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The Pandemic Unemployment Payment and the Employment Wage Subsidy Scheme: Trends and Interactions

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IGEEES

Irish Government Economic and Evaluation Service

Executive Summary

Context and Objectives

In the context of a reopening economy and moving towards a labour market living with the ongoing impact of COVID-19, this paper presents some insights on the Pandemic Unemployment Payment (PUP) and Employment Wage Subsidy Scheme (EWSS). It also considers policy implications deriving from these insights which may inform responses to future crises.

General

- The PUP and TWSS/EWSS have been key policy levers in alleviating the impact of the COVID-19 public health restrictions on households and enterprises. The introduction of these policy measures have been unprecedented in terms of the expenditure, scale, reach and format.
- Total spend across the two schemes to October 2021 is €16.7bn (€8.8bn PUP and €7.9bn TWSS/EWSS). This expenditure has had a significant impact on public finances, contributing significantly to the deficit in the general government balance and the Social Insurance Fund (SIF).
- At their peak, the schemes were supporting around 1m individuals (605,700 PUP and 407,700 TWSS) and around 37,000 enterprises; reducing to 400,000 (90,000 PUP and 310,000 EWSS) as of week ending October 22nd 2021.
- Around 59% of PUP and 54% of EWSS expenditure has gone to four sectors: Accommodation and Food, Retail, Administration and Support Services and Construction. These four sectors still account for 54% of PUP recipients and 57% of EWSS recipients.
- The Accommodation and food sector has had the largest use of these supports: the sector accounts for around a quarter of overall PUP and EWSS expenditure. Almost 70% of the sector's pre-pandemic workforce is currently being supported by the PUP and EWSS; at present. Over one third of employees (c. 108,500); around one fifth of employers (c. 5,200) on the EWSS and 17% (c. 15,500) of PUP recipients are from this sector.
- The age profile of PUP recipients has shifted markedly over the course of the pandemic. For example, following the reopening of hospitality and retail in summer 2021, and after the scheme was closed to students in September 2021, the share of those aged under 25 in receipt of the PUP dropped from one quarter to less than 10%.

Long duration PUP recipients

- In October 2021, around 48,500 people had been in receipt of the PUP for 95 percent or more of the weeks since the scheme began.
- Longer term recipients have been slower to return to work than shorter duration recipients, leading to an increase in the share of PUP recipients who are long-term from 24% to 48% since March 2021.
- In early October 2021, around 64% (c. 65,000) of PUP recipients had been claiming the PUP continuously since they joined. These continuous PUP recipients are more likely than their non-continuous counterparts to be over 40 than under 40; and to have lower pre-COVID-19 earnings than their non-continuous counterparts. Construction (56%), Accommodation and Food (59%) and Other Service Activities (60%) have the lowest proportions of continuous recipients by sector.

Flows and interactions between the PUP and the EWSS

- Flows between schemes can be insightful and are needed to disentangle where labour market improvements are occurring compared to shifts from one support to another.
- While the inflows into the PUP have been instantaneous following each round of restrictions, the outflows on reopening have been gradual, suggesting that the labour market impact of restrictions is slow to unwind once restrictions are lifted.
- Strong flows from EWSS to PUP occurred during periods of greater restrictions, while flows in the opposite direction occurred during reopening phases.
- In terms of absolute numbers, flows into the PUP appear to be sensitive to public health restrictions than flows into the EWSS.
- Although numbers on the PUP have been declining steadily in recent months, a significant proportion of these flows have been to the EWSS. 77,000 moved from PUP in May 2021 to EWSS in June 2021, 52% of the flow from the PUP to employment in this period. While the return to work is positive, the EWSS support still bears an exchequer cost. These inflows from the PUP to the EWSS have been largely offsetting outflows from EWSS to non-EWSS supported employment, resulting in EWSS levels persisting at around 300,000.

Issues for further consideration

While the paper does not aim to assess the efficiency and effectiveness of the schemes, it does identify a number of policy implications and areas for further research. The schemes supported household incomes, employment and the enterprise base during the pandemic. However, this was achieved at a substantial cost to the Exchequer. In addition, broad scheme eligibility has likely resulted in some deadweight loss, which should be assessed in future. Finally, as the economy reopened, it is not clear what the impact of the schemes has been on labour supply, wage levels and reallocation of resources within the economy; all of which are critical in supporting economic recovery and employment growth.

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Glossary

<i>JA</i>	Jobseekers Allowance
<i>JB</i>	Jobseekers Benefit
<i>JA + JB</i>	Jobseeker Expenditure
<i>PUP</i>	Pandemic Unemployment Payment
<i>TWSS</i>	Temporary Wage Subsidy Scheme
<i>EWSS</i>	Employment Wage Subsidy Scheme
<i>LTU</i>	Long-Term Unemployed (> 1 year)
<i>STU</i>	Short-Term Unemployed (< 1 year)
<i>LR</i>	Live Register
<i>YtD</i>	Year-to-Date
<i>YOY</i>	Year on Year
<i>UE</i>	Unemployment
<i>DSP</i>	Department of Social Protection
<i>CSO</i>	Central Statistics Office
<i>DoF</i>	Department of Finance
<i>LFS</i>	Labour Force Survey
<i>SIF</i>	Social Insurance Fund
<i>C&AG</i>	Comptroller and Auditor General

1 Introduction

The onset of the COVID-19 pandemic in Ireland in March 2020, and the consequent introduction of public health restrictions to curb the spread of the virus, resulted in an abrupt and adverse shock to the Irish labour market. While the impact of these restrictions varied across economic sectors, they ultimately culminated in the closure of almost all non-essential workplaces and amenities in March 2020. In order to support incomes during this time, the Government introduced the Pandemic Unemployment Payment (PUP) and the Temporary Wage Subsidy Scheme (TWSS), which was superseded by the Employment Wage Subsidy Scheme (EWSS) in September 2020. These schemes have been pivotal in supporting both individuals and businesses.

Since public health restrictions were introduced in March 2020, there have been a total of three main periods of reopening following periods of restrictions: the summer 2020 reopening, the December 2020 reopening and the current reopening from May 2021. Across these reopening phases, there has been a clear observable relationship between PUP recipient numbers, EWSS recipient numbers and the levels of restrictions, with more stringent restrictions being associated with higher PUP, and lower EWSS numbers, and vice versa.

In the context of a reopening economy and moving towards a labour market that seeks to live with the ongoing impact of COVID-19, this paper aims to present some insights into key aspects of the PUP and the EWSS. It also considers policy implications deriving from these insights which may inform future crises responses.

Specifically, the objectives of this paper are to:

1. Provide an overview of COVID-19 labour market support expenditure and recipient trends;
2. Present a comprehensive view of the composition of PUP recipients who remain on the scheme;
3. Investigate the composition of groups whose labour market participation has been particularly affected by COVID-19, namely long-term PUP recipients;
4. Investigate flows and interactions between the PUP and EWSS;
5. Present policy implications derived from the analysis to build the evidence base for any such future schemes and identify further research questions.

This analysis should not only give a glimpse into the overall health of the employment base for the short-term but should also inform the medium to long-term understanding of the reallocation of labour which may result from the impact of COVID-19. This may inform the activation and reskilling approach that will create the highest probability of employment for those who are long-term

unemployed. In this regard, the Government's national employment services strategy 'Pathways to Work 2021-2025' places a heavy emphasis on engagement with all those who have become permanently displaced from the labour market by COVID-19.

Data Sources and Methodology

This paper uses a combination of administrative data provided by the Department of Social Protection, both publicly available¹ and internally provided; the Office of Revenue Commissioners² and the Central Statistics Office (CSO)³. This paper uses data up to the week ending October 22nd 2021, unless otherwise stated.

The sector breakdowns provided in this analysis of PUP claims are based on the sector of the last known employer identified in the Department of Social Protection's administrative records. This sector breakdown may not be as reliable for self-employed workers as it is for employees. The geographic (including county) breakdowns provided are determined by the Eircode or address recorded for each customer on the Department's administrative systems. In certain cases, it was not possible to determine the county from the address provided by the customer.⁴

For the TWSS and EWSS, gross amounts of expenditure have been used which excludes any amounts which have been recouped. This is based on the available data from the Office of Revenue Commissioner's statistical releases.

