



Rialtas na hÉireann  
Government of Ireland

# Pathways to Work

## Technical Paper

### July 2021



Prepared by the Department  
of Social Protection

# Economic and Labour Market Context

## 1. Introduction

The original Pathways to Work strategy, covering the period 2012–2015, was drafted and published in the aftermath of the Financial Crisis with a focus on reducing the high level of unemployment that ensued in its wake. Overall, the data suggests that the measures taken at that time, as well as those set out under its successor strategy, 'Pathways to Work 2016–2020', contributed to strong recovery in the overall economy, with growth in employment playing a central role in progress made.

However, the onset of the COVID-19 pandemic in March 2020, and the associated public health measures introduced to contain the spread of the virus, brought about an abrupt and severe economic crisis in Ireland through the immediate Government mandated cessation in all but essential business activities. This resulted in sudden high levels of displacement from work and an unprecedented demand for State supports from these displaced workers and affected firms. Over the past sixteen-months, the virus' presence has also generated a great deal of uncertainty within society and the economy, which has had knock-on effects for consumer demand, investor confidence and the demand for labour among firms.

Given these challenges, this accompanying Technical Paper presents an overview of a number of key labour market indicators that set the economic context for Pathways to Work 2021-2025. In doing so, it contributes to the strategy's objectives and informs the suite of targets and commitments it sets. This analysis includes, and considers, the latest available set of economic forecasts and also explores other challenges on the horizon for Ireland's economy and labour market in the coming years.

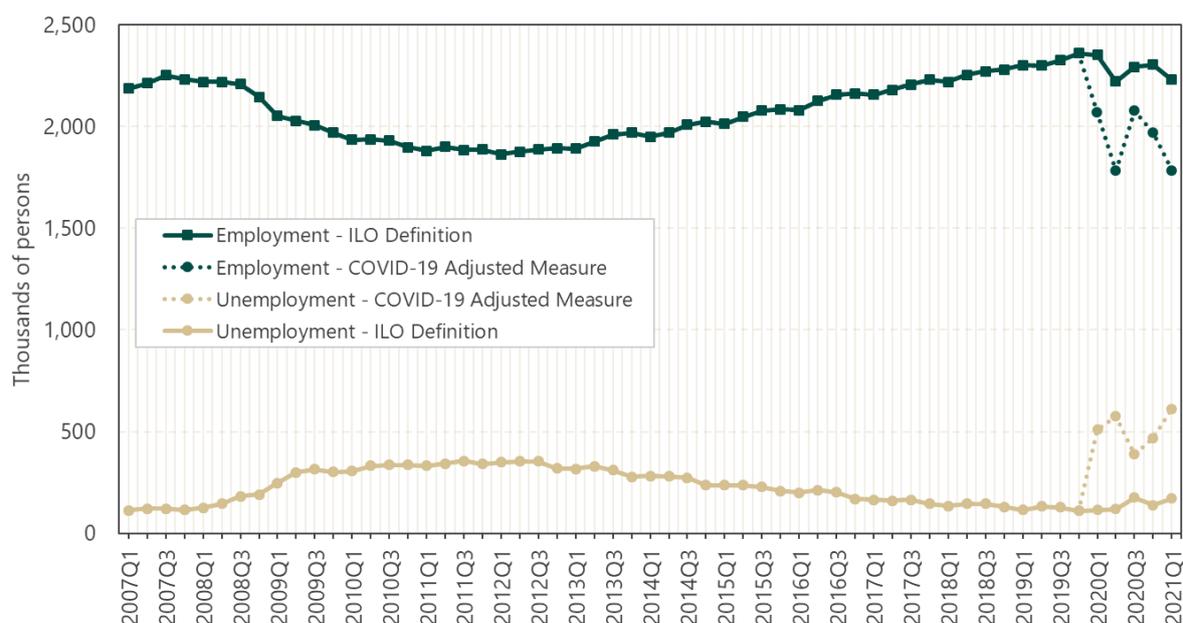
In addition, for contextual purposes, the Appendices set out expenditure and numbers of recipients / beneficiaries on working age employment supports over the last decade.

## 2. Overall Trends in Employment and Unemployment<sup>1</sup>

Ireland's economy had made significant strides in recent years, recovering at a pace much faster than many predicted during the low point of the Global Financial Crisis in 2012. As at Q4 2019, the seasonally adjusted unemployment rate dropped to 4.7 percent with employment reaching 2.32 million people; the highest level of employment seen in the history of the State and a growth of over 20 percent since the beginning of 2010.

Ireland's labour market performance had outpaced the EU average in this period also with Ireland's overall participation and employment rates higher than the EU27 average, and the rates of overall, youth and long-term unemployment lower than the average of our European counterparts.

**Figure 1: Quarterly Unemployment and Employment levels (2007 Q1 – 2021 Q1)**



Data Source: CSO, Labour Force Survey

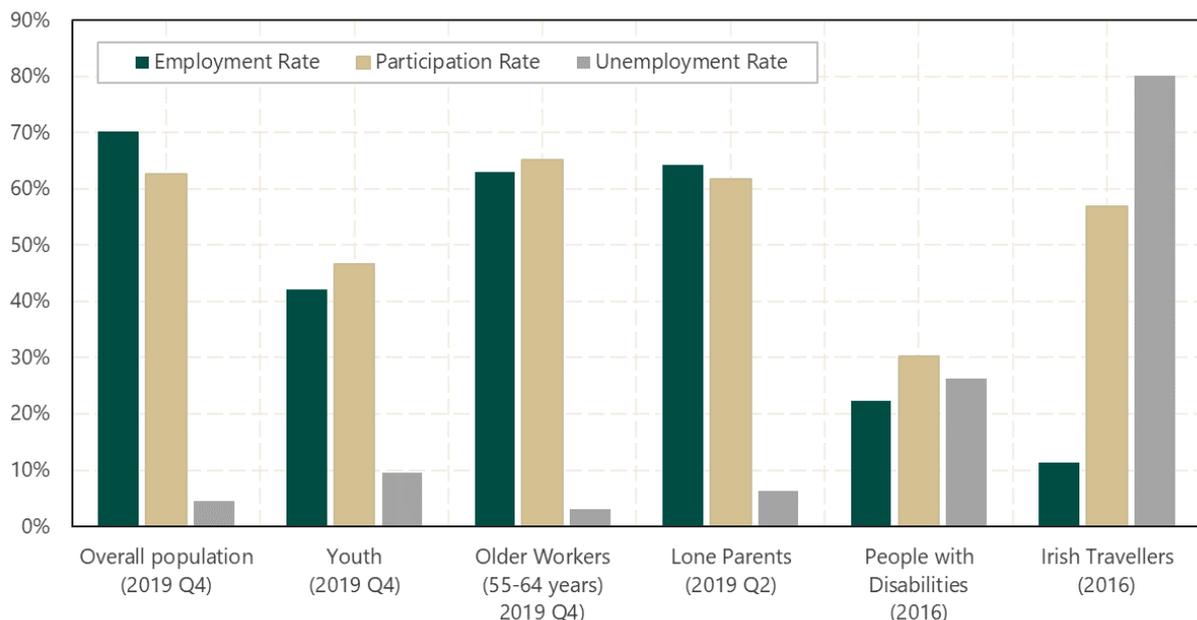
However, as shown in Figure 1 above, the emergence of the COVID-19 pandemic in Q1 2020 resulted in an abrupt and adverse shock to the labour market. With a large proportion of the economy and businesses forced to close in March in accordance with public health restrictions, the COVID-19 adjusted unemployment rate peaked at 31.5 percent (or 712,981

<sup>1</sup> All data and figures are provisional and subject to revision.

individuals) in April 2020, the highest level in the history of the State.<sup>2</sup>

It is, however, important to note that the economic recovery since the Global Financial Crisis and labour market improvements that had been underway up to early 2020 had not been felt equally across all parts of society and economy. For cohorts such as lone parents, people with disabilities, members of the Traveller and Roma communities and minority groups, their labour market participation and employment rates are lower than that of the overall population (Figure 2). Pathways to Work 2021-2025, while seeking to assist the recovery from COVID-19, also aims to address these pre-pandemic challenges present in our labour market.

**Figure 2: Pre-COVID Employment and Participation Rates for various cohorts**



Data Source: CSO, Eurostat, and author's calculations.<sup>3,4</sup>

<sup>2</sup> The CSO's COVID-19 Adjusted unemployment rate is considered to be the upper bound of the standard unemployment rate and assumes that all those in receipt of the Pandemic Unemployment Payment would have been classified as "unemployed" if the payment did not exist.

<sup>3</sup> There is no universally accepted definition of 'Older Workers'. For the purpose of this figure, we refer to those between 55 – 64 as used by Eurostat.

