



An Roinn Airgeadais  
Department of Finance

# Utilisation of the Employment Wage Subsidy Scheme (EWSS)

## 18 December 2020

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[www.gov.ie/finance](http://www.gov.ie/finance)

## Summary

The design of the Employment Wage Subsidy Scheme (EWSS) is intended to be responsive to continued changing environment around the COVID-19 pandemic, and allow for further adaptations as the Government response continues to settle from crisis mode to one of living alongside the virus in line with the [Resilience and Recovery 2020-2021: Plan for Living with COVID-19](#), pending the roll out of the vaccine in 2021.

The EWSS is an important element of the governments overall response to the economic challenges posed by the global pandemic. The objective of the EWSS is to support viable firms and encourage employment and to that end is an important bridge between social welfare payments like the Pandemic Unemployment Payment (PUP) and regular employment which is the ultimate goal.

In compliance with the legislative obligation to monitor set out in Section 28B of the Emergency Measures in the Public Interest (Covid-19) Act 2020 as amended by Section (2) of the Financial Provisions (Covid-19) (No.2) Act 2020 the following paper provides analysis on matters relevant to the EWSS. It includes analysis of the impact of the introduction of Level 5 restrictions from 20 October to date.

The analysis presented may be summarised as follows:

- The total numbers of workers in receipt of State income supports including the PUP in November has remained notable though is considerably less than the estimated 1 million supported in May 2020.
- The coverage of the EWSS remains significant with 23% of all employers in November making a claim for that month (31,000 employers).
- November claims related to a substantial percentage of the workforce, an estimated 276,500 workers which is 12% of all employees in November.
- There was a notable drop in both employers and employee numbers in the EWSS in November - 15% (5,100) less employers and 21% (71,900) less employees than were in the scheme in October or September.
- A significant number of EWSS supported employees went to the PUP between October and November (75,100). At the same time, around 5,500 workers on the PUP were the subject of EWSS claims in November.
- It is expected that there will be an increase in EWSS claims in December, taking account the removal of Level 5 restrictions and the reduced numbers on the PUP since 14 December. The December data to date indicates that to be the case with claims up to 17 December having already been made by 81% of employers and 91% of employees in the scheme in the full month of November.
- The extent to which firms may be experiencing liquidity issues at this time remains nuanced pending an update to the latest result of the CSO Business Impact of COVID-19 Survey (BICS) series of firm activity recorded in August which had a large majority of respondents trading in some capacity, continued lower turnover in most firms, and more than half of responding enterprises expressed confidence in having the financial resources to continue operating for longer than 6 months.
- The cost of the EWSS remains significant, and is demand led. The estimated weekly additional cost arising directly from the Level 5 restrictions to date is estimated at around €10m.
- The EWSS continues to compare favourably internationally.
- As set out in the legislation, the scheduled end-date for the EWSS is the end of March 2021. Subject to certain steps being taken, the Minister for Finance has the authority to extend the scheme until the end of June 2021. At the same time, there is a need to plan an appropriate exit strategy to ensure no cliff-edge end date for employers.

The measures will continue to be monitored into 2021 noting in particular continued changes to public health restrictions from the beginning of December.

*The following has been prepared using best efforts and all data available as of 17 December. It is proposed to have a follow-up paper and discussion early in the New Year, noting that subsidy rates are due to revert to their original values after 31 January 2021.*

## Continued impact of COVID-19 on labour market and on enterprise environment

Prior to the COVID-19 outbreak, conditions in the Irish labour market were close to full employment, but at the COVID-19 period peak during May it is estimated that over 1.1 million individuals were in receipt of some form of State support<sup>1</sup>.

The strictest public health restrictions were eased significantly from May, and over this period, according to the Revenue PAYE return data<sup>2</sup>, the total number of non-public sector and non-occupational pension employees in September was 1.79m, up from the low of 1.57m in May with the total number of employers also up in September at 143,200 compared with the low of 120,400 in April.