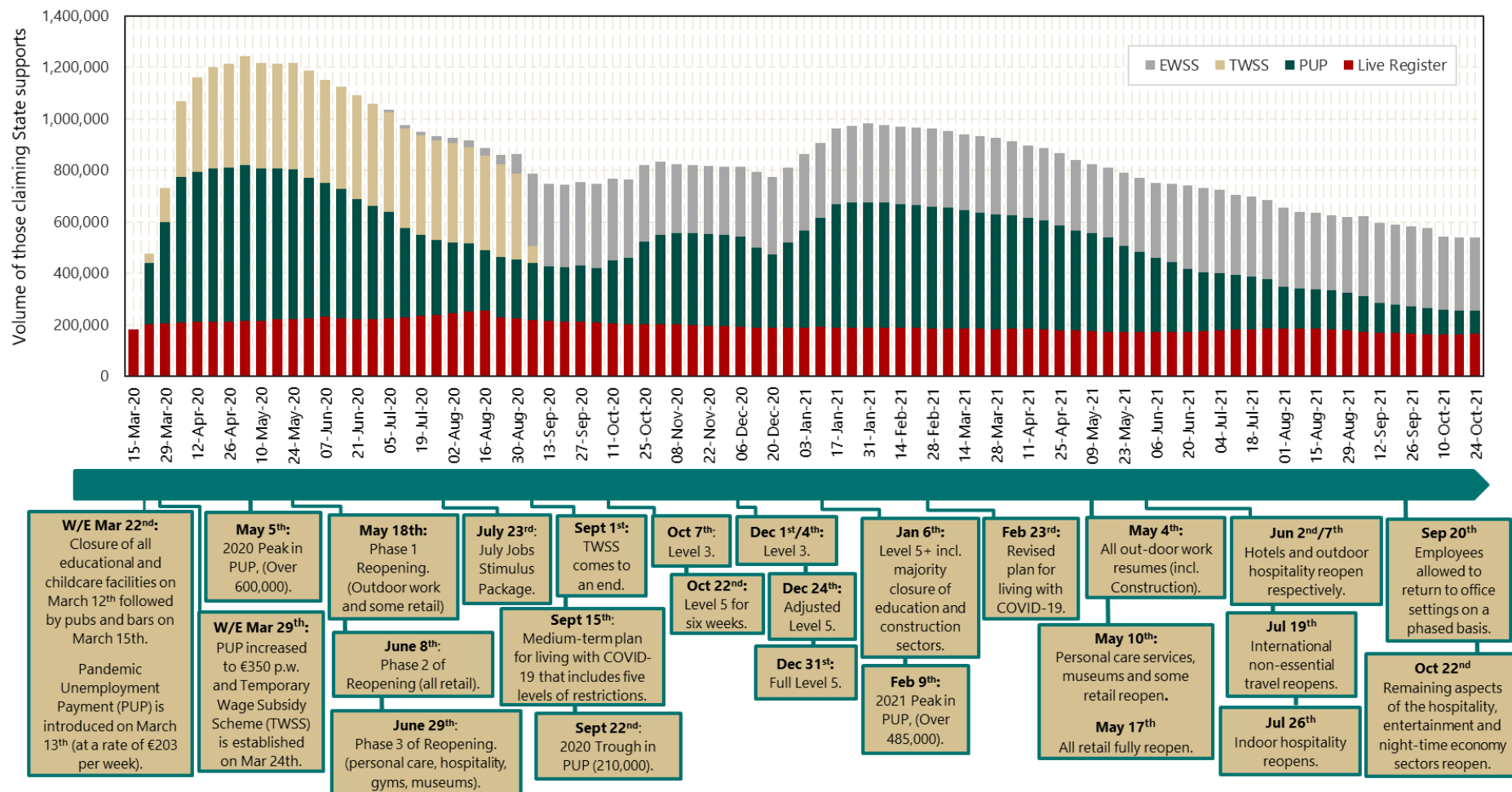
¹ DSP weekly publication "Update on payments awarded for COVID-19 Pandemic Unemployment Payment and Enhanced Illness Benefit", see: <https://www.gov.ie/en/press-release/dc923-update-on-payments-awarded-for-covid-19-pandemic-unemployment-payment-and-enhanced-illness-benefit-19th-october-2021/>

² Revenue COVID-19 Support Schemes Statistics, see: <https://www.revenue.ie/en/corporate/information-about-revenue/statistics/number-of-taxpayers-and-returns/covid-19-support-schemes-statistics.aspx>

³ CSO COVID-19 Income Supports - An Analysis of Recipients; <https://www.cso.ie/en/statistics/labourmarket/covid-19incomesupports-ananalysisofrecipients/>

⁴ Statistical Information on Social Welfare Services – Annual Report 2020, Department of Social Protection (2021), see: <https://www.gov.ie/en/publication/802ec-2020-annual-statistics-report/>

Figure 1: Timeline of State Supports since the onset of the pandemic in March 2020



Source: CSO, Revenue and DSP Administrative Data (figures are provisional and subject to revision).

To note: i) While the Employment Wage Subsidy Scheme (EWSS) officially replaced the Temporary Wage Subsidy Scheme (TWSS) from September 1st 2020, there were a small number of EWSS claims in July and August 2020 which can be attributed to claims made in respect of newly hired or seasonally hired employees who were ineligible for the TWSS.

iii) EWSS figures up to the beginning of September 2021 are weekly figures published by the CSO. EWSS figures since then are aggregate monthly figures published by Revenue;

2 Overview of COVID-19 Labour Market Response Measures

This section outlines the rationale and design of the COVID-19 labour market supports as well as the rationale for investigating recipient flows between schemes. The PUP was introduced in mid-March 2020 alongside an early iteration of a wage subsidy model (or the Employer Refund Scheme (ERS))⁵. The latter was replaced before the end of March 2020 with the Temporary Wage Subsidy Scheme (TWSS) but by this time, the PUP was already in payment to approximately 300,000 persons. Both schemes were additions to the pre-existing income supports in place before COVID-19. The PUP was initially paid at a flat rate of €203 per week⁶ before being revised to a flat rate of €350 per week. This change was adopted to better address the income shock in the most impacted sectors at the outset of the first lockdown whilst also maintaining social cohesion and public confidence.

2.1 Scheme Rationale

The PUP has been a key and incremental part of the Government's response to the economic challenges associated with public health restrictions put in place to minimise the spread of COVID-19. This payment was introduced by the Government on March 13th 2020 and offered almost immediate monetary relief to all employees (or self-employed persons) whose jobs were displaced by the pandemic. Subsequently, in the days immediately after the PUP's implementation, the Department of Social Protection and Revenue jointly introduced the Employer Refund Scheme on March 15th 2020.

However, as the displacement of employees became more widespread across sectors, larger scale programmes of support became a necessity in supporting household incomes. In recognition of this fact, on March 24th the government revamped the PUP by increasing the payment rate to €350 per week, while also retiring the Employer Refund Scheme and replacing it with the TWSS with a maximum subsidy of €410 per week. The rationale of the PUP was to replace incomes in the sectors most impacted by the immediate shock (i.e. Retail; Accommodation and Food) and to provide a payment approximately equivalent to a two-adult household on standard jobseeker arrangements. The unprecedented level of claims for the PUP scheme meant that at the time it was not feasible to process

⁵ This scheme was initially announced as a special support payment of €203 per week which provided an option for employers to make this payment to their employees through the normal payroll process (albeit that employers were not permitted to make top-up payments over and above the emergency payment of €203 per week).

⁶ For a period of one week.

these claims on the more individualised basis on which standard jobseeker arrangements are calculated.

The TWSS was the other main mechanism used to support employment and incomes following the onset of COVID-19. The subsidy was made available to employers from all sectors (except for the public service and non-commercial semi-state sector) who had lost a minimum of 25% of their turnover.⁷ This subsidy soon became essential for employers to retain their links with their staff during the COVID-19 pandemic. The TWSS subsidy was calculated on a percentage of the previous average take home pay up to a maximum subsidy of €410 per week.⁸ The TWSS was superseded by the EWSS in September 2020, moving to a payment structure in which the EWSS rate of subsidy payable depends on the gross income of each employee based on payroll records.

In a similar vein to the TWSS, the EWSS is an economy-wide enterprise support with eligibility established at the enterprise level. The minimum loss turnover criteria was increased from 25% to 30%⁹ in employer turnover, and provided a flat-rate subsidy to EWSS employers based on the numbers of eligible employees on the employer's payroll, and the employees gross pay. A reduced rate of employer PRSI of 0.5% is also charged on the wages paid to employees who are eligible for the subsidy payment. From October 2020, the EWSS rates changed in line with increases to PUP rates as public health restrictions were re-imposed.