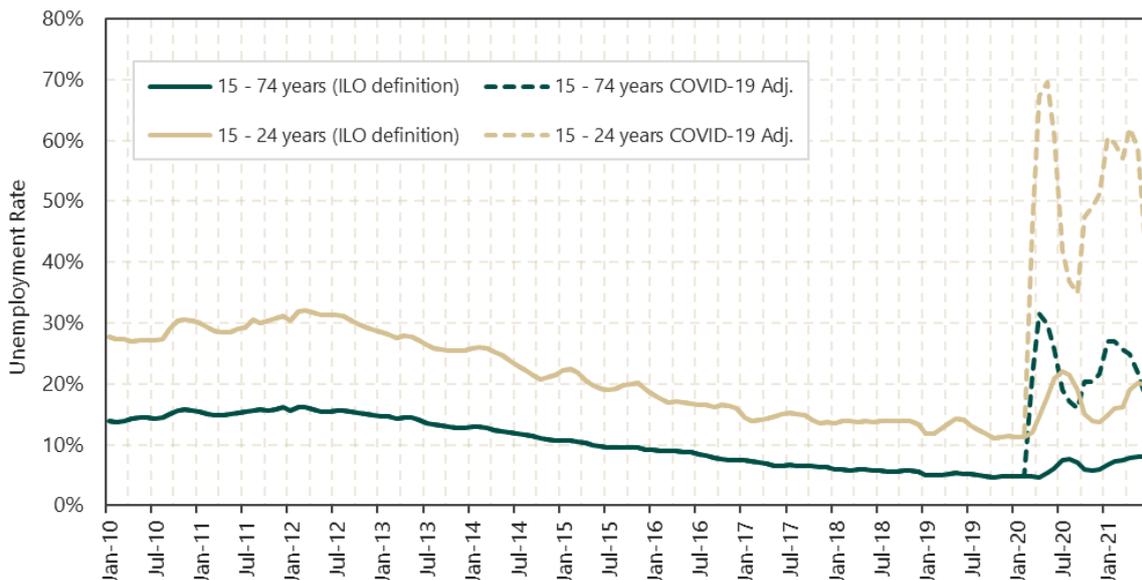
<sup>4</sup> While precise data on the Travelling community is limited, the best estimates indicate an employment rate somewhere in the range of 11-15 percent according to Census data as well as research by the [ESRI](#) (2017) and [EU Agency for Fundamental Rights](#) (2020).

### 3. Youth Unemployment

As with previous recessions, the impact of the COVID-19 pandemic has been reflected most acutely in the numbers of young people who are unemployed. These sharp rises in the youth unemployment rate during periods of recession, as compared with the rate for other cohorts, is typically driven by three factors.

First, before laying off workers, firms stop hiring and this affects new entrants to the labour force (who are, typically, younger). Second, recessions delay young people’s entrance to the labour force, which, due to a denominator effect, results in a youth unemployment rate that is twice the overall rate even in periods of economic growth.<sup>5</sup> Finally, many employers operate a “last in, first out” protocol when downsizing their workforces, which can disproportionately impact our younger workers.

**Figure 3: Monthly Total and Youth Unemployment (ILO Seasonally Adjusted & COVID-19 Adjusted Measures), January 2010 – June 2021.**



Data Source: CSO, MUM01 and MUM02

Note: Traditional unemployment monthly unemployment estimates from March 2020 are not seasonally adjusted.

<sup>5</sup> **Denominator Effect:** In calculating the unemployment rate, the number of unemployed individuals is divided by the labour force. Thus, when examining youth unemployment, the labour force or denominator is significantly smaller for this cohort, primarily due to the high share of young people not counted as part of the labour force, as they are either pursuing full-time education or have dropped out of the labour force entirely. This means that small changes to the number of young unemployed individuals will have a greater impact on unemployment rate than would be the case for other cohorts.

The impact of the COVID-19 pandemic on young people has been exacerbated by a further three driving forces. Firstly, given the circumstances that arose in the wake of the pandemic, Government decided to allow young students (who would not usually be counted as unemployed, as they are not in the labour force) to receive the Pandemic Unemployment Payment (PUP). As a result, this has inflated the youth and overall unemployment figures (COVID-19 adjusted) above what is captured in the traditional International Labour Organisation (ILO) measure, with approximately 38 percent of young people (aged 15-24 years) currently in receipt of the PUP estimated to be students (as at 6 July 2021), or just under 19,000 individuals.<sup>6</sup> The second contributing factor is the large number of young people working in those sectors most affected by the pandemic and associated restrictions (i.e. accommodation and food services, wholesale and retail and other tourism-related services). Thirdly, given the global scale of the pandemic, Ireland's young unemployed have had their global mobility significantly curtailed, which has consequently reduced their ability to pursue employment opportunities abroad, which has been a common route for young people in previous periods of high unemployment

While the employment of young people has been significantly affected by the pandemic, we also know from past recessions that they are also the most resilient, with youth unemployment levels typically falling quite quickly once economic activity resumes. This is evident in Figure 3 above, which shows that the COVID-19 adjusted youth unemployment rate declined sharply during the summer reopening of 2020 and has begun to reduce again on foot of reopening in recent months.

---

<sup>6</sup> The number of students (of all ages) in receipt of the PUP has decline significantly in recent months, facilitated by the gradual reopening of the economy and society, from approximately 47,000 as of the end of March to c. 22,000 as of July 6<sup>th</sup>.

## **4. Supports to the Labour Market: Live Register, Pandemic Unemployment Payment and Wage Subsidy Schemes**

In response to the pandemic, the State launched a number of new supports to cushion the impact of the pandemic and public health restrictions, in the form of emergency income supports and business supports to provide a level of income certainty for those most adversely affected by the crisis. These supports included the Pandemic Unemployment Payment (PUP) and the Employment Wage Subsidy Scheme (EWSS).<sup>7</sup> This section will explore trends in these COVID-19 specific supports, along with trends in the Live Register.

### **4.1 Live Register**

The Live Register (LR) refers to the number of people (with some exceptions) currently claiming Jobseekers Benefit (JB), Jobseekers Allowance (JA) and other related payments or credited contributions. During the previous economic crisis, the number of people on the Live Register increased significantly, from approximately 159,000 in January of 2007 to a peak of over 470,000 in July 2011. Prior to the pandemic, this number had declined considerably, reaching a figure of just under 183,000 in February 2020.

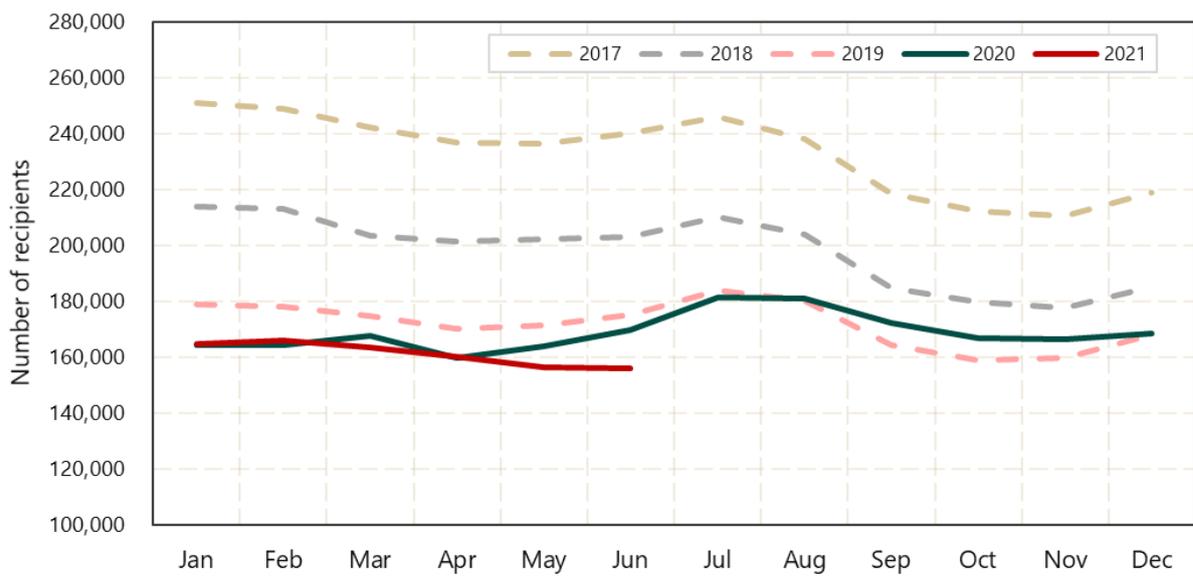
Despite the adverse impact of the pandemic on Ireland's labour market, the Live Register has remained relatively stable throughout, appearing to be largely unaffected by the changes in public health restrictions and sectoral shutdowns. As of the week ending July 4<sup>th</sup>, the Live Register stood at just over 179,000.