Some public health restrictions were re-introduced on a localised county-by-county basis from August and country-wide Level 5 restrictions were introduced again from the end of October. Although it is noted that the Level 5 restrictions were not as stringent as those in place from March and the impact on the labour market was not as severe as it had been earlier in the year, a significant number of individuals were in receipt of State support in October, from the Department of Social Protection of around 550,000<sup>3</sup>.

The numbers in receipt of the PUP have eased since the removal of Level 5 restrictions, and preliminary data on the EWSS for December thus far indicates that many of these PUP recipients are now subject to an EWSS claim. It is noted that the movement from the PUP since the start of December has been somewhat sluggish, potentially impacted by the Christmas bonus and the criteria that was applied and allowed workers to get a weekly income support of up to €700 per week.

The extent of the negative impact on the labour market overall remains varied from sector to sector and within sectors, driven by both the public health restrictions but also the negative developments more broadly in the economy, both domestically and internationally.

As discussed further below, much of the movement between September and December was attributable to the food and accommodation sector which was arguably the sector most heavily impacted by the Level 5 restrictions.

### Focus on EWSS utilisation in October and November 2020

The monthly data gives the best overview of the EWSS, which follows payroll dates which may be weekly, fortnightly or monthly and paid at any point in the month. A number of changes took effect within the month of October (including the rate change and the introduction of Level 5 restrictions) which is reflected in the data for that month.

The uptake of EWSS in October is as follows:

- Payments made to 36,100 employers in respect of 348,400 employees.
- Total value of subsidy payments of €362 million and credit for employer's PRSI of €66.1 million.

The uptake of the EWSS in November is as follows:

- 41,100 employers were registered<sup>4</sup>.
- Payments made to 31,000 employers in respect of 276,500 employees.
- Total value of subsidy payments of €345.5 million and credit for employer's PRSI of €53.5 million.

In November, 23% of all employers were in the EWSS and 12% of all employees, based on overall November payroll returns. This is proportionally less than were in the EWSS October (when 25% of all employers and 14% of all employees were in EWSS).

There was a drop in both employers and employees in the EWSS in November - 15% (5,100) less employers and 21% (71,900) less employees were in the EWSS in November than were in the scheme in October or September. A significant number of EWSS employees went to the PUP - 75,100 October EWSS employees appeared in the PUP

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<sup>1</sup> Live register, PUP and TWSS

<sup>2</sup> [October 2020 PAYE Trends and Analysis](#), preliminary data for September

<sup>3</sup> Circa 200,000 live register and 350,000 on PUP in November according to [CSO](#)

<sup>4</sup> As of 17 December, with around 2,800 having cancelled their registration.

