher at 41%; and the consistent poverty rate increased to 24.1% in 2017.

While examining them from a household composition, three households had a consistent poverty rate in double digits in 2017: 1 adult aged <65 at 20%; 1 adult with children aged under 18 at 20.7%; and other households with children aged under 18 at 11.3%. Households with

no-one at work, often called 'jobless households', also had much higher rates with an at-risk-of-poverty rate of 40.3%; a deprivation rate of 34.2%; and a consistent poverty rate of 21.3% in 2017.

At the INOU's Annual Delegate Conference (ADC) in May, 2019 the Conference called *"on the Government to benchmark all social welfare rates at a level which is sufficient to lift people above the poverty line and provide them with a Minimum Essential Standard of Living, and to only consider indexation when these benchmarks have been attained"*. Concerns were raised at the Conference that if the right benchmark was not chosen then indexation could in fact copper fasten existing levels of poverty, rather than alleviate them.

In their most recent update of the Minimum Essential Standard of Living, the Vincentian Partnership for Social Justice noted that *"Deep income inadequacy is a persistent issue. Certain household types are particularly vulnerable to deep income inadequacy as particular characteristics of these household's need are not adequately covered by the current structures of the social welfare system. Deep income inadequacy is now exclusively found in households which are headed by one adult, i.e. single working-age adult and lone parent households, or in households with older children"*. (p35)

As we await the latest, NAPS I or *Roadmap to Social Inclusion*, it is worth remembering that the National Social Target for Poverty Reduction is *"to reduce consistent poverty to 4 per cent by 2016 (interim target) and to 2 per cent or less by 2020, from the 2010 baseline rate of 6.3 per cent."* As the SILC data illustrates, a lot of work remains to be done to address poverty, but in particular for those groups of people for whom it is an entrenched issue.

## IN BUDGET 2020 THE INOU CALLS ON THE GOVERNMENT TO:

- ◆ **Benchmark all Social Welfare rates at a level which is sufficient to both lift people above the poverty line and provide them with a Minimum Essential Standard of Living.**
- ◆ **To make progress on this issue, increase Social Welfare rates by €6; and adjust related supports so that people do not lose this increase through, for example, an increase in their differential rent.**
- ◆ **Maintain the Christmas Bonus at 100% of the normal weekly payments for Social Welfare recipients, and facilitate access to this payment and the Fuel Allowance for people on Jobseekers Allowance for over 12 months.**



# Adequate Income

The INOU in the course of its work deals with a broad range of issues and challenges facing unemployed people and other people of working age. Amongst the issues of concern is the fact that the daily income disregard for people on a Jobseeker's Allowance payment has remained at €20 for a considerable period of time. Given particular increases in the cost of living e.g. housing and the cost of going to work the INOU believes that this daily limit should be extended from €20 to €25 per day (max 3 days). This increase would equate to a €75 disregard and would be in line with an already existing disregard - for people in receipt of Rent Supplement. The introduction of an hours-based social welfare system would also help people to manage who struggle to find full-time work.

Again the INOU is keenly aware that the capital disregard for a Jobseeker's Allowance payment has remained at €20,000 for the last fourteen years, and that many people have not made the transition from Jobseeker's Benefit to Jobseeker's Allowance for a variety of reasons. As a consequence these unemployed people cannot access income, education, training and employment service supports. The following proposed changes will not address all of those issues, but it would help more people to manage their difficult circumstances:

Current Capital	Weekly Means Assessed	Proposed Capital	Proposed Weekly Means Assessed
First €20,000	Disregarded	First €30,000	Disregarded
Next €10,000	€1.00 per €1,000	Next €15,000	€1.00 per €1,000
Next €10,000	€2.00 per €1,000	Next €15,000	€2.00 per €1,000
Balance	€4.00 per €1,000	Balance	€4.00 per €1,000

The organisation is also concerned at the difference in the current capital disregard for Supplementary Welfare Allowance which is €5,000, in comparison to €20,000 on a Jobseeker's Allowance payment or €50,000 on a Disability Allowance payment. The difference in capital assessments can present problems where a person is applying for JA/OPFP/CA/DA and is relying on SWA pending the outcome of the application; or a person is appealing a refusal / suspension of JA/OPFP/CA/DA and applying for SWA pending the outcome. It would be important that this disregard is brought into line with the capital disregard on other working age payments.

Another issue that has been raised by INOU affiliates, individual members and users of our services is the need to increase the additional payment for people participating on employment programmes: currently it is €22.50 and for many participants it is inadequate to help them cover the costs of engagement.