Traditionally, the Live Register exhibits seasonal patterns throughout the year, including an increase towards the end of the year. As shown in Figure 4a, these seasonal patterns were not evident to the same extent in 2020. It is likely that inflows to the Live Register and traditional seasonal patterns were cushioned, or absorbed, by the availability of PUP as an income support and by other Government-related COVID-19 supports to businesses.

---

<sup>7</sup> EWSS was formerly the Temporary Wage Subsidy Scheme (TWSS), which came to an end on September 1<sup>st</sup>, 2020.

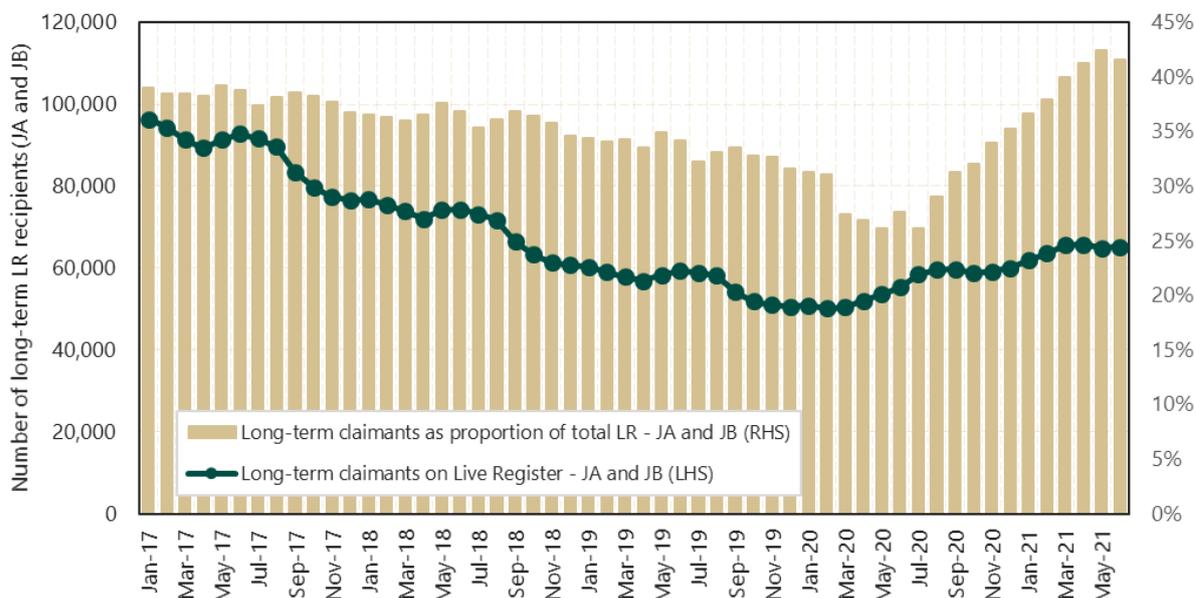
**Figure 4a: Monthly Live Register (payment recipients only), January 2017 – June 2021**



*Data Source: CSO LRM21.*

While the numbers on the Live Register have remained relatively stable over the course of the pandemic period, as shown in Figure 4b below, the proportion of long-term unemployed people on Live Register has been increasing since the beginning of 2021. This long-term Live Register cohort has increased from 31.1 to 41.6 percent of the total from February 2020 to June 2021, or an increase of approximately 15,000 individuals. The comparatively stable nature of the Live Register over the course of the pandemic and the increased transition of short-term jobseekers to long-term unemployment, as a result of dampened labour market conditions and opportunities over the last 16 months, has driven this rise in the share of long-term jobseekers on the Live Register.

**Figure 4b: Monthly Live Register long-term claimants<sup>8</sup> (JA and JB only) and proportion of long-term claimants of total, January 2017 – June 2021.**



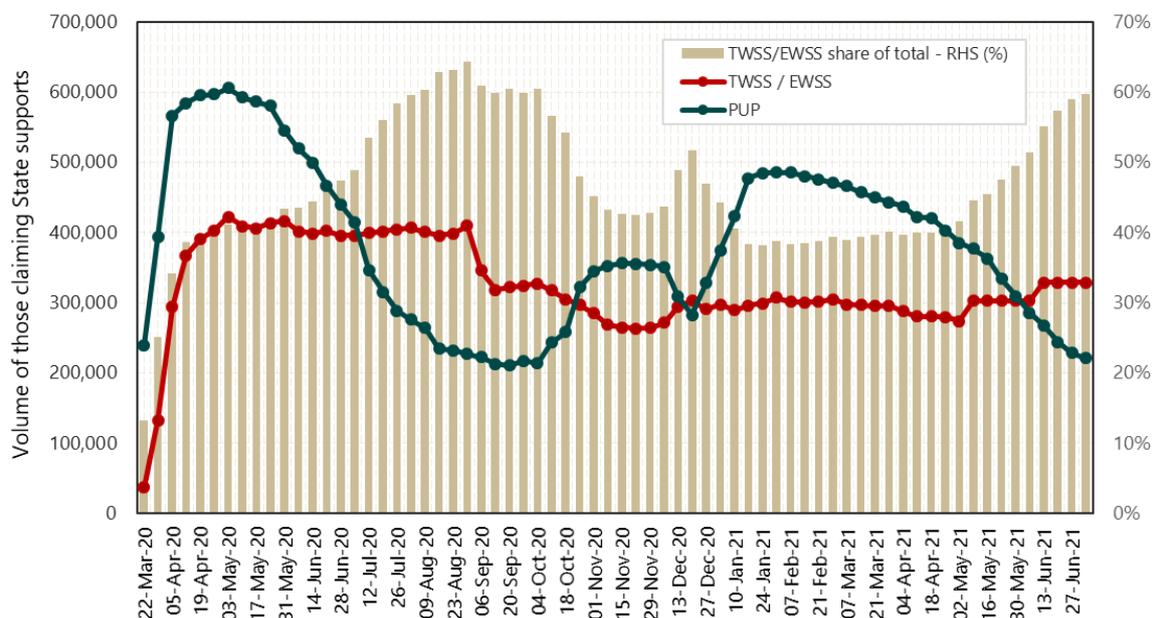
Data Source: CSO LRM18.

## 4.2 Pandemic Unemployment Payment and Employment Wage Subsidy Scheme

Figure 5 below presents trends in the Pandemic Unemployment Payment and Temporary Wage Subsidy Scheme, now replaced by the Employment Wage Subsidy Scheme, from mid-March 2020 to present. Numbers in receipt of the Pandemic Unemployment Payment peaked during the week of May 5<sup>th</sup>, with over 605,000 claims. Over the past 16 months, Ireland has moved through various levels of public health restrictions, including a staggered reopening under the Roadmap for Reopening Society and Business (during summer 2020) and both local and national re-introductions of restrictions of varying severity (up to Level 5), based on the prevailing prevalence of the virus. Through this, we have seen clearly that numbers in receipt of the PUP are impacted directly by the public health restrictions in place, with inflows seen in times of tightened restrictions, followed by outflows in times of reopening.

<sup>8</sup> Long-term claimants are classified as being on the Live Register for more than one year.

**Figure 5: Trends in the Pandemic Unemployment Payment and Temporary / Employment Wage Subsidy Schemes, March 2020 – June 2021**



Data Source: DSP, CSO and Revenue Data.

Note: EWSS figures up to the beginning of May 2021 are those reported by the CSO of the total weekly number of employees supported by the scheme. EWSS figures since the beginning of May 2021 are those total monthly figures published by Revenue of the number of employees supported over the previous month.

As shown in the Figure 5, trends in number of people supported via EWSS have not fluctuated as sharply as the PUP in response to changes in the level of public health restrictions. At times of peak restrictions PUP claims outnumber those on EWSS, however, the reverse is true as restrictions are relaxed, the number of people dependent on PUP fall faster than those dependent on EWSS. This reflects the differences in the schemes, PUP being primarily an income support, EWSS being primarily an employment support.