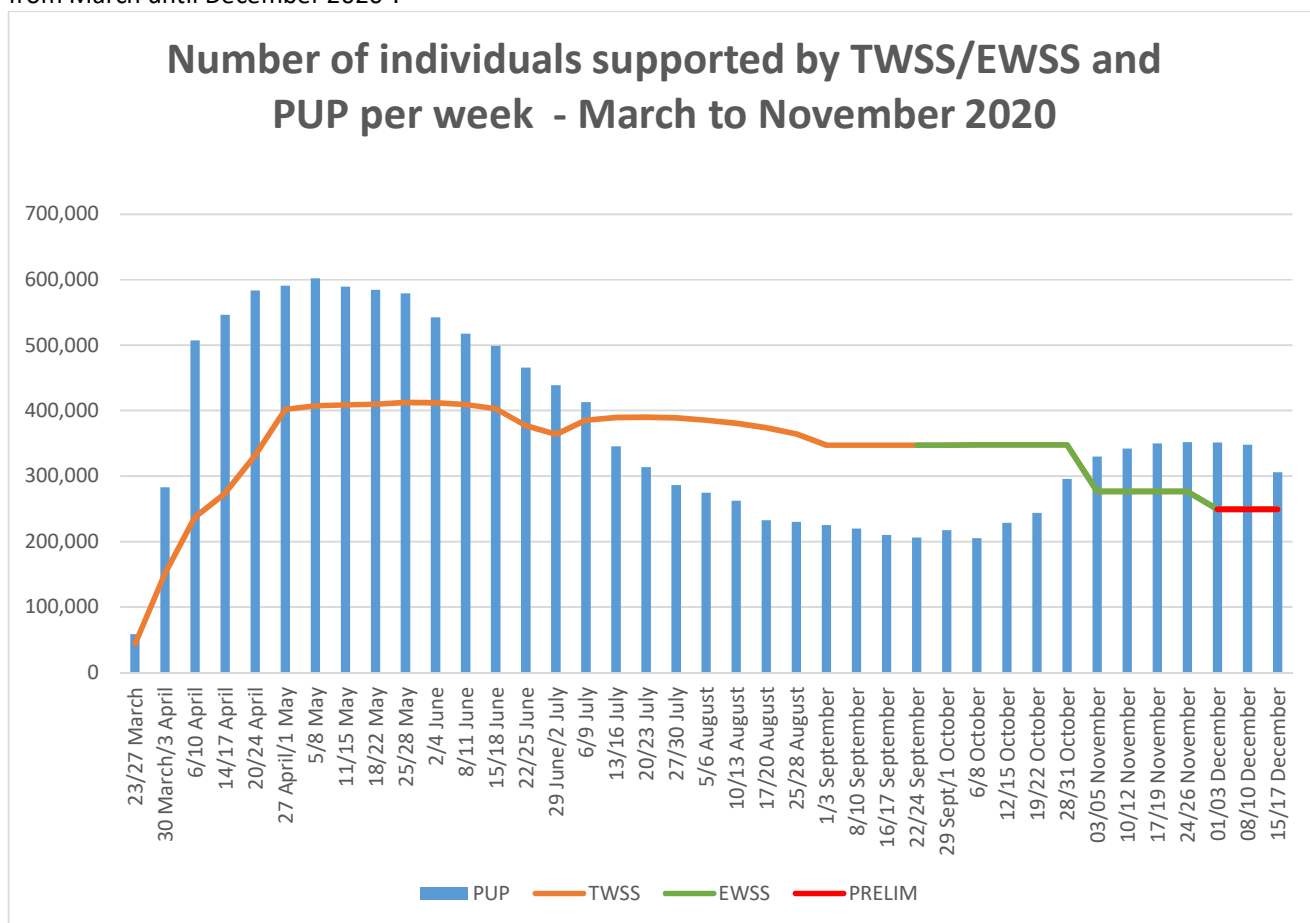
November. There was however, churn under the headline figures with around 5,500 November EWSS employees having previously been on the PUP in October, around 16,500 were not in recorded employment at in October and 19,000 November EWSS employees previously in unsubsidised employment in October.

The data would suggest that those who left the EWSS were on lower incomes<sup>5</sup> – as the overall proportion of employees on lower wages (between €151.50 and €300) went down between October and November while the proportion on higher wages (over €1,000 per week) went up. This is particularly notable given the current structure of the EWSS rates allows a higher rate of subsidy to the employer than they in turn pay to their employees at lower incomes (under €300 per week).

Preliminary data for December would indicate a significant increase in EWSS recipients – at only halfway through the month, and there are already nearly as many employees in December as were in for the whole month of November (249,300 or 91%) with 25,200 employers (81% of November).

### Comparison with pre-Level 5 employment levels

The November data shows a considerable change in uptake of the wage subsidy schemes when compared with earlier in the year. The following illustrates the number of individuals supported by the TWSS and PUP per week from March until December 2020<sup>6</sup>:



<sup>5</sup> This is an assumption based on 90% of EWSS November employees having been in the scheme in October, although the “new” November employees may have pulled up the median in November

<sup>6</sup> Source is data from the Department of Finance, Department of Social Protection and Revenue; EWSS data for employees supported in December is preliminary (up to 17 December) and likely to rise further by the month noting that the scheme follows payroll dates and many monthly paid workers are paid at the end of the month (the number of employees supported at same point in November was 195,000, rising to 276,500 by month’s end).