Table 1 below provides a more illustrative overview of the various changes in payment rates to PUP and EWSS that have taken place over the schemes lifespans. Figure 1 above provides a timeline of some of the key changes and milestones of the PUP and TWSS/EWSS.

⁷ To qualify for the TWSS employers had to provide evidence of a 25% reduction in turnover or orders in comparison to the month of February 2020. This comparison period was subsequently extended to allow business to compare their likely turnover for the current quarter in 2020 to either Q1 or Q2 in 2019. For further detail please refer to Revenues Guidelines on Employer Eligibility and Supporting Proofs for the TWSS. See: <https://www.revenue.ie/en/employing-people/documents/twss/guidance-on-employer-eligibility-and-supporting-proofs.pdf>

⁸ Those with a previous average take home pay between €412 and €500 per week received a flat rate subsidy of €350 per week. A tapering of the subsidy was applied to those with previous average take home pay above €586 where employers were making a top up payment to the subsidy.

⁹ As at week ending October 22nd, in order to qualify for the EWSS, employers must provide evidence of a 30% or more reduction in turnover by conducting a review of their eligibility for the scheme on a rolling monthly basis, comparing the actual and projected business performance over the period January to December 2021 for paydates in the period 1st July 2021 to 31st December 2021. For further detail please refer to the Employer eligibility review form section (3) on revenues website. See: <https://www.revenue.ie/en/employing-people/ewss/employer-eligibility-review-form.aspx>

Table 1. Timeline of Revisions to PUP and EWSS Payment Rates¹⁰

Payment Rates by Scheme, by Date												
Gross Pay Per Week	Pandemic Unemployment Payment ¹¹								Employment Wage Subsidy Scheme			
	Mar 17 th -24 th 2020	Mar 2020 –Jun 2020	July 2020 – Sep 2020	Sep 2020 – Oct 2020	Oct 2020 – Sep 2021	Sep 2021 ¹² – Nov 2021	Nov 2021 – Feb 2022	Feb 2022	Aug 2020 – Oct 2020	Oct 2020 – Nov 2021	Dec 2021 – Feb 2022	Mar 2022 – Apr 2022
Less than €151.50	€203	€350	€203	€203	€203	€203	-	-	No subsidy applies			
€151.50 - €200 ¹³	€203	€350	€203	€203	€203	€203	-	-	€151.5	€203	€151.5	€100
€200 - €299.99	€203	€350	€350	€250	€250	€203	-	-	€203	€250	€203	€100
€300 - €399.99	€203	€350	€350	€300	€300	€250	€203	-	€203	€300	€203	€100
€400 - €1,462	€203	€350	€350	€300	€350	€300	€250	€203	€203	€350	€203	€100
Over €1,462	€203	€350	€350	€300	€350	€300	€250	€203	No subsidy applies			

Source: Revenue Commissioners and Department of Social Protection (DSP)

2.2 Scheme Design

Qualifying Criteria PUP and EWSS

While the rates for each of these COVID-19 support schemes tended to fluctuate with the level of openness in the economy, the qualifying criteria has largely remained the same for these schemes. This goes back to one of the over-arching principles of the response: equity and ensuring that these supports are easily accessible to those in need of emergency supports.

¹⁰ Before the EWSS was introduced to harmonise rates with the PUP, the Temporary Wage Subsidy Scheme (TWSS) operated through a mixture of providing either; a flat rate subsidy, or a wage subsidy as a percentage of an employee's previous take home pay. For further information please see Appendix Table A1 for a detailed description on TWSS rate guidelines from May 4th to August 31st 2020.

¹¹ For the specific dates in which rate revisions to PUP came into effect please refer to DSP's publication on COVID-19 Pandemic Unemployment Payment Rates published on the gov.ie website. see: <https://www.gov.ie/en/publication/0b0fc-covid-19-pandemic-unemployment-payment-rates/>

¹² Note as of October 22nd PUP recipients that are currently receiving the €203 rate will begin transitioning onto jobseekers payments. The date on which PUP payment will cease for this cohort being November 5th 2021.

¹³ Range here for EWSS is €151.50 to €203.

PUP

The PUP payment was typically paid one week in arrears¹⁴ and was open to claimants who were an employee (or self-employed) that had lost their job due to the COVID-19 pandemic between March 13th 2020¹⁵ and July 7th 2021. The specific qualification criteria for those applying for the payment required that they:

- were aged between 18 and 66 years old;
- were currently living in the Republic of Ireland;
- had lost their job due to the COVID-19 pandemic;
- had been temporarily laid off due to the COVID-19 pandemic;
- were self-employed with trading income having ceased or reduced to €960 over a rolling eight-week period due to COVID-19¹⁶;
- were not in receipt of any income from an employer; and,
- were genuinely seeking work.

The self-employed were entitled to earn up to €960 over eight weeks and keep their PUP payment. This earnings limit is based on gross income (before tax and PRSI) minus expenses. In cases where earnings exceed €960 in an eight-week period, the recipient is required to end their PUP claim.¹⁷

As part of the Government's Economic Recovery Plan (ERP), the COVID-19 PUP was closed to new applicants in early-July 2021, with the first phase of the unwinding taking place on September 7th, along with the removal of students from the scheme.

¹⁴ The payment week runs from Friday to Thursday every week.

¹⁵ To qualify for the COVID-19 Pandemic Unemployment Payment, a person must have been in insurable employment in the week immediately before they ceased to earn an income from their employment and they must have had lost their employment on or after 13 March 2020 (as a direct consequence of COVID-19). There was, however, no requirement that a person must have been in employment before 13 March 2020 (i.e. they may have taken up a job after this date before subsequently losing their employment).

¹⁶ This criteria was originally introduced as a new measure in Budget 2021 (on October 13th 2020) and only allowed for self-employed peoples whose trading income had ceased or reduced by a much more significant margin, of just under €480 over a four week period to be eligible for the PUP. This criteria limit of €480 was subsequently increased on December 9th 2020 and has remained at €960 ever since.

¹⁷ Where a person earns over €960 across an eight-week period but works less than 24 hours a week, they can apply for the COVID-19 Part Time Job Incentive for the Self-Employed (PTSE). PTSE is paid instead of the PUP (or a jobseeker's payment) and whilst it is paid at a lower rate, there is no limit on the amount that can be earned. You cannot work more than 24 hours per week with the PTSE.

From October 22nd 2021, the cessation of PUP payments was implemented in three phases based on income prior to becoming unemployed as a result of the pandemic, beginning with those whose reckonable weekly income was less than €200 per week. Within each phase there will be a graduated transition of recipients from PUP to standard jobseeker payments split across the following income groups laid out in Table 2 below.

Table 2. Timeline for the unwinding of the PUP and PUP Transitions to the LR

Reckonable income	Previous PUP Rates 16/Oct/20-7/Sept/21	New PUP Rates	Date of Reduction in rates ¹⁸	Proposed Transition Period
Less than €200 a week	€203	€203	N/A	22 Oct – 5 Nov
Greater than €200 but less than €300	€250	€203	14 September	5 Nov – 28 Jan
Greater than €300 but less than €400	€300	€250	14 September	28 Jan – 25 Mar
		€203	17 November	
Greater than €400	€350	€300	14 September	
		€250	17 November	
		€203	15 February	

Source: Department of Social Protection (DSP)

Based on the transition schedule, the final date from which no further payments of the COVID-19 Pandemic Unemployment Payment will be made, regardless of individual circumstances, is currently set at Tuesday March 29th 2022.

EWSS

The Employment Wage Subsidy Scheme provided a subsidy to qualifying employers whose turnover has fallen by 30% (compared to the corresponding quarter in 2019)¹⁹, and is based on the numbers of eligible employees on the employer's payroll, including seasonal staff and new employees. There are two different sets of qualification criteria that have to be met in tandem when applying for the subsidy, which are based on whether you are an employer and employee.

¹⁸ Note date of reduction refers to the first week that the new PUP rates will be paid for these cohorts.

¹⁹ See footnote 9.