## IN BUDGET 2020 THE INOU CALLS ON THE GOVERNMENT TO:

- ◆ Introduce a work-friendly Social Welfare system for Jobseekers reflective of changing work practices, based on hours worked rather than days worked, with a re-designed earnings disregard to support jobseekers returning to / taking up employment.
- ◆ Increase the daily earnings income disregard for JA to €25 per day for both the main claimant and qualified adult equally.
- ◆ Increase the basic capital disregard for JA to €30,000 and to €15,000 for each of the two 'bands' after the basic disregard.
- ◆ Bring the capital disregard for Supplementary Welfare Allowance into line with other working age payments.



# Supportive Employment Services

In June the INOU published *Building a Quality Public Employment Service* which builds on the organisation's work of exploring unemployed people's experiences of the Intreo model as delivered by the DEASP; LES; and JobPath providers. In the document we note the importance of achieving a Public Employment Service "that is open to and available to everyone of working age who wishes to avail of the service including:

- Unemployed people in receipt of a Jobseeker's payment
- Unemployed people not in receipt of a Jobseeker's payment
- People working part-time
- People who are underemployed
- People out of work and in receipt of other Social Welfare payments
- People working in low-paid jobs
- People looking for a change of career
- People who are very significantly distanced from the Labour Market" (p2)

It is interesting to note that the European Union's second Country Specific Recommendations to Ireland says: "Provide personalised active integration support and facilitate upskilling, in particular for vulnerable groups and people living in households with low work intensity". Amongst the Key values and principles in the INOU report, we note the importance of:

1. Belief in the potential and capacity of the person
2. Respect and dignity
3. Informed choice
4. Working in partnership with person using the service
5. Working in partnership with other organisations, including education and training providers and a range of community and statutory support agencies
6. Actively promoting equality and social inclusion

Enabled by:

- Ethos of continuous professional development
- Effective recruitment
- Good management (p4)

Amongst the deliverables in *Futures Jobs Ireland 2019* (FJI) it says the Government will "Undertake a communications campaign to promote awareness of the Public Employment Service as a real recruitment option, especially for those groups with lower participation rates." (p65) Earlier in FJI it notes that "Improving participation rates means a more equitable, balanced and sustainable development of our workforce. Policies must differentiate between the different needs of people as well as the different barriers to participation. For example, those attempting to re-enter the workforce may need flexibly delivered training to refresh their skills." (p59) Achieving these deliverables will be critical and must be underpinned by clear social inclusion and equality principles.

## IN BUDGET 2020 THE INOU CALLS ON THE GOVERNMENT TO:

- ◆ Resource the provision of good career and employment guidance to support unemployed people to make informed choices.
- ◆ Ensure that individuals and communities most disadvantaged in the labour market are proactively provided with tailor made supports to address their issues.
- ◆ Build on the welcome WFP information campaign and promote the full range of Back to Work supports e.g. the Part-time Job Incentive Scheme; SWA Payment Pending Wages; Enterprise and Education Allowances; Family Dividend.
- ◆ Support people to address the initial costs of taking up employment, for example, the costs of travel and childcare, including the provision of a free travel card for a period of time for people who were long-term unemployed .
- ◆ Support frontline staff to deliver a person-centred service with good guidance and information on the best options.



# Activation Programmes

According to the Central Statistics Office there were 51,083 people participating on Activation Programmes in April, 2019: 6,362 fewer participants than in April, 2018. Over the year, participation on education and training programmes fell by 2,965 participants to 17,127. There were 33,956 participants on employment programmes, 3,397 fewer people than in April 2018. Participation on the Back to Work Enterprise Allowance dropped by 35% to 5,532 people, which accounts for 88% of the decrease in employment programmes. The only programme that increased was Tús, marginally to 6,306 participants.

Community Employment with 21,537 participants is the largest of the activation programmes. In 2017 a two strand approach was adopted for Community Employment and placements were categorised into: (i) Social Inclusion - which sought to provide an opportunity for those who are very distant from the labour market to work and deliver services in their local communities; (ii) Job Activation - which sought to provide people who are long term unemployed with employment opportunities and more labour market relevant work experience.

In January, 2019 Minister Regina Doherty, T.D. announced the establishment of an Interdepartmental Group to examine the future of Community Employment Social Inclusion schemes, with a view to ring-fence Social Inclusion places and allow services within communities to be maintained. In the on-line questionnaire in May there was a slight confusion in how the term 'social inclusion' was used, at times referring to the place, and at other times referring to the person. The INOU believes that CE needs to be able to accommodate both the social inclusion and activation strands, and that whether it applies to a particular position or not will depend on the person filling it. To that end a good assessment of the participant's needs, their ambitions, and how these can be addressed and realised is critical. To undertake this work well, CE projects require on-going access to integrated and timely supports, including eligible participants, and good local collaborative working arrangements.