As the above shows, once the wage subsidy scheme was established, the numbers on the schemes was relatively stable up until November. This was the case even as the numbers on the PUP reduced, in line with the re-opening of the economy from the end of May until October. Over that period there was significant churn under the headline employee numbers with workers moving from the wage subsidy schemes back to regular, unsubsidised employment, while at the same time workers also moved from the PUP into the wage subsidy measures, re-connecting with an employer.

This trend was still evident in September when the EWSS came into force with the new lower subsidy rates where there was a further step down in numbers supported by the wage subsidy without a surge in PUP claimants at this time.

In October, even as the numbers supported by the PUP increased, the levels supported by the EWSS remained static, and in fact the numbers on the EWSS in September and October are nearly identical (348,100 and 348,400 employees respectively and 34,000 and 36,100 employers respectively).

However, as set out earlier, in November there was a significant reduction in the number of employees in the EWSS from the previous month, the majority of whom went to the PUP, without a corresponding scale in increase in EWSS employee numbers from regular employment.

Early indications from December's data would suggest the EWSS claims have increased again, potentially in line with the ending of the Level 5 restrictions that were in place from the end of October until the beginning of December and the initially slow-paced reductions in the number of workers on the PUP.

### Impact of PUP

As discussed and demonstrated above, the EWSS is a bridge between a regular employment and the PUP.

The effectiveness of government supports, including the EWSS are linked not only to the level of uptake of EWSS by employers but also to the numbers of people who continue to rely solely on the PUP.

The re-introduction of certain public health restrictions impacted the PUP claims. The following table sets out the number of PUP claimants since the beginning of October, when Level 5 restrictions were first publically discussed:

Date	PUP Claims	Weekly change	Weekly Cost
28 September	217,142	+ 10,801	€61.9m
6 October	205,593	-11,549	€55.2m
12 October	228,858	+ 23,265	€61.4m
19 October	244,153	+ 15,295	€65.5m
27 October	295,860	+ 51,707	€85.6m
3 November	330,000	+ 34,140	€95.5m
9 November	342,500	+ 12,500	€99m
16 November	350,072	+7,500	€103.8m
23 November	352,000	+2,000	€104m
1 December	351,400	- 600	€103.6m
7 December	348,300	- 3,100	€102.7m
14 December	306,200	-42,100	€90m

Since the start of October the numbers of individuals in receipt of the PUP increased overall: by 12 October, the number of PUP claims had returned to the level of the end of August, and by the week beginning 16 November had increased by nearly 145,000. Of these, it is estimated that nearly half came direct from unsubsidised employment while the other half came from the EWSS.

The volume of new applicants slowed since the peak at the end of October/start of November, and has begun to reduce significantly for the first time in the week ending 18 December (notably nearly 2 weeks after the Level 5 restrictions were lifted and the week after the benchmark date to receive the PUP Christmas bonus of 7 December).

The majority of the increase in PUP claims over the period are attributable to the Accommodation and Food and Wholesale and Retail sectors, perhaps not surprising as those sectors were particularly impacted by the Level 5 restrictions. The numbers in receipt at this time remained below the peak back at the beginning of May.

To give a further breakdown, the following shows the total volume of those in receipt of the PUP at the start of October compared with the start of December and the net difference<sup>7</sup>:

Industrial Sector	Number of PUP recipients 6 October	Number of PUP recipients 7 December	Difference between 6 October & 7 December	Number of PUP recipients 5 May
Accommodation and food service activities	51,286	101,335	50,049	128,500
Wholesale and Retail Trade; Repair of Motor Vehicles and motorcycles	29,353	55,173	25,820	90,300
Administrative and support service activities	22,129	29,904	7,775	45,800
Construction	15,170	21,459	6,289	79,300
Manufacturing	11,079	15,536	4,457	37,400
Professional, Scientific and Technical activities	10,453	13,184	2,731	24,800
Other Sectors	9,005	31,008	22,003	39,200
Education	8,477	10,123	1,676	22,000
Human Health And Social Work activities	7,548	10,161	2,613	22,500
Transportation and storage	7,424	9,251	1,827	17,900
Arts, entertainment and recreation	6,188	11,951	5,763	14,200
Information and communication activities	5,902	7,617	1,715	11,800
Unclassified or unknown	5,822	8,032	2,210	18,600
Financial and insurance activities	5,137	7,138	2,001	12,500
Public Administration And Defence; Compulsory Social Security	3,905	5,321	1,416	14,400
Real Estate activities	3,237	5,370	2,133	8,100
Agriculture, Forestry and Fishing; Mining and Quarrying	2,648	4,527	1,879	8,600
Electricity, gas supply; Water supply, sewerage and waste management	830	1,121	291	2,100
<b>Total</b>	<b>205,593</b>	<b>348,256</b>	<b>142,663</b>	<b>598,000</b>