For Employers:

- Have valid tax clearance and continue to maintain tax clearance for the duration of the scheme²⁰.
- Meet the reduction in turnover or customer orders test. Employers must demonstrate that they have experienced significant negative economic disruption due to COVID-19, with a minimum of 30%²¹ decline in turnover or customer orders over a 12 month period²² (extended from 6 months under the Economic Recovery Plan). The review of turnover or orders must be carried out on the last day of every month and should look at the period as whole, not individual months. However, it should also be noted that July 2020 and the last month in which the EWSS scheme will be active are exempt from this requirement. For businesses that only commenced their operations on after 1 November 2019 a projected turnover test must then instead be applied²³. If it transpires that the business no longer meets the eligibility criteria they must immediately notify Revenue and withdraw from the scheme. In Budget 2022 it was announced that employers who are eligible for EWSS on 31st December 2021 can continue to be supported until 30 April 2022. As such there will be no requirement for further eligibility reviews in the period January to April 2022.

For Employees:

- Employees are eligible if they are in receipt of weekly gross wages between €151.50 and €1,462. This is subject to exemptions.²⁴

²⁰ The July Stimulus Package included measures on 'warehousing' or deferral of unpaid VAT and Employers PAYE debt associated with COVID-19. The Economic Recovery Plan for Ireland announced that EWSS overpayments will now be included in the scheme.

²¹ In comparison the TWSS's turnover criteria was slightly more generous than under the EWSS, with TWSS employers only having to demonstrate a minimum loss of 25% in turnover because of the COVID-19 pandemic. EWSS employers currently have to demonstrate a higher loss in turnover of over 30%.

²² The reduction in turnover or customer orders between 1 July and 31 December 2021 must be compared to the same period in 2019, where the business operated for the whole of the comparable period in 2019 and the reduction in turnover from that time must be greater than 30%.

²³ The rationale for this was to enable businesses that commenced in late 2019, or subsequent to that date with an opportunity to avail of EWSS. Such businesses wouldn't have a 2019 turnover for comparative purposes and if an alternative wasn't included they may have been precluded from the scheme.

²⁴ EWSS cannot be claimed in respect of certain connected parties and certain proprietary directors. Connected parties who were not on the payroll and paid at any time between 1 July 2019 and 30 June 2020. Connected parties include, an individual's or their spouse's: immediate family, linear ancestor or descendant. Proprietary directors are able to claim the subsidy if they prove the following: meet the EWSS eligibility criteria, have the proprietary directors on the employer's payroll, and paid

- There is no legislative requirement that employees must be actively working to be eligible for the EWSS.
- No subsidy is paid to employers for employees whose gross earnings are less than €151.50 or more than €1,462 per week.

As part of Budget 2022, the plan for the gradual unwinding of the EWSS was announced. The EWSS will remain in place under the current four payment rates for October and November 2021 after which it will be removed in a graduated form until April 30th 2022. The following sets out the broad parameters for the gradual unwinding of the scheme:

- For December 2021 to February 2022, the original two-rate subsidy per employee per week (€151.50 & €203) will be reinstated in place of the current enhanced rate structure.
- From March and April 2022, a single flat rate of €100 per week will apply.
- The existing reduced rate of Employers' PRSI (0.5%) will continue to apply until end February 2022. Thereafter, the full rate of Employers' PRSI will be reintroduced from 1 March 2022 until the scheme ends.
- The scheme will conclude on 30 April 2022.

Essentially, these arrangements will ensure that the EWSS will remain in place for six months after the removal of public health restrictions on October 22nd and for over two months after the PUP closes. In general, there will be no change in qualifying criteria. Businesses that qualify for entry to the scheme as at the last day of December 2021 may continue to avail of the EWSS until April 30th 2022. However, the scheme will close to new employer entrants with effect from January 1st 2022.

There will be no such restriction in the case of new employees of employers benefitting from EWSS having regard to the fact that the PUP will effectively close on February 9th 2022 and the proposed arrangements envisage a continuing pathway to employment through EWSS for those exiting the PUP.

Finally, the current arrangements for the childcare sector will continue to apply, so that childcare businesses registered in accordance with the Childcare Act 1991 are eligible for the EWSS. As the proposed revised rates take effect at various stages for the duration of EWSS as outlined, these rates will also apply to the childcare sector.

wages to the proprietary directors on the payroll and have been paid at any time between 1 July 2019 and 30 June 2020. Additional excluded employees are those employees employed other than as part of the business. Examples of these employees, are domestic employees such as: childminders, housekeepers and gardeners.

3 Scheme Expenditure

Chapter Summary:

- Total expenditure on the PUP has been €8.8bn (€5bn in 2020 & €3.8bn to week ending October 22nd 2021).
- As a result of the phased removal of restrictions and the gradual removal of higher rates of payment, weekly expenditure on the PUP has been rapidly declining reaching a low of €24.2m in the week ending October 22nd 2021.
- Total expenditure on the TWSS and EWSS has been €7.9bn (€4.1bn in 2020 and €3.8bn to week ending October 22nd 2021).
- Monthly expenditure on EWSS has been gradually falling since its peak of around €450m in July 2021, reaching a low of around €390m per month for August and September.
- The average weekly cost of the PUP per recipient had remained relatively stable at around €300 per week under the previous four tiered system of payment. More recently average costs have significantly reduced to around €260 per week due to the recent revision to PUP rates.
- The average cost of wage subsidy recipients has remained relatively stable since the introduction of EWSS and harmonising of rates with the PUP. Since the summer re-opening and PUP closure in July, average costs have been slowly increasing again to reach an estimated €314 per week for the month of September.

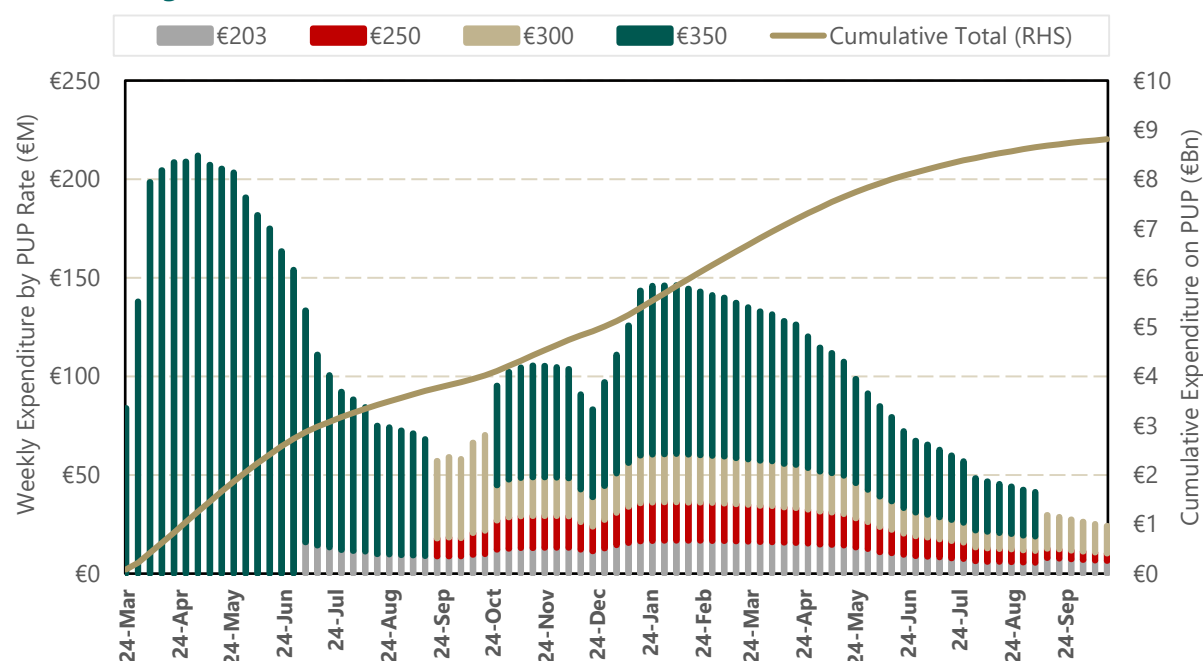
The introduction of the temporary COVID-19 income supports to provide for those impacted by the forced closure of the economy has resulted in significant increases in State spending. Over the 19-month period up to October 2021, total cumulative expenditure on the PUP stood at approximately €8.8bn. Weekly expenditure has generally tended to fluctuate in tandem with developments in the epidemiological situation and related restrictions, and has largely been driven by the amount of recipients availing of the maximum rate of PUP payment. The highest levels of weekly expenditure were recorded at the onset of the pandemic, with weekly expenditure reaching a peak of €211m per week on May 5th 2020.²⁵ Weekly PUP expenditure was at a scheme low of €24.2m as of week ending October 22nd 2021 and has been declining by around €1m every week since September 7th 2021.²⁶

²⁵ While PUP recipient numbers reached an historic high of around 605,000 on May 5th, costs at this time were also driven by the payment rate, which was increased to €350 per week. Therefore, it is unlikely that this level of spend will be observed again even if epidemiological situation worsens unless the PUP rates revert back to a flat €350 rate.