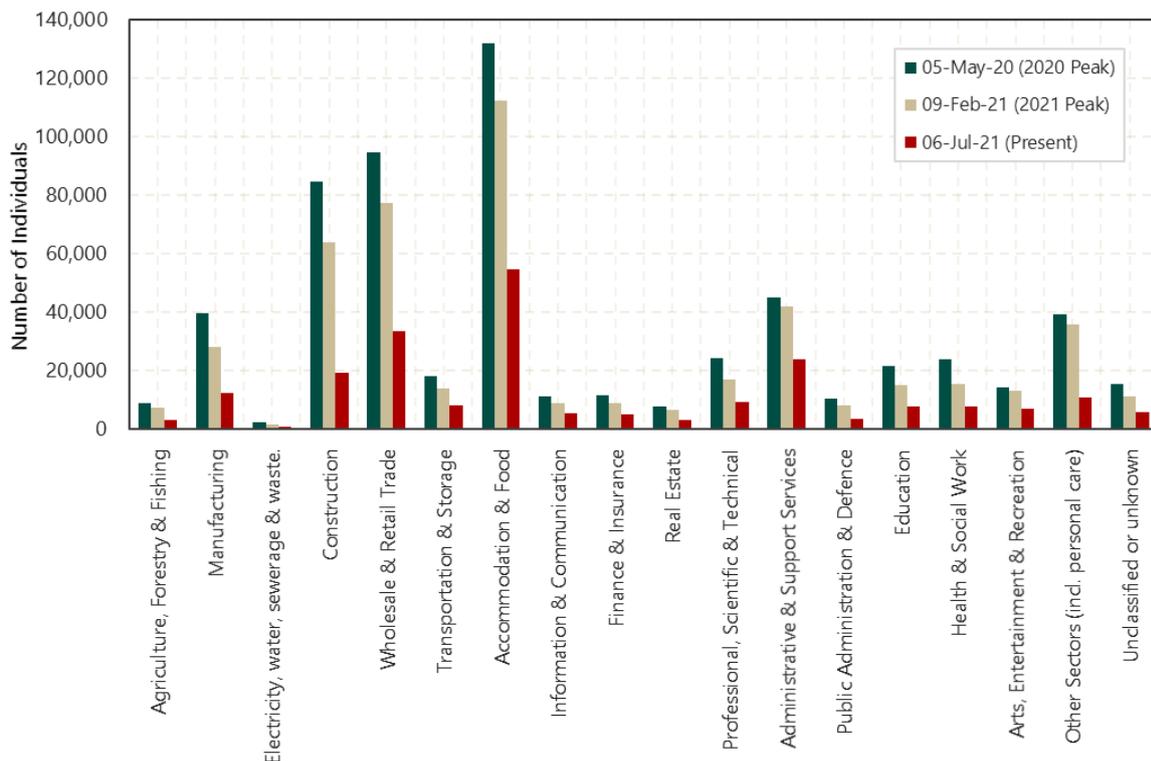
#### 4.2.1 Sectoral Composition of the Pandemic Unemployment Payment

Looking at the sectoral composition of COVID-19 impacts, those most impacted during the initial onset of the pandemic included accommodation and food, wholesale and retail trade and construction. These sectors were among the highest in terms of the take-up of wage subsidy and PUP supports, given their relative difficulty in complying with social distancing requirements and the associated sectoral closures introduced.

While volumes on the PUP have fluctuated greatly across sectors according to the level, and

associated details of restrictions; accommodation and food and retail have remained the two largest sectors on the scheme since inception (Figure 6a). Despite increases over time, no sector has reached the level seen at the peak of May 2020.

**Figure 6a: Pandemic Unemployment Payment by Sector (volume) – 2020 Peak (May 5<sup>th</sup> 2020), 2021 Peak (Feb 9<sup>th</sup>) and Present (July 6<sup>th</sup> 2021).**



*Data Source: DSP Administrative Data.*

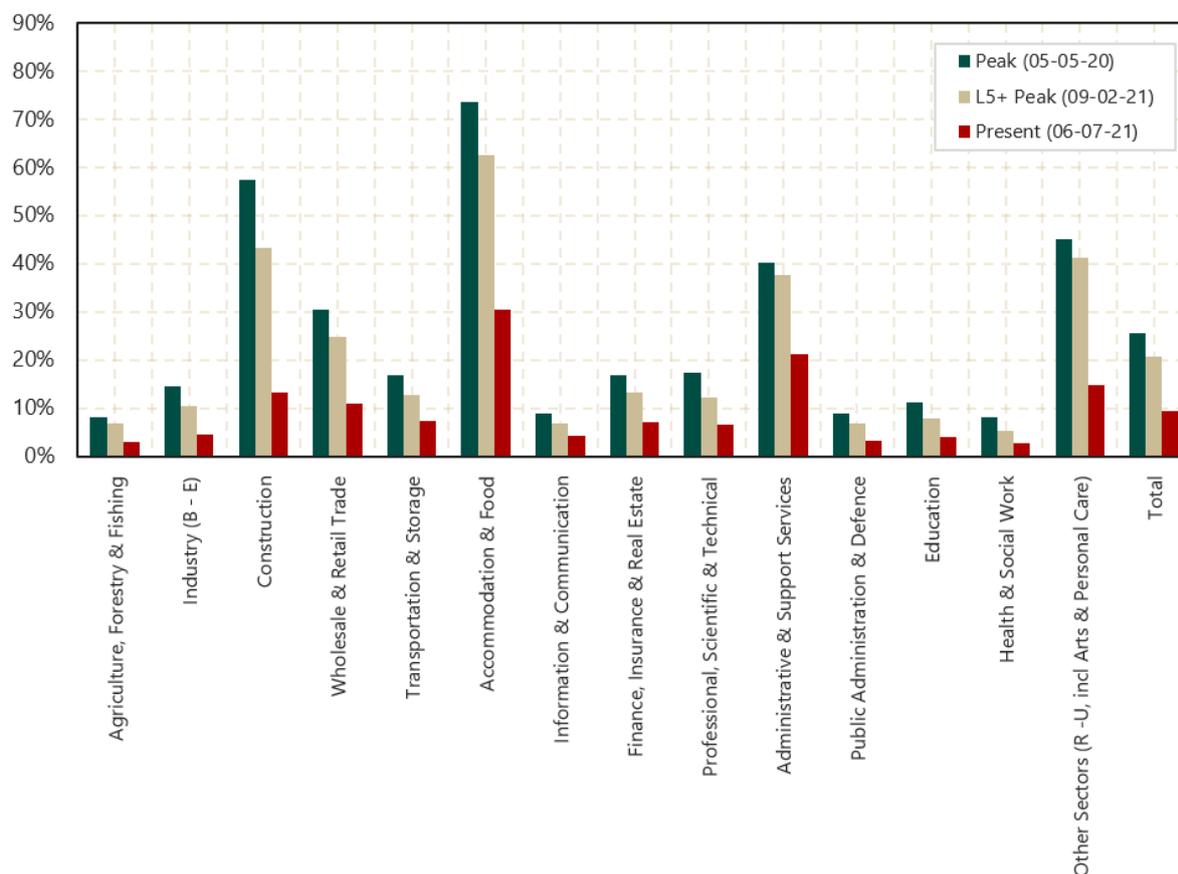
*Note: DSP sectoral data are based on the sector of the last known employer of an individual.*

By examining the sectoral take-up of the PUP relative to the pre-pandemic employment in each sector (Q4 2019), as shown in figure 6b, we can see that the hospitality (Accommodation & Food) sector has had the highest share of its pre-pandemic employees supported by PUP since its introduction. The sector’s high reliance on the PUP, including during times of widespread easing of restrictions, shows that although this sector has had experience of re-opening to various degrees at a number of stages during the pandemic, its activity and service delivery remains significantly curtailed by public health measures and social distancing guidelines.

Finally, it is also important to note that some smaller sectors, such as the arts and entertainment industry, have had high proportionate reliance on the PUP throughout the

pandemic, even though their absolute number of claims only accounts for a relatively small proportion of total PUP claims.

**Figure 6b: Pandemic Unemployment Payment as a proportion of those employed pre-pandemic by NACE Sector at 2020 Peak (May 5<sup>th</sup> 2020), 2021 Peak (Feb 9<sup>th</sup>) and Present (July 6<sup>th</sup> 2021).**



*Data Source: CSO LFS (Q4 2019), DSP Administrative Data and author's calculations.*