In September, nearly 31,000 EWSS employees had previously been in receipt of the PUP in August – a significant volume of movement from the PUP back to subsidised employment. The volume of workers supported by PUP had decreased slightly overall from end August to start of October, with some flux in between. The reduction was driven by the numbers closing PUP claims and may also have been impacted by the PUP rate reduction that came into effect in September.

This trend reversed from September: 44,900 employees who were in the EWSS in September made PUP claims in October and 75,100 employees in the EWSS in October have made PUP claims in November.

Based on preliminary EWSS data for December, 10,800 EWSS employees have subsequently appeared in PUP in December, but it is understood that a significant number of workers moved between EWSS and PUP more than once over the period September to December (of around 30,000 workers).

Notwithstanding the above, PUP claimants continued to return to work throughout October and November, with a significant increase in volume in December:

<sup>7</sup> Based on Department of Social Protection [Weekly Data](#)

Date	PUP Claims closed to return to work
28 September	6,309
6 October	4,969
12 October	3,139
19 October	2,526
27 October	1,787
3 November	2,460
9 November	2,319
16 November	2,868
23 November	3,251
1 December	4,527
7 December	25,350
14 December	40,075

### Insights from data on EWSS employers

Although intended to support employment and contingent on paying workers, the EWSS is an employer subsidy and 23% of all employers operating payroll in November made an EWSS claim that month.

Analysis of EWSS employers should provide useful insights into the appropriate conditions and levels of support delivered by the scheme and it is intended to focus on this area for the purposes of evaluating the EWSS going forward. The following shows the breakdown of November EWSS employers as of 10 December<sup>8</sup>:

Sector	Percentage of EWSS Employers
Accommodation and food service activities	17%
Wholesale and Retail Trade; Repair of Motor Vehicles & motorcycles	15%
Construction	11%
Professional, Scientific and Technical activities	11%
Human Health And Social Work activities	7%
Other services	7%
Manufacturing	6%
Education	6%
Administrative and support service activities	5%
Transportation and storage	4%
Arts, entertainment and recreation	4%
Financial and insurance activities; Real Estate activities	3%
Information and communication activities	2%
Agriculture, Forestry and Fishing	1%
Public Administration And Defence; Compulsory Social Security	1%
Total	<b>100%</b>

32% of EWSS employers are from just 2 sectors, including those who may be considered to be continuing to operate in a particularly constrained environment: Accommodation and food service activities, Wholesale and Retail Trade (15%).

Based on the Revenue division the employer is allocated to, less than 9% of EWSS registered employers are medium or large enterprises, indicating that a significant volume are SMEs.

Around a third of all EWSS employers are based in Dublin with another 10% in Cork.

<sup>8</sup> Revenue weekly report dated [10 December](#)

The latest result of the CSO Business Impact of COVID-19 Survey (BICS) series presents a somewhat mixed picture in terms of firm activity as reported at the end of August.<sup>9</sup> Although not necessarily speaking for the whole economy<sup>10</sup>, the results have continued to have reasonable coverage of firms who are availing of the wage subsidy schemes.<sup>11</sup> The survey results suggests that over July and August:

- A large majority of firms have continued to trade in some capacity<sup>12</sup> with 63.3% trading at normal capacity<sup>13</sup>
- Around half of respondents reported lower than normal turnover in July and August, with 40% reporting turnover close to normal and 9.6% reporting higher turnover has remained lower than usual although 9.6% of firms have reported increased turnover<sup>14</sup>
- 56% of enterprises reported that turnover had exceeded operating costs during the period
- 62.6% of firms have taken no action to manage their cash-flow in the period<sup>15</sup> and 45.7% of responding enterprises have availed of Government supports.
- 60% of responding enterprises expressed confidence in having the financial resources to continue operating for longer than 6 months<sup>16</sup> although 5% see their business continuing financially for less than a month and 1.6% were not confident that they have the resources to continue operating.