²⁶ For the week ending October 22nd, PUP recipient numbers have reached a low of 93,399, with further decreases expected due to the reopening of the economy and gradual unwinding of the PUP scheme. Since the scheme closed to new recipients in early July recipient numbers have been, on average, reducing by around 5% per week, with an average of 4%.

These reductions in expenditure are largely driven by the recent cessation of the €350 rate, from September 7th 2021, and an ongoing decline in recipient numbers.

Figure 2: Decomposition of weekly PUP Expenditure by Rates and Cumulative Total, week ending Oct 22nd 2021



Source: DSP Administrative data (all figures are provisional and subject to revision).

From March 2020 to October 2021, total cumulative expenditure for the Wage Subsidy Scheme stood at approximately €7.9bn, of which €5.2bn is EWSS expenditure and €2.7bn is from 2020 TWSS expenditure. Initially, TWSS expenditure was more variable, due to changes in the level of subsidy provided, its payment system structure, and the fluctuating number of employees on the scheme as a result of a more uncertain economic climate²⁷. When the EWSS was introduced in September 2020, it moved away from the more costly, percentage of income payment system of the TWSS, to an income band rated structure.

In October 2020, as restrictions were re-introduced, PUP rates were increased broadly in line with EWSS rates, partly in recognition of the potential work dis-incentives caused by differences between the EWSS and PUP rates in the early stages of the EWSS's implementation. The enhanced rates of subsidy for the EWSS were applied from October 20th 2020, and will remain in place until November

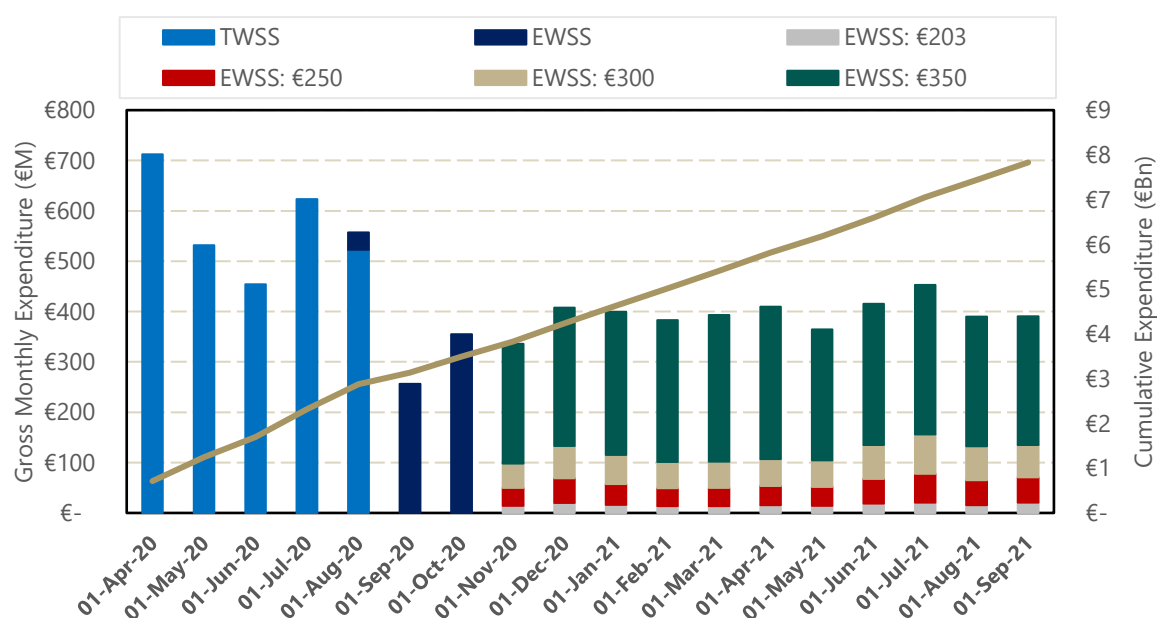
²⁷ See Appendix Table A1 for overview of TWSS payment rate system.

30th 2021. Despite increasing the wage subsidy rates from October 2020, the move from the TWSS to the EWSS generally appears to have driven a reduction in costs (see figure 3 below).

As of week ending October 22nd 2021 the highest level of EWSS expenditure was during the most recent re-opening period in July 2021 at €452m, while the lowest was recorded in May 2021 at €365m. EWSS costs have been largely driven by those on the €350 rate.

The schemes have been financed through increased borrowing, and in the case of the PUP, spending of the Social Insurance Fund (SIF) surplus. This expenditure has been the main driver of the deficit of €18.4bn recorded in 2020 and €13.3bn projected for 2021.

Figure 3: T/EWSS Monthly Expenditure and Cumulative Total, week ending Oct 22nd 2021²⁸



Source: Revenue and authors own calculations (all figures are provisional and subject to revision).

Figure 4 shows the average weekly cost per recipient of the PUP and wage subsidy scheme, highlighting the prevalence of higher income workers availing of both schemes over time. While numbers on both the PUP and EWSS have fluctuated in conjunction with the level of restrictions, the

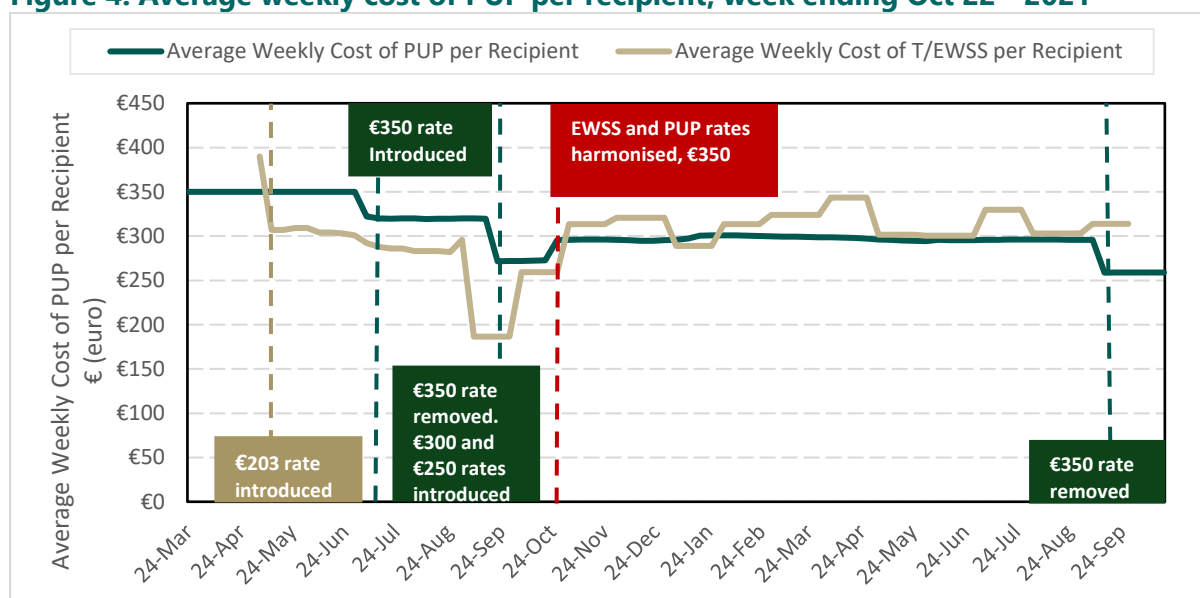
²⁸ Note due to data constraints, EWSS rate breakdowns for the months of August, September, and October 2020 could not be calculated. At the beginning of the scheme the EWSS was implemented under a two rate structure providing either a €150.50 or €203 subsidy per week, until it was revised on October 20th 2020 to the current 4 tier payment rate structure. This 4 tier rate system will remain in place until December 1st 2021 after which, it will revert back to its original 2 rate system structure. From March 1st 2022 a flat rate subsidy of €100 will apply until the schemes close at the end of April 2022.

average cost of PUP recipients tends to fluctuate in line with changes in payment rates, whereas the T/EWSS average payment is slightly more variable outside of the periods which capture rate changes.

Based on historical trends, one can attribute the consistency of PUP average costs to the consistently large proportion of PUP recipients qualifying for higher rates. Ever since the four tiered payment rate system was introduced in September 2020, the proportion of PUP recipients claiming €350 per week accounted for on average 47% of total claims up to September 2021. This has served to keep the average cost of recipients at around €300 per week.