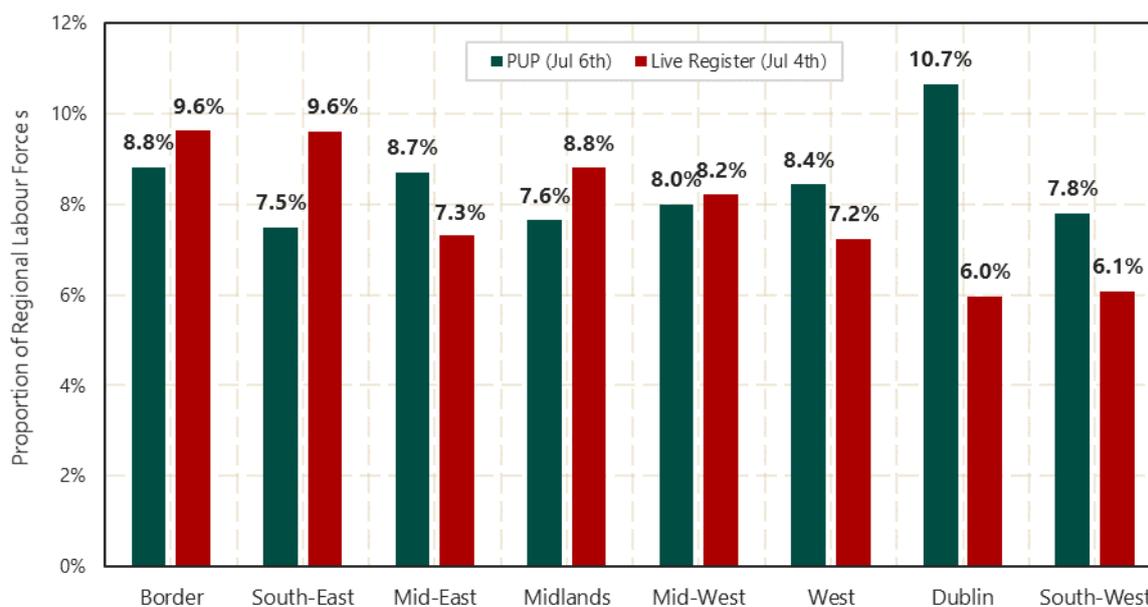
*Note: DSP sectoral data are based on the sector of the last known employer of an individual.*

As public health restrictions have gradually eased in recent months, many individuals have been able to return to work. This is reflected in the significant decline (55 percent as of July 6<sup>th</sup>) in the number of people in receipt of the PUP since the 2021 Level 5 peak in early February. For many others currently in receipt of the PUP, their return to work should also be straightforward, as their employment is merely on hold and simply relies on the further unwinding of public health restrictions and sector-specific closures. Therefore, as our economy and society continue to reopen, we can expect to see continued returns to work in the coming weeks and months.

## 4.2.2 Regional Distribution of the Pandemic Unemployment Payment and Live Register

Figure 7 presents the distribution of PUP recipients (as of July 6<sup>th</sup>) and those on the Live Register (as of July 4<sup>th</sup>) as a share of the pre-pandemic labour force in each region. This analysis shows that the Border region has the highest proportional reliance on these supports, with over 18 percent of its pre-pandemic labour force currently in receipt of payments; 8.8 percent claiming the PUP and 9.6 percent on the Live Register. This figure has declined substantially since April however, when 28 percent of the Border region's Labour Force was in receipt of PUP or Live Register supports. Notably, this decline has occurred in line with the easing of lockdown restrictions from early May.

**Figure 7: Proportion of the Pre-pandemic Labour Force Currently Supported by the PUP and Live Register by Region**



Data Source: DSP Administrative Data, CSO (LFS Q4 2019) and author's calculations.

### 4.3 Long-duration PUP recipients and phasing out of temporary supports

The Department of Social Protection recognises that there will be a cohort of people, for whom their employment will potentially be permanently lost due to COVID-19. At the beginning of this Paper, we presented the COVID-19 adjusted measure of unemployment, which considers and counts all those in receipt of the PUP to be unemployed (Figure 3). However, as already outlined, we know that many of those on the PUP are and continue to return to work. Therefore, the true unemployment rate is somewhere between the ILO and upper bound COVID-19 adjusted measures.

Over the past year, the Department of Social Protection has been closely monitoring the PUP data, including individual's durations on the payment. At the time of writing, the Department has identified approximately 125,000 current recipients who have received over 52 cumulative weekly Pandemic Unemployment Payments (out of a possible total of 68 weeks since the inception of the payment, as of July 6<sup>th</sup> 2021).

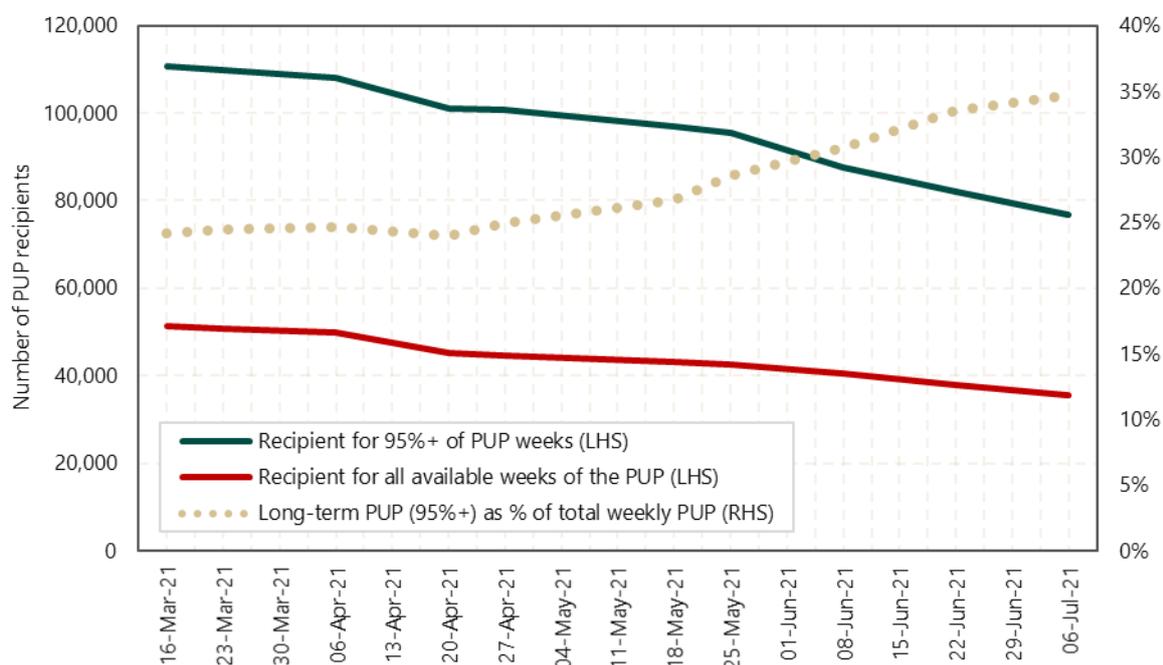
Of these, 77,000 have been in receipt of the payment for over 95 percent of the total (or 65-68 weeks), with almost half of these (35,000) having been in receipt of the payment continuously since its inception in mid-March 2020.<sup>9</sup>

Figure 8 below depicts trends in this long-duration PUP cohort since the one-year anniversary of the scheme's introduction. It shows that, on foot of economic and societal reopening, the number of long-duration recipients has been steadily over recent months. The cohort of people in receipt of the payment for over 95 percent of available weeks has decreased by almost 34,000 since mid-March 2021, from just under 111,000 to 77,000. However, the proportion of long-duration PUP recipients of total weekly recipients has increased from 24 percent to 35 percent over the same period. This indicates that those who have been longest on the PUP are slower to return to work than recipients of other – shorter – durations.

---

<sup>9</sup> PUP figures as of July 6<sup>th</sup> 2021.

**Figure 8: Trends in long-duration PUP recipients since the one year anniversary of the schemes introduction (March 2021 – July 2021).**



Data Source: DSP Administrative Data.

Note: Not all weekly data points are available for the above figure.

This cohort of long-duration PUP recipients' jobs are at most risk of being permanently displaced by the pandemic.<sup>10</sup> Using this analysis of durations on the PUP, combined with existing numbers on the Live Register, provides an estimate of the potential scale of the challenge for the Public Employment Service of between 250,000 and 300,000.

Further analysis of the long-duration PUP recipient data suggests that those from the 'accommodation and food' and 'wholesale and retail trade' sectors are the most at risk. It also suggests a potentially lower level of capacity for their former employer (or sector of work) to re-absorb them into the workforce, under prevailing public health restrictions.

The transition back to work for these individuals may become difficult as time progresses,

<sup>10</sup> In interpreting these long-duration claimants, it is important to note that the durations quoted in Section 4.3 include students currently on PUP; approximately 11,000 of whom have been on the PUP for over one year (as of July 6<sup>th</sup>). As part of changes to the PUP announced in June 2021, Pandemic Unemployment Payments will cease for full-time students with the start of the 2021/2022 academic year, with this cohort to receive their last payment on September 7<sup>th</sup> 2021.

and they will likely require engagement and support from Intreo's employment services. This will therefore likely give rise to increases in the Live Register, as temporary COVID-19 supports are phased out and individuals transition to other State supports, including traditional jobseeker payments.<sup>11</sup> Thus, for policy purposes, in planning its response to the recovery, Intreo is considering its cohort of interest to be these long-duration PUP recipients and traditional jobseekers present on the Live Register.

In this respect, a clear policy focus is being retained on those individuals who were unemployed before the pandemic, including the long term unemployed, to avoid further scarring effects. It is important to remember that these individuals have also been impacted by the pandemic, by way of the vastly dampened labour market opportunities and reduced hiring practices among employers.