The extent to which firms experienced liquidity issues earlier in the year was nuanced, noting that the substantial measures that had been introduced through Q2 to minimise employer costs at the time. The table in Annex I shows data from the Department of Business, Enterprise and Innovation on the levels of take up of specified business supports including grants and loans by 2 October 2020. This shows that the total value of approvals made to date is in excess of €1.8 billion.

Under the EWSS, the date for wage subsidy payments to employers has returned to “*as soon as practicable*”, generally within 2 working days of payroll to ensure that liquidity concerns don’t impact on the ability to retain staff.

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<sup>9</sup> CSO Stats release [16 September 2020](#) with the data having been collected in the last week of August. 3,000 enterprises were surveyed online with 25.5% of sampled enterprises completing the survey. This data is due to be updated by the end of 2020.

<sup>10</sup> The CSO note that the results of these surveys will only reflect the characteristics of those who responded and not all businesses may be in a position to respond.

<sup>11</sup> 39.9% of firms who responded to the survey reported that they have availed of the TWSS.

<sup>12</sup> 96.3% responding enterprises were trading in some capacity on 23 August, with 2.5% closed temporarily and 1.2% reporting that they had closed permanently.

<sup>13</sup> Including 61.7% of micro enterprises

<sup>14</sup> A higher proportion of large enterprises (44.8%) had close to or normal turnover compared to 38.8% of SMEs

<sup>15</sup> 62.6%. Measures that have been taken include deferring or changing loan repayments (15.7%), deferring or changing property arrangements such as rent, utilities or rates (22.5%) or revenue payments (29.5%).

<sup>16</sup> 58.1% in total, 72.5% of large firms and 55.2% for SMEs



## Cost to date and sustainability considerations

As of end August, the cumulative value of payments made to employers under the TWSS was just under €2.9 billion. The value of payments made to date per month was around €500m.

The total cost of the EWSS to date is €1,417m comprising direct subsidy payments of nearly €1.2bn and PRSI relief worth €219m.

At the commencement of the scheme, the total estimated cost of the EWSS direct subsidy was estimated to be an additional €2.25 billion with this figure being based on the cost and the average uptake of support under the TWSS. In addition, the estimated monthly cost of the EWSS was expected to be around €300m. Over the 3 month period September – November, the average monthly cost has been €322m so this estimate is broadly in line with expectations, albeit that November's month has lower take up, but at the higher rate of subsidy.

As indicated above, it is expected that there will be a significant increase in subsidy claims for December which, coupled with the additional rates which are due to be in place until the end of January, could lead to a continued additional cost over the original estimate for EWSS. It is possible that this would be off-set by the savings/reduced numbers on the PUP over the same period if the current trends continue.

The sustainability of these costs into the long-term beyond March 2021 is an issue and there is a notable and increasing risk of many firms becoming overly dependent on State supports that overly extend their period of economic viability with potentially high levels of deadweight.

This however, should be balanced against the costs and impacts of immediately removing the EWSS at a set date – in terms of impact on employment and associated costs associated with income supports as well as future labour market reactivation measures. As discussed above, a high proportion of the working population remains impacted by the EWSS, as well as the PUP.

## International Picture

Ireland is not alone in having introduced measures to support the employee/employer relationship and maintain a portion of wages – similar measures have also been introduced in various other European countries.

As discussed in previous papers, it is noted that there is a considerable level of variation, with some (such as Denmark, Sweden and Finland) expiring in the summer, some (such as the UK, France and Italy) have a tapered withdrawal until later in the autumn, while others (such as Germany) have no end date.