The average cost of wage subsidy recipients tends to fluctuate more than the PUP, with the variation in average costs appearing to be driven by changes in the composition of EWSS employees by payment band month to month. Since the summer 2021 re-opening and the PUP's closure in July 2021, EWSS average costs have been slowly increasing again, reaching an estimated €314 per person supported each week for the month of September.

Figure 4: Average weekly cost of PUP per recipient, week ending Oct 22nd 2021²⁹



Source: Revenue and DSP Administrative data and author's calculations (all figures are provisional and subject to revision).

²⁹ PUP average costs have been supplied by DSP and were calculated by dividing weekly expenditure by the corresponding recipients for that week. Unfortunately due to data availability and time constraints, average costs for the TWSS before May 8th 2020 could not be calculated. TWSS average costs from May 8th to August 28th 2020 were taken from Table 9 in Revenue's Statistical overview of the TWSS scheme release, published in October 2020.

See: <https://www.revenue.ie/en/corporate/documents/research/statistical-overview-of-covid-19-twss.pdf>.

It should be stated that EWSS average cost estimates are the authors own calculations and may not reflect the true average cost of the EWSS due to the infrequency of subsidy payments (i.e. that subsidy payments are being distributed between weekly, fortnightly and monthly employee claimants).

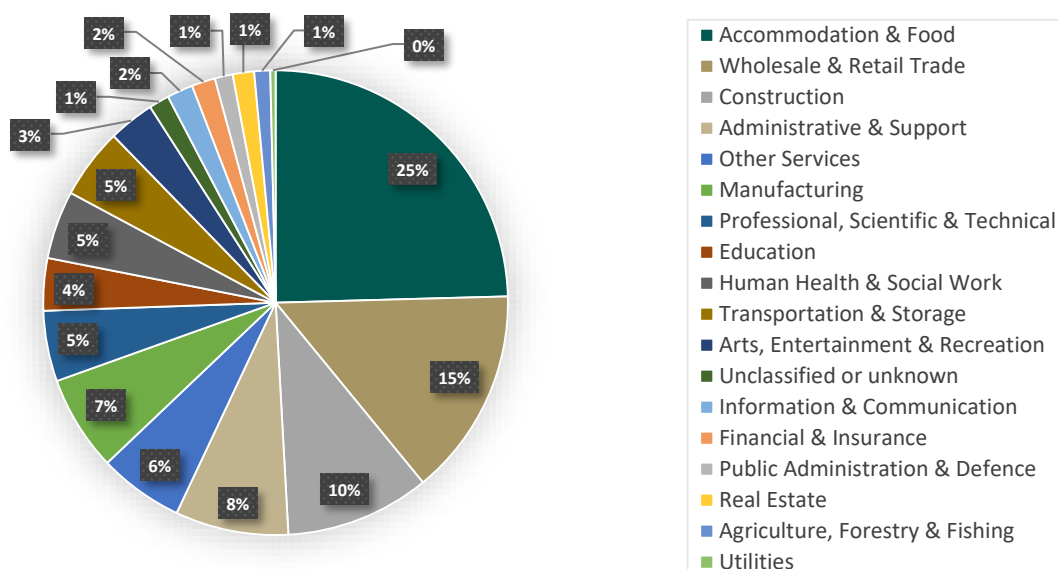
4 Sectoral Use of the PUP and EWSS

Chapter Summary:

- As of October 22nd 2021 expenditure to date for both the PUP and EWSS has been dominated by recipients from the Accommodation & Food (25%), Wholesale & Retail Trade (15%) and Construction (10%) sectors.
- Despite the broad reopening for most sectors in the economy, some sectors are still heavily reliant on supports. The Accommodation and Food (70%), Other NACE services (e.g. arts, hair and beauty, 30%), Administration and Support Services (26%), Transportation and Storage (24%), and Construction (21%) are the sectors that continue to have the highest proportion of employees on the PUP or EWSS.

When deconstructing expenditure to date for both the PUP and the EWSS, there is a similar trend in the proportion of expenditure that has been utilised to support certain sectors, reflecting the fact that the sectors which have been most impacted by the restrictions have received the most support. Accommodation & Food continues to have the highest spend per sector equating to approximately €2.1bn or 24% of total PUP spend to date and roughly €1.3bn or 25% of total EWSS spend to date. This is followed by Wholesale and Retail representing €1.3bn or 15% of total PUP spend and €689m or 13% of total EWSS spend, and Construction with €940m or 11% of total PUP spend and €466m or 9% of the total EWSS spend to date. Overall these three sectors account for around 50% of PUP and 47% of EWSS expenditure to date, demonstrating the consistent reliance of these sectors on COVID-19 supports.

Figure 5: Total PUP and EWSS (excl. TWSS) Expenditure to date by Sector, week ending Oct 22nd 2021

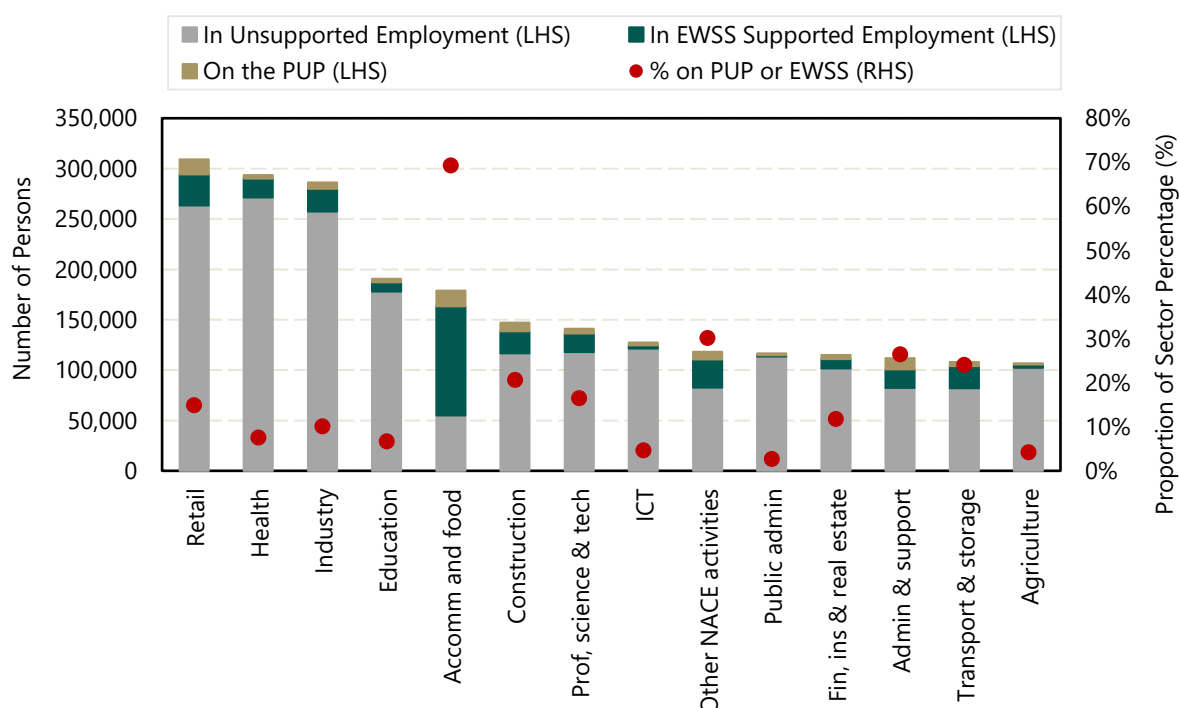


Source: Revenue, DSP Administrative data, and authors own calculations (all figures are provisional and subject to revision).

The reliance on these supports for certain sectors is driven by a number of factors including; the number of employees in the sector; the longevity of lockdown experienced by the sector; and the possibility of remote working in the sector.

Figure 6 below compares CSO's Labour Force Survey employment sectoral numbers pre-pandemic (Q4 2019) to the number of people previously working in the sector, who are currently in receipt of COVID-19 supports. This illustrates the current scale of use of the supports by sector. As at October 22nd an estimated 1 in 25 of those in work pre-pandemic in Q4 2019 are estimated to be on the PUP. Despite broad reopening, some sectors are still heavily reliant on state supports. The Accommodation and Food (70%), Other NACE services (e.g. arts, hair and beauty, 30%), Administration and Support Services (26%), Transportation and Storage (24%), and Construction (21%) are the sectors that continue to have the highest proportion of employees on the PUP or EWSS.