Finally, it is also important to bear in mind the cumulative effect of changing public health restrictions will have on business and employer viability as State supports begin to be unwound. Business fatigue, heavy reliance on these State supports as well as changed consumer preferences, will mean some businesses will no longer be viable in the post-COVID environment which will ultimately have knock-on effects for the labour market.

---

<sup>11</sup> Under the *Economic Recovery Plan*, published in June 2021, Government outlined a roadmap for the gradual phasing out of these temporary income supports beginning in September 2021.

## 5. Anticipating Future Economic Developments

While economic conditions rapidly deteriorated as a result of the pandemic, the duration and speed of any economic recovery following the rollout of the COVID-19 vaccine is difficult to forecast. Typically, however, following recessions, economies do not immediately return to pre-recession levels of employment. This process tends to occur over years rather than months. Thus, unemployment and reduced business activity will likely persist for some time to come.

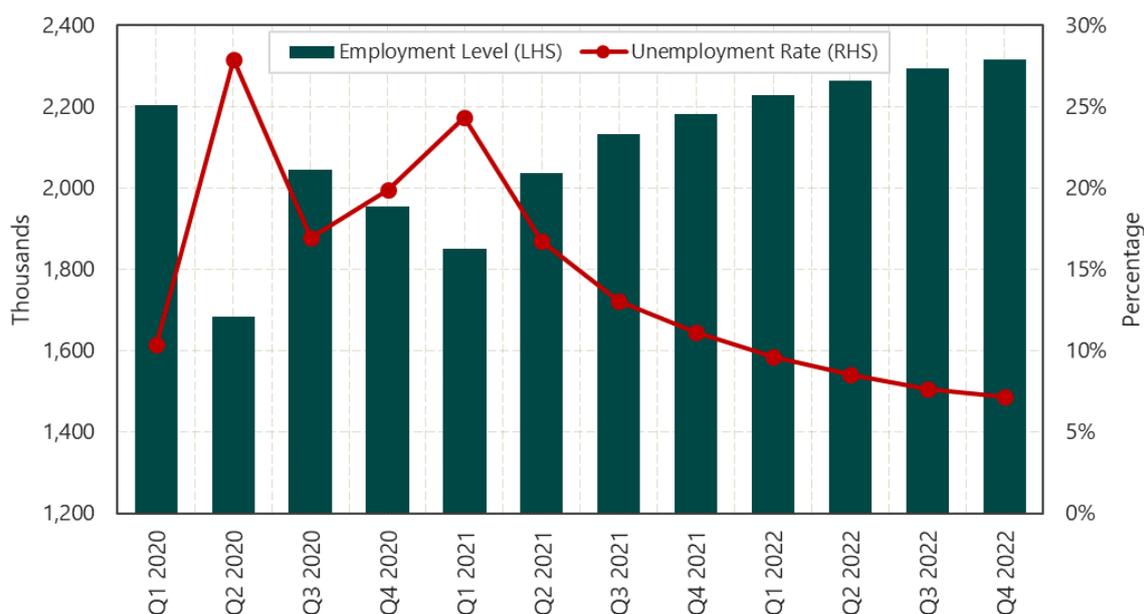
The continued uncertainty of the current environment creates significant challenges for enterprises in terms of creating and sustaining employment with some sectors struggling to maintain viability under current social distancing and public health guidelines. This uncertainty, along with the timeline of the vaccine rollout, may lead to a labour market position where unemployment remains higher for longer.

The Department of Finance's Stability Programme Update (April 2021)<sup>12</sup> forecast that the COVID-19 adjusted unemployment rate will average 16.3 percent for 2021, approaching 11 percent at year-end, before declining to an average of 8.2 percent over 2022. The Department of Finance also considers longer-term forecasts out to 2025. In doing so, they forecast that the unemployment rate could reach 5.5 percent in 2025, which remains above the 2019 pre-COVID levels.

---

<sup>12</sup> [gov.ie](http://www.gov.ie) - Minister Donohoe publishes Stability Programme Update 2021 ([www.gov.ie](http://www.gov.ie))

**Figure 9: Department of Finance Stability Programme Update Labour Market Forecasts**



*Data Source: Department of Finance Stability Programme Update (April, 2021).*

The latest projections from the Central Bank of Ireland’s Quarterly Bulletin for Q3 2021 (July)<sup>13</sup> forecast that economic recovery will continue to take hold in the second half of 2021, supported by Government’s extension to, and gradual phasing out of, the EWSS and PUP supports which will help to avoid any significant cliff-edge unemployment scenario. The Central Bank therefore forecast a traditional ILO unemployment rate of 7.2 percent for 2021 as a whole. However, the Central Bank expect that, as these temporary supports are phased out, there is likely to be a slower rate of job matching once persons who have permanently lost their job as a result of COVID-19 – and have consequently been inactive for a significant period of time – begin to seek employment. As such the Central Bank expect the average unemployment rate for 2022 to be 7.7 percent, although declining to 7 percent by end-2022 and 6.4 percent by end-2023.<sup>14</sup>

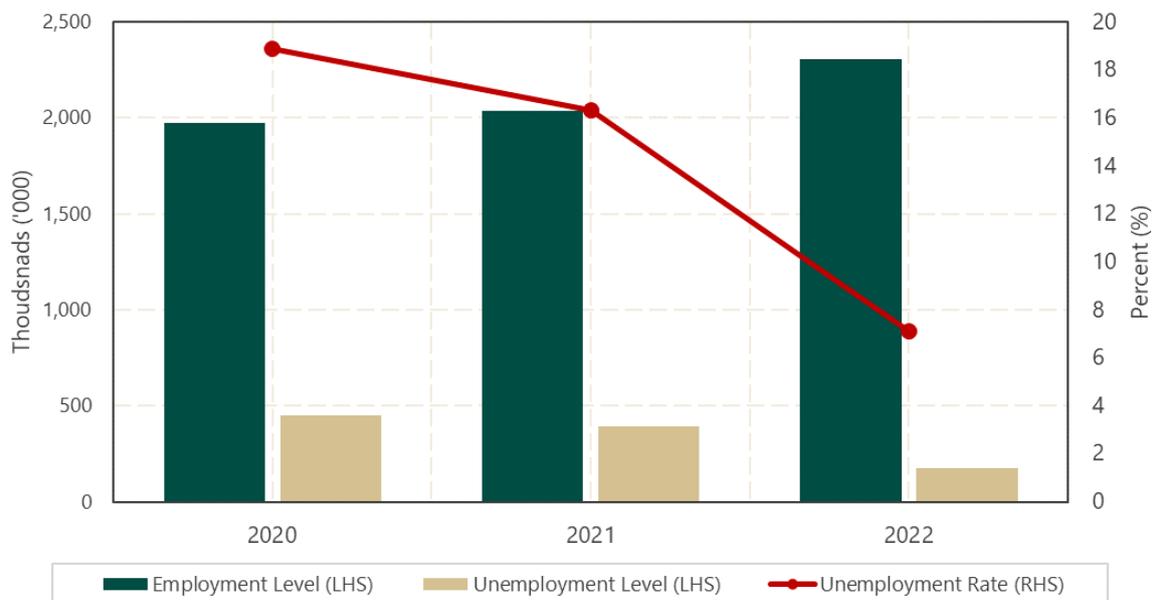
Finally, the Economic and Social Research Institute (ESRI) set out its latest forecasts its

<sup>13</sup> [Quarterly Bulletin Q3 2021 | Central Bank of Ireland](#)

<sup>14</sup> It is important to note that in their latest forecasts the Central Bank of Ireland use the traditional ILO definition of unemployment and are working off the assumption that the Pandemic Unemployment Payment will be phased out at the end of February 2022, at which time its remaining recipients would then merge with the traditional ILO rate of unemployment from Q2 2022 onwards. Given that the ILO definition does not include those in receipt of the Pandemic Unemployment Payment, the Central Bank of Ireland predicts that this transition will significantly increase the ILO rate from its current level.

Summer 2021 Quarterly Economic Commentary published in June.<sup>15</sup> These forecasts, as well as those of the other organisations presented here, are predicated on the assumption that the successful deployment of vaccines in line with the Government’s timeline will allow public health restrictions to be lifted to a more permanent degree, thereby allowing economic activity to fully resume in the coming months.

**Figure 10: Economic and Social Research Institute (ESRI) Quarterly Economic Commentary Summer 2021 Forecasts (annual averages)**<sup>16</sup>



Data Source: ESRI (Summer QEC Forecast 2021).

Based on these assumptions, the ESRI forecast unemployment to fall to 9 per cent by the end of 2021 (averaging 16.3 per cent over the year) as economic activity resumes and to average 7.1 per cent in 2022 (Figure 10). In addition to economic reopening, the ESRI believe that continued strong growth in consumption, export demand and investment is expected to drive improvements in the labour market situation.