It is also noted that the UK have had to reverse the considerable changes that they had planned to the furlough scheme (Coronavirus Job Retention Scheme) with the original furlough scheme now remaining in place until the end of April 2021. As previously discussed, the EWSS compares extremely favourably against the UK measure (noting in particular the flexibility for prospective employments and relief from employer's PRSI in the EWSS).

## Appendix: Uptake of Other Business Support Initiatives

The below table shows data from the Department of Business, Enterprise and Innovation on the levels of take up of various business supports including grants and loans on 2 October 2020<sup>17</sup>. This list does not include less costly initiatives but shows the schemes that have the highest cost in terms of the 'Value of Approvals Made' column.

Name of Support	Provider	Amount of Support Offered	Total amount allocated to Scheme	Inquiries received/Applications Submitted	No. of approvals/attendance	Value of Approvals Made
<b>Restart Grant</b>	Local Authorities	Grants from €2k up to €10k	€250m fund to help companies reopen premises	52,334	42,754	€170.14m
<b>Restart Grant Plus</b>	Local Authorities	Grants from €4k to €42.5k	€300m fund to help companies reopen premises	62,498	54,682	€422.77m
<b>COVID-19 Working Capital Scheme</b>	Strategic Banking Corporation of Ireland	From 25k up to €1.5m	€425 million in lending has been made available through this scheme and the Brexit Loan Scheme	4,256 applications of which 3,805 deemed eligible	944 loans sanctioned	€121.32m
<b>Brexit Loan Scheme</b>	Strategic Banking Corporation of Ireland	From 25k up to €1.5m	€425 million in lending has been made available through this scheme and the COVID-19 Working Capital Scheme	1,212 applications.	281 loans sanctioned	€57.07m
<b>COVID-19 loan-phase 1</b>	Micro Finance Ireland	Loans of up to €50k	An additional €14.79 million has been made available to MFI since March	1,015	687	€18.68m
<b>COVID-19 loan-phase 2</b>	Micro Finance Ireland	Loans of up to €25k	€15 million has been made available to MFI since legislation passed in July	428	220	€4.19m
<b>The Businesses Continuity Voucher</b>	Local Enterprise Offices		Up to €27m	14,871	12,074	€25.85m
<b>Trading Online Voucher Scheme</b>	Local Enterprise Offices		€39.8m	15,180	12,183	€28.84m
<b>Online Retail Scheme</b>	Enterprise Ireland	Up to €40k grant aid	€2m	373 applications received	185 retailers approved support	€6.58m
<b>COVID-19 Business Financial Planning Grant</b>	Enterprise Ireland	€5,000 grant aid	This is not currently capped	1028	977	€4.28m
<b>Sustaining Enterprise Fund</b>	Enterprise Ireland and Industrial Development Authority	Up to €800k grant and repayable advance	€180m	756 application forms issued. 540 applications received	283	€110.58m

<sup>17</sup> Department of Business <https://enterprise.gov.ie/en/Publications/Publication-files/Take-up-of-COVID-19-and-Brexit-Business-Supports.pdf>

<b>Sustaining Enterprise Fund – HPSU</b>	Enterprise Ireland	€50,000 in equity or convertible debt	This is not currently capped	95 applications received	84	€6.1m
<b>COVID-19 Credit Guarantee Scheme</b>	Strategic Banking Corporation of Ireland	Guarantees of €2bn to financial providers (COVID-19)	-	2821	1516	€74.03m
<b>Future Growth Loan Scheme</b>	Strategic Banking Corporation of Ireland	Total of up to €800m in long-term lending to businesses	From €25,000 to €3m	7,632 deemed eligible	2,601 loans sanctioned	€ 523.62m
<b>Future Growth Loan Scheme Expansion</b>	Strategic Banking Corporation of Ireland	July Stimulus €500m expansion of long-term loans to businesses for strategic investment	From €25,000 to €3m	3,606 deemed eligible since launch of expansion	1,453 Loans sanctioned since launch of expansion	€ 264.99m