Figure 6: Proportion of Sector estimated to be on the PUP or EWSS, week ending Oct 22nd 2021³⁰



Source: CSO, Revenue, and DSP Administrative data (all figures are provisional and subject to revision).

³⁰ To elaborate on the results portrayed in Figure 6, starting with the left hand side (LHS) of the axis: Sectoral numbers for those on the PUP are as at October 19th and are taken from DSP's press release. EWSS Supported employment is based on sectoral employee numbers for the month of September and are calculated using the percentages provided in Revenues weekly statistical release on October 14th. Unsupported employment is then calculated by subtracting the PUP and EWSS recipient numbers, from the CSO labour Force Survey (LFS) employment estimates per sector for Q4 2019. For the right hand side of the axis (RHS): The % on PUP or EWSS uses the combined number of EWSS and PUP recipients for a given sector as the numerator, and the number of LFS respondents in employment per sector as the denominator.

5 PUP and EWSS Recipients

Chapter Summary:

- PUP outflows during periods of reopening are more gradual than inflows in periods of restrictions indicating that the labour market recovery is more gradual than the impact of restrictions.
- As of the week ending October 22nd 2021, there were 93,399 PUP recipients which equates to around 15% of the PUP's historical peak number of 605,700 in early May 2020.
- In September, 27,200 employers received a EWSS payment in respect of 309,900 employees.
- Approximately 12.6% of the working age population are in receipt of a pandemic payment, of which 9.9% are in EWSS supported employment.
- The Accommodation and Food Sector continues to have the largest number of employees supported by both the PUP, with 17% of total recipients, and 35% of monthly EWSS employees in September 2021.
- Dublin has the largest proportion of its working age population on both PUP and EWSS, with 3.9% and 12.9% of its working age population availing of these supports respectively.
- Since restrictions began to ease from April 2021, there has been a slight decline in the average pre-COVID-19 income of PUP recipients, indicating that relatively higher income recipients have left the scheme.
- Since the peak of the most recent Level 5 restrictions (February 9th, 2021) the numbers of young people claiming the PUP has fallen by approximately 93%. This trend has been accelerated by the recent removal of the eligibility criteria for full-time students. As of the week ending October 22nd 2021, less than 1 in 10 or 9% of total PUP recipients are under 25 years of age.

5.1 PUP Recipients over Time

At the onset of the pandemic, there was a large surge in those requiring income supports as a result of lockdown restrictions. At the peak of the crisis in early May 2020, there were over 1.2 million people being supported by Jobseeker payments (215,000), the PUP (605,700) and the wage subsidy scheme (407,700), which at the time equated to roughly 52%³¹ of the total pre-pandemic labour force. While the reopening period in 2021 has seen a more gradual reduction in PUP recipient numbers over the summer months compared to 2020³², the more sustained reductions since spring 2021 have seen PUP

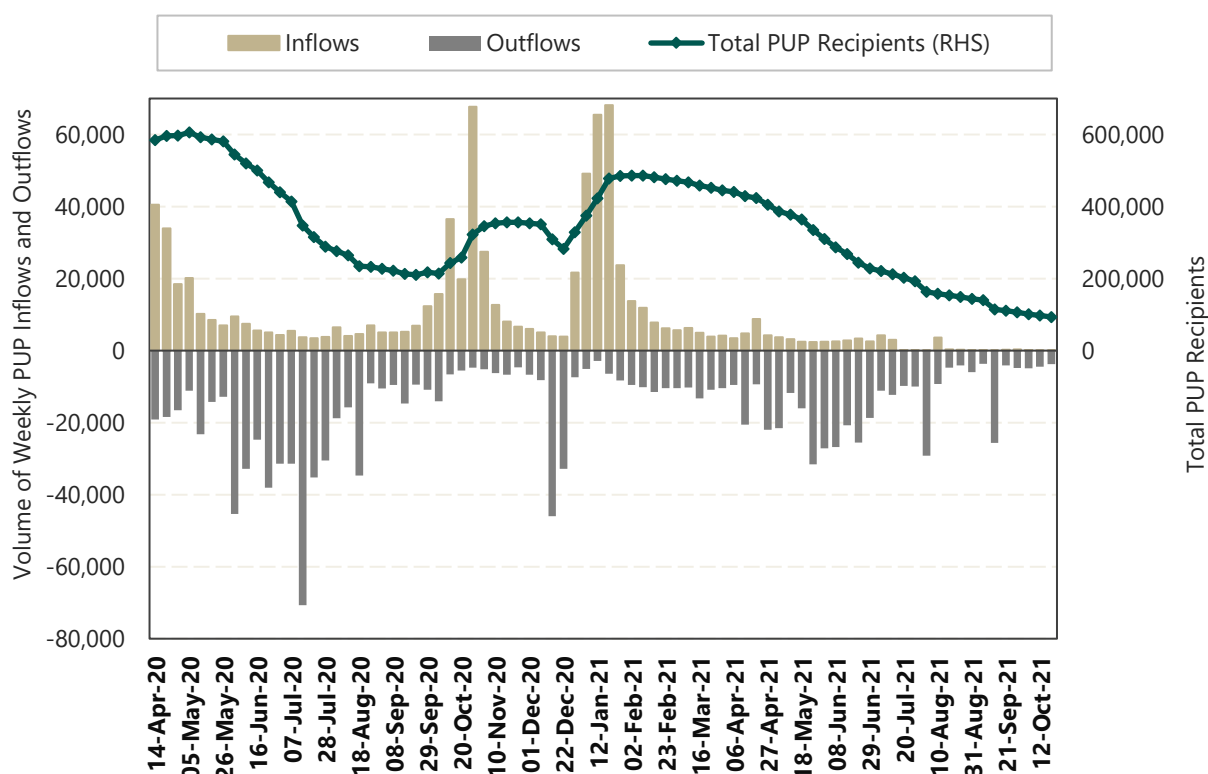
³¹ This percentage calculated using by adding together all the recipients on jobseeker payments, the PUP and EWSS, and dividing them by the CSO's labour Force Survey (LFS) total level of employment estimates for Q4 2019.

³² In 2020, excluding the first week of payment, the PUP numbers only reached a low of around 210,300, in comparison to its current low of around 93,400 PUP recipients (as of week ending October 22nd the 2021) with further declines expected for the remainder of 2021.

numbers reduce to their lowest levels since the pandemic began. As of the week ending October 22nd 2021, approximately 566,200 people are being supported by either Jobseeker payments (162,000), the PUP (93,400) or the EWSS (310,800). This represents a reduction of 672,900 or 55% in recipients since the highest level of recipients recorded at the peak of the pandemic in May 2020.

Underlying these trends in recipient numbers are the changes in flows of people into and out of the schemes. Figure 7 examines the aggregate amount of PUP inflows and outflows that have occurred during a particular month since the pandemic began. Generally, the total number of outflows exceeds the number of inflows each month, with the exception of April 2020, October 2020 and January 2021 corresponding to periods when severe restrictions were (re)introduced. While the absolute number of outflows has reduced since July, outflows as a proportion of total PUP recipients is slowly increasing, indicating a strong labour market recovery. Figure 7 shows that while recipients quickly come onto the PUP in response to public health restrictions, the labour market recovery on reopening is much more gradual.

Figure 7. Overview of Gross Monthly PUP Inflows and Outflows, April 14th to week ending Oct 22nd 2021



Source: DSP Administrative data (all figures are provisional and subject to revision).

5.2 Current PUP and EWSS Recipient Characteristics

PUP and EWSS Recipients by Sector

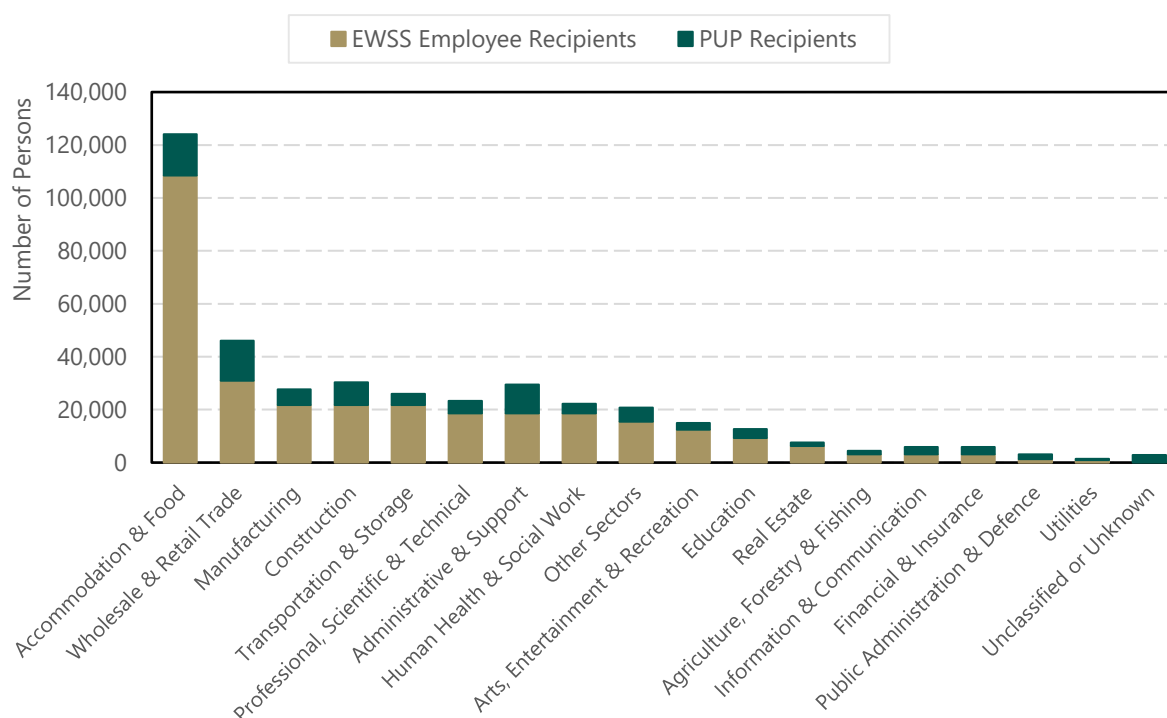
As of week ending October 22nd 2021, there are 93,399 PUP recipients which equates to 15% of the PUP's historical peak number of 605,700 recipients in early May 2020. Since the beginning of the pandemic, the Accommodation and Food sector has consistently had the largest share of workers on PUP, and currently represents 15,500 or 17% of total recipients (see Figure 8 below). This is followed by Wholesale and Retail workers at 15,000 or 16% of total recipients, and Administrative & Support Services at 10,900 or 12% of total recipients. At the time of writing the number of PUP recipients has been decreasing by roughly 4,000 week on week, or by 4%, since the first round of rate revisions took place on September 7th. This trend will accelerate from October 22nd as the lowest income earners are transitioned off the PUP to the LR.

As of the week ending October 22nd 2021, the EWSS has supported over 670,800 employees, with a total cost of €5.1bn (excluding PRSI foregone of €804m)³³. In September 2021, 27,200 employers received a payment in respect of 309,900 employees at a total monthly cost of €389m. The Accommodation & Food sector continues to remain the largest sector supported by EWSS, representing 5,200, or 19% of employers, and 108,500, or 35% of employees on EWSS. This is followed by Wholesale & Retail trade representing 3,800, or 14% of employers, and 31,100, or 10% of employees on EWSS. Construction accounted for 3,000, or 11% of employers on EWSS and 21,700, or 7% of employees on EWSS, while Administration & Support services accounted for 1,100, or 4% of employers on EWSS and 18,600, or 6% of employees on EWSS.

³³ EWSS figures are as at October 21st and taken from Revenues press release.

See: <https://www.revenue.ie/en/corporate/documents/statistics/registrations/covid-19-support-schemes-statistics-21-october-2021.pdf>

Figure 8. PUP and EWSS Recipients by Sector, week ending Oct 22nd 2021³⁴



Source: Revenue and DSP Administrative data (all figures are provisional and subject to revision).

PUP and EWSS Recipients by Demographics and Location

Figure 9 below illustrates the regional distribution of PUP and EWSS as a proportion of the working age population.³⁵ On average, 12.6% of the working age population are receipt in of pandemic payments, of which 9.9% are in EWSS supported employment. In contrast to the PUP, which is heavily concentrated in densely populated, urban areas, employees on the EWSS are much more dispersed. Dublin has the largest proportion of its working age population on both PUP and EWSS, with 3.9% and 12.9% of its working age population availing of these supports respectively. The next highest share of EWSS recipients relative to the population are Kerry (12.9%) and Clare (11.1%), whereas for the PUP,

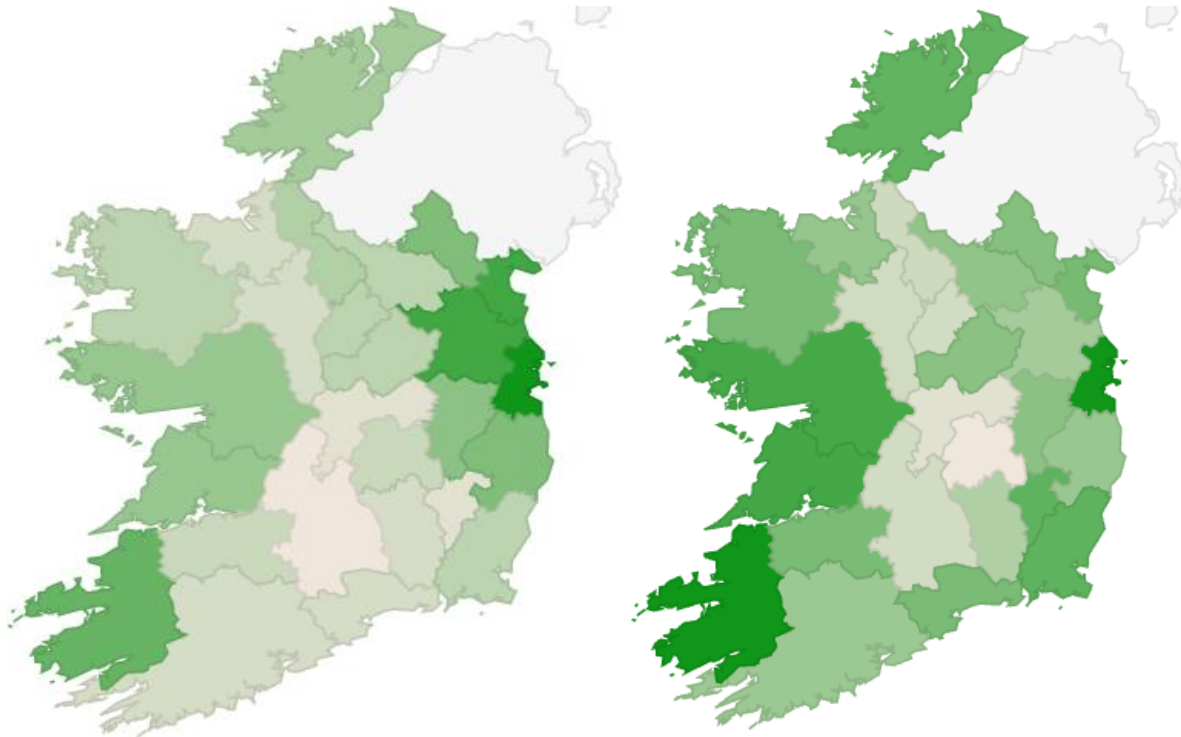
³⁴ PUP figures are as at October 19th and are taken from DSP press release. See: <https://www.gov.ie/en/press-release/dc923-update-on-payments-awarded-for-covid-19-pandemic-unemployment-payment-and-enhanced-illness-benefit-19th-october-2021/>. These figures have been adjusted for the CSO's working age population estimates in Figure 9 below. EWSS figures are employee sectoral estimates and are for the latest available month (September) taken from Revenues weekly statistical release on October 14th.

See: <https://www.revenue.ie/en/corporate/documents/statistics/registrations/covid-19-support-schemes-statistics-14-october-2021.pdf>. These figures have been adjusted for the CSO's working age population estimates as in Figure 9 below.

³⁵ The working age population is based on 3.1m (15-64 years) and county level proportions that were calculated using the CSO's 2016 Census data see: <https://data.cso.ie/table/EB071>.

counties that comprise the greater Dublin area i.e. Louth (3.5%), Meath (3.5%), and Kildare (3%) represent the next largest counties in terms of the share of their respective working age populations in receipt of the PUP.

Figure 9. PUP (LHS) and EWSS (RHS) Proportion of working age in receipt by Location, week ending Oct 22nd 2021



Source: CSO, Revenue, and DSP Administrative data (all figures are provisional and subject to revision).