While the labour market outlook has become increasingly optimistic among these institutions in recent quarters on foot of strong economic reopening, they each note that – owing to scarring effects in the economy after the pandemic – it is unlikely that the

<sup>15</sup> [Quarterly Economic Commentary, Summer 2021 | ESRI](#)

<sup>16</sup> It is important to note that in their latest forecasts, the ESRI QEC employment level for 2020 is based on the COVID-19 adjusted level of employment at the end of each quarter published by the CSO. As a result, it represents a lower bound estimate for employment in 2020. Similarly, the unemployment rate is based on the monthly unemployment and the COVID-19 adjusted monthly unemployment series published by the CSO.

unemployment rate will approach its pre-COVID low of 4.7 per cent until 2023 at the earliest.

Moreover, recent analysis undertaken within the Department of Social Protection, which considers long-term Pandemic Unemployment Payment recipients in addition to those classified by the CSO as unemployed under the standard ILO measures, estimates a broadly similar unemployment outlook.

## 6. Future Challenges: Risks and Opportunities

As a result of the COVID-19 pandemic the economic conditions at play in Ireland have deteriorated dramatically. Pathways to Work 2021 to 2025 has been developed against a backdrop of great uncertainty and will be implemented during a period of immense change. The COVID-19 pandemic and Brexit represent the most immediate threats to Ireland's economy, but their full impact remains unclear.<sup>17</sup>

The pandemic has acted as a great disruptor to global supply chains and trade flows, with recovery prospects for both the Irish and global economy depending on their proper functioning. Fortunately, throughout the pandemic period, Ireland's key manufacturing and service sectors, such as pharmaceuticals, have remained buoyant, driven by export demand.

Moreover, as already mentioned, the continued speed of vaccination roll-out and the incidence rate of the virus will dictate the trajectory and timeline of both the re-opening of the economy and ultimately economic recovery. It is critical, therefore, that Pathways to Work 2021-2025 takes account of the risks and challenges associated with public health developments and ensures that measures are in place to accommodate those in the worst affected sectors while acknowledging the uncertainty at this stage.

Whilst the conclusion of the post-Brexit Trade and Cooperation Agreement will assist with tariff-free and quota-free trade in goods between the EU and the UK, this will not eliminate the risks and challenges posed to Irish enterprises by Brexit. Rather, the UK's decision to exit both the single market and the customs union represents a fundamental change to the trading relationship between the UK and the EU (including Ireland) and trade flows in both goods and services will not continue to be as seamless as heretofore for those trading with, through and to the UK.

Uncertainty and disruption to supply chains will arise on foot of new administrative

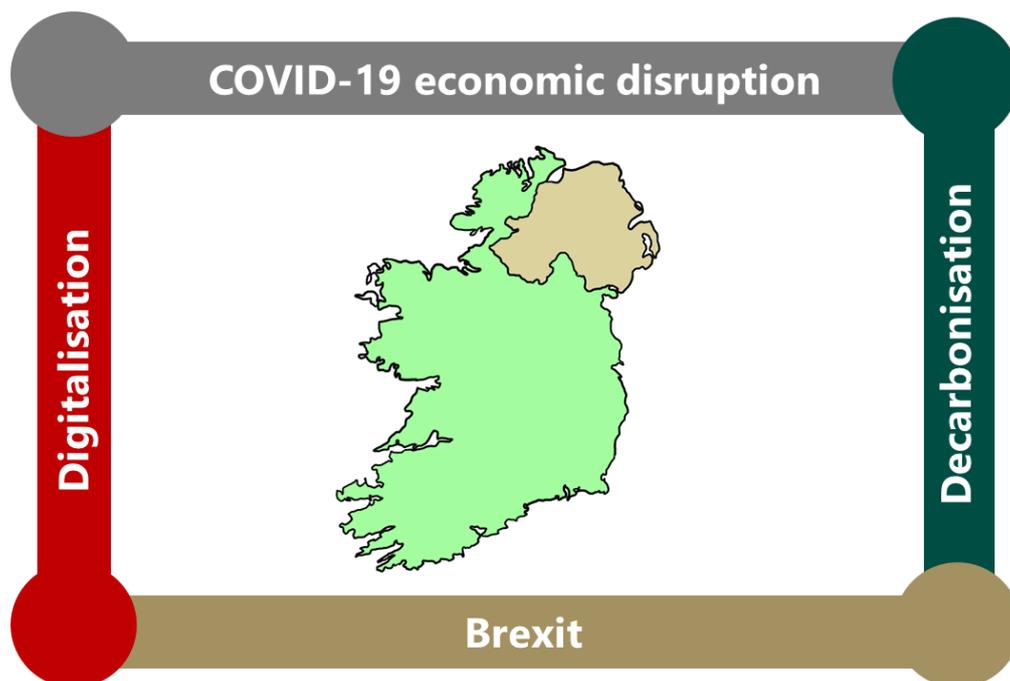
---

<sup>17</sup> This is particularly the case in relation to COVID-19, where the medium to long-term impacts of the pandemic on our economy, and in turn labour market, remain unclear. As noted in Chapter 1 (Section: *The External Environment: COVID-19 Shock and 'Aftershock'*) of Pathways to Work 2021-2025, the scale of the shock both in terms of breadth of sectors affected and the duration of the impact may have a lasting effect or 'aftershock'.

arrangements, inspections and delays which will continue to be phased in over time. New competitive pressures will be faced by those Irish producers and suppliers selling into the UK market over time, particularly those in the agri-food sector. While COVID-19 remains the primary threat to the Irish economy, Brexit will continue to have an underlying longer-term impact. The immediate effects of Brexit however are somewhat masked in the short-term by the continued availability of COVID-19 related business and income supports.

Beyond these immediate challenges, the coming years will see significant changes upon Ireland's social and economic life, including the functioning of the labour market. The Economic Recovery Plan notes that many pre-existing trends facing the economy and labour market which were evident pre-pandemic have now accelerated. These include issues such as decarbonisation, automation and digitilisation, labour market participation levels, demographic trends, changes to global supply chains, and the international tax environment.

**Figure 11: Challenges Facing the Irish Economy, Labour Market and Society**



Intreo – and the wider Public Employment Service ecosystem, will respond to these challenges through continued engagement with its partners in the further education and training sector, to support workers in vulnerable sectors to avail of new employment opportunities.

## Appendix

### Appendix 1: Expenditure on Working Age Employment Supports by Scheme (€million, 2011-2020)

Scheme	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Temporary Wage Subsidy Scheme	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,706.96
Employment Wage Subsidy Scheme	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,370.89
Back to Education Allowance	201.52	199.57	186.88	162.45	143.97	114.83	93.86	78.69	65.17	65.92
Back to Work Enterprise Allowance	114.58	127.20	119.51	118.83	129.04	124.38	115.17	90.47	59.70	39.27
Community Employment Programme <sup>18</sup>	349.40	330.40	341.25	359.47	364.99	356.34	350.49	353.07	353.39	340.61
Community Services Programme <sup>19</sup>	45.45	45.39	44.85	43.03	42.73	43.64	42.46	0.00	0.00	0.00
Gateway	0.00	0.00	0.26	7.58	29.54	21.18	3.50	0.21	0.01	0.00
Job Initiative	29.68	25.79	24.92	23.36	21.70	20.15	19.15	17.75	16.42	14.97
JobsPlus	0.00	0.00	1.04	11.88	22.63	23.68	28.85	22.75	14.38	5.38
Rural Social Scheme	46.84	45.24	44.20	43.76	44.11	42.39	44.41	50.03	54.95	52.74
TÚS	11.76	67.06	92.06	116.05	124.58	118.60	109.40	105.98	102.75	83.57
Wage Subsidy Scheme	10.07	10.56	11.04	12.91	16.39	19.40	20.84	22.32	23.81	18.16
Youth Employment Support Scheme	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.70	1.72
Other Working Age Employment Supports	86.05	100.70	119.04	126.05	112.44	83.12	52.44	47.75	45.07	41.12
<b>Working Age Employment Supports - Social Assistance</b>	<b>903.26</b>	<b>951.91</b>	<b>985.05</b>	<b>1,025.38</b>	<b>1,052.12</b>	<b>967.71</b>	<b>880.57</b>	<b>789.05</b>	<b>736.35</b>	<b>4,741.61</b>
Partial Capacity Benefit	0.00	2.11	7.38	9.97	11.31	13.08	16.00	18.42	21.11	24.66

<sup>18</sup> The Community Employment Programme and Other Employment Programmes transferred from Fás to the Department of Social Protection in January 2011.

<sup>19</sup> The Community Services Programme transferred to the Department of Rural and Community Development in December 2017.

<b>Working Age Employment Supports - Social Insurance</b>	<b>0.00</b>	<b>2.11</b>	<b>7.38</b>	<b>9.97</b>	<b>11.31</b>	<b>13.08</b>	<b>16.00</b>	<b>18.42</b>	<b>21.11</b>	<b>24.66</b>
<b>Total - Working Age Employment Supports (€millions)</b>	<b>903.26</b>	<b>954.02</b>	<b>992.43</b>	<b>1,035.35</b>	<b>1,063.43</b>	<b>980.79</b>	<b>896.57</b>	<b>807.47</b>	<b>757.46</b>	<b>4,766.27</b>

## Appendix 2: Breakdown of Other Working Age Employment Supports (€million, 2011-2020)

Scheme	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Activation and Family Support Programme (AFSP)	2.81	2.54	3.18	1.39	1.33	0.84	0.59	0.54	0.38	0.16
Credit Union loan guarantee scheme	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disability Activation and Employment Supports	0.11	0.38	2.83	3.34	2.13	0.35	0.44	0.43	0.44	0.53
Employability Service	0.00	8.10	8.71	8.43	8.66	8.56	8.72	8.87	9.10	8.84
Employment Support Unit (ESU) policy initiatives	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Enterprise Support Grant	3.17	3.46	3.26	3.34	4.22	4.48	4.59	3.74	2.85	1.54
EURES Job Mobility Funded Training and Other Initiatives	0.00	0.10	0.32	0.37	0.36	0.37	0.66	0.45	0.06	0.01
JobBridge	7.91	54.74	67.69	76.03	63.49	37.79	6.90	0.12	0.03	0.03
Jobs Clubs	0.00	5.72	5.49	5.49	5.88	5.40	5.21	5.26	4.84	4.45
Local Employment Service	18.31	17.85	19.37	18.28	19.51	18.44	18.56	18.49	18.32	18.16
Part-Time Job Incentive Scheme	1.03	1.37	1.98	2.28	2.72	3.00	3.04	2.50	1.69	1.07
Pre-activation for people with Disabilities	0.02	0.00	0.00	0.00	0.00	0.10	0.50	4.61	4.60	4.50
Projects funded from Drugs Task Force	2.10	1.86	1.63	1.74	0.84	0.65	0.60	0.51	0.55	0.53
Social Inclusion Initiatives (Employment Programmes)	0.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Special Initiatives for Travellers programme	0.04	0.19	0.29	0.31	0.00	0.00	0.00	0.00	0.00	0.00
Special payments to Long-Term Unemployed and Lone Parents	0.05	0.03	0.02	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Technical Support Grant	3.14	4.35	4.27	5.03	3.31	3.14	2.64	2.23	2.21	1.31
<b>Total Other Working Age Employment Supports</b>	<b>38.95</b>	<b>100.7</b>	<b>119.04</b>	<b>126.04</b>	<b>112.45</b>	<b>83.12</b>	<b>52.45</b>	<b>47.75</b>	<b>45.07</b>	<b>41.13</b>

### Appendix 3: Number of Recipients and Beneficiaries of Main Working-Age Employment Supports by Type (2011-2020)

Scheme	Beneficiary Type	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Back to Education Allowance	Recipients	24,530	24,910	24,175	22,714	17,879	13,895	10,916	8,816	6,976	6,048
	<b>Beneficiaries</b>	<b>36,904</b>	<b>37,528</b>	<b>36,801</b>	<b>34,594</b>	<b>27,604</b>	<b>21,846</b>	<b>17,733</b>	<b>14,360</b>	<b>11,468</b>	<b>9,632</b>
Back to Work Allowance (Employee)	Recipients	182	18	11	2	0	0	0	s/c	s/c	s/c
	<b>Beneficiaries</b>	<b>332</b>	<b>39</b>	<b>17</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>s/c</b>	<b>s/c</b>	<b>s/c</b>
Back to Work Enterprise Allowance	Recipients	10,751	10,810	10,098	11,166	11,881	10,977	9,655	6,666	4,115	2,738
	<b>Beneficiaries</b>	<b>24,311</b>	<b>24,013</b>	<b>22,499</b>	<b>24,854</b>	<b>26,588</b>	<b>24,212</b>	<b>21,154</b>	<b>14,474</b>	<b>8,841</b>	<b>5,753</b>
Community Employment Programme	Recipients	22,589	22,445	23,943	23,249	24,218	22,356	21,832	21,424	21,290	19,440
	<b>Beneficiaries</b>	<b>42,438</b>	<b>41,383</b>	<b>45,102</b>	<b>45,669</b>	<b>46,565</b>	<b>43,407</b>	<b>42,028</b>	<b>35,419</b>	<b>33,651</b>	<b>29,595</b>
Temporary Wage Subsidy Scheme	Recipients										s/c
	<b>Beneficiaries</b>										<b>s/c</b>
Employment Wage Subsidy Scheme	Recipients										288,753
	<b>Beneficiaries</b>										<b>288,753</b>
Gateway	Recipients	0	0	0	0	2,266	683	50	s/c	s/c	s/c
	<b>Beneficiaries</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,013</b>	<b>1,169</b>	<b>79</b>	<b>s/c</b>	<b>s/c</b>	<b>s/c</b>
Job Initiative	Recipients	0	0	0	1,031	958	886	842	692	624	558
	<b>Beneficiaries</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,031</b>	<b>958</b>	<b>886</b>	<b>842</b>	<b>692</b>	<b>624</b>	<b>558</b>
JobBridge	Recipients	0	5,160	6,058	6,047	4,207	1,764	29	s/c	s/c	s/c
	<b>Beneficiaries</b>	<b>0</b>	<b>7,243</b>	<b>8,685</b>	<b>8,998</b>	<b>6,309</b>	<b>2,698</b>	<b>37</b>	<b>s/c</b>	<b>s/c</b>	<b>s/c</b>
Part-Time Job Incentive Scheme	Recipients	180	215	290	373	403	467	418	269	181	234
	<b>Beneficiaries</b>	<b>254</b>	<b>263</b>	<b>315</b>	<b>385</b>	<b>406</b>	<b>468</b>	<b>418</b>	<b>303</b>	<b>197</b>	<b>255</b>
Rural Social Scheme	Recipients	2,537	2,591	2,537	2,576	2,532	2,527	2,850	3,103	3,169	3,076

	<b>Beneficiaries</b>	<b>5,419</b>	<b>5,531</b>	<b>5,381</b>	<b>5,351</b>	<b>5,217</b>	<b>5,205</b>	<b>6,024</b>	<b>6,478</b>	<b>6,400</b>	<b>6,084</b>
TÚS	Recipients	2,077	4,530	6,999	7,877	7,818	7,140	6,256	6,366	5,482	3,945
	<b>Beneficiaries</b>	<b>4,342</b>	<b>8,814</b>	<b>13,348</b>	<b>14,715</b>	<b>14,357</b>	<b>13,359</b>	<b>12,066</b>	<b>11,711</b>	<b>9,879</b>	<b>6,986</b>
JobsPlus	Recipients						4,624	5,217	3,528	2,149	712
	<b>Beneficiaries</b>						<b>4,624</b>	<b>5,217</b>	<b>3,528</b>	<b>2,149</b>	<b>712</b>
Other Working Age Employment Supports	Recipients	0	0	0	7,313	2,144	2,482	2,494	0	0	s/c
	<b>Beneficiaries</b>	0	0	278	277	298	335	337	0	0	s/c
<b>Working - Age Employment Supports - Social Assistance</b>		<b>114,196</b>	<b>125,299</b>	<b>133,002</b>	<b>143,775</b>	<b>134,859</b>	<b>120,869</b>	<b>108,598</b>	<b>87,122</b>	<b>73,209</b>	<b>348,328</b>
Partial Capacity Benefit	Recipients	0	0	1,234	1,432	1,612	1,873	394	2,426	2,956	3,227
	<b>Beneficiaries</b>	<b>0</b>	<b>0</b>	<b>1,571</b>	<b>1,828</b>	<b>2,079</b>	<b>2,398</b>	<b>1,014</b>	<b>2,654</b>	<b>3,259</b>	<b>4,021</b>
<b>Working - Age Employment supports - Social Insurance</b>		<b>0</b>	<b>0</b>	<b>1,571</b>	<b>1,828</b>	<b>2,079</b>	<b>2,398</b>	<b>1,014</b>	<b>2,654</b>	<b>3,259</b>	<b>4,021</b>
<b>Total Working - Age Employment supports</b>		<b>114,196</b>	<b>125,299</b>	<b>134,573</b>	<b>145,603</b>	<b>136,938</b>	<b>123,267</b>	<b>109,612</b>	<b>89,776</b>	<b>76,468</b>	<b>352,349</b>



Rialtas na hÉireann  
Government of Ireland