At the INOU's Annual Delegate Conference in May a motion from the INOU's General Branch was passed which sought that *"unemployed people who are in receipt of credits should be able to avail of current and future Community Employment and Employment programme places in local community organisations"*.

Concerns have been raised with the INOU about the challenges facing unemployed people whose skill levels are at QQI 4 or below. Though in many respects this is an issue for education and training policy and provision, access to education and training programmes is a key aspect of the Department's activation policy. In Q1 2019, the unemployment rate for people with lower secondary education was 8.3% in comparison to 2.7% for people with third level honours degree or higher. As Ireland looks to the jobs of tomorrow it is imperative that we do not leave people behind, but support people to re-skill themselves and secure a decent job.

## IN BUDGET 2020 THE INOU CALLS ON THE GOVERNMENT TO:

- ◆ **Open up access to employment programmes for unemployed people signing on for credits.**
- ◆ **Increase the top-up payment on employment programmes by €7.50 to better support participants costs of engagement.**
- ◆ **Ensure that unemployed people's participation on employment programmes is by choice and that they are facilitated to gain good work experience and enhance their skills.**
- ◆ **Properly resource community groups in their work addressing the needs of people very distant from the labour market.**
- ◆ **Resource the provision of good advice and guidance to support unemployed people to access appropriate education and training. In particular for unemployed people whose skills levels are below QQI Level 4.**
- ◆ **Support unemployed people to address the costs of participating in education and training**



# Access to Decent Employment

The theme of the INOU's Annual Delegate Conference in May was 'decent work in a changing world of work'. The International Labour Organisation definition says that "Decent work involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men". And in a motion to the Conference, the INOU called on the Government to ensure that decent work is at the heart of all employment and jobs policies. In *Future Jobs Ireland 2019*, the Government notes: *It is time to shift our enterprise and jobs focus to ensure quality jobs that will be resilient into the future. This is not just a question of more jobs, instead it is focused on enabling the creation of highly productive, sustainable jobs.* (p1)

The INOU remains concerned that Brexit and changing nature of work, in particular digitalisation, could have a detrimental effect on people more distant from the labour market, and reduce their capacity to secure and maintain economic independence. It will be critically important to map out the potential impacts and ascertain how best to address these developments so that they do not exacerbate socio-economic exclusion. To that end it is welcome that amongst the deliverables in *Future Jobs Ireland* is to "Increase the number of places on the Youth Employment Support Scheme (YESS), which acts as a pathway to targeting disadvantaged youths." (p65) Earlier in the report it also aims to "Enhance the career advice service provided through the Public Employment Service new opportunities as a result of technological and other changes." (p57) Such engagement will be essential for people in more precarious and vulnerable employment if their prospects are to improve.

In the meantime there are very practical steps the Government can take to ensure that unemployed people have access to decent employment and that for those who are in employment their living standards are improved. Including building on the very welcome *Working Family Payment* information campaign; and overachieving on the commitment in 'A Programme for a Partnership Government' to "Increase the minimum wage to €10.50/hour by 2021" (p135).

## IN BUDGET 2020 THE INOU CALLS ON THE GOVERNMENT TO:

- ◆ Plan for the full impact of Brexit on the labour market and ensure unemployed people and vulnerable workers gain access to decent employment.
- ◆ In planning for the increased digitalisation of work, ensure that unemployed people and vulnerable workers are supported to adapt and enhance their employment prospects.
- ◆ Automate access to the Working Family Payment and streamline this access to minimise the time gap between the individual taking up employment and gaining access to this support.
- ◆ Facilitate access to Part-time Job Incentive Scheme for people on Jobseekers Allowance for over 12 months.
- ◆ Actively support the roll-out and attainment of the Living Wage.



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- ◆ **Resource the provision of good career and employment guidance to support unemployed people to make informed choices.**
- ◆ **Ensure that individuals and communities most disadvantaged in the labour market are pro-actively provided with tailor made supports to address their issues.**
- ◆ **Build on the welcome WFP information campaign and promote the full range of Back to Work supports e.g. the Part-time Job Incentive Scheme; SWA Payment Pending Wages; Enterprise and Education Allowances; Family Dividend.**
- ◆ **Support people to address the initial costs of taking up employment, for example, the costs of travel and childcare, including the provision of a free travel card for a period of time for people who were long-term unemployed .**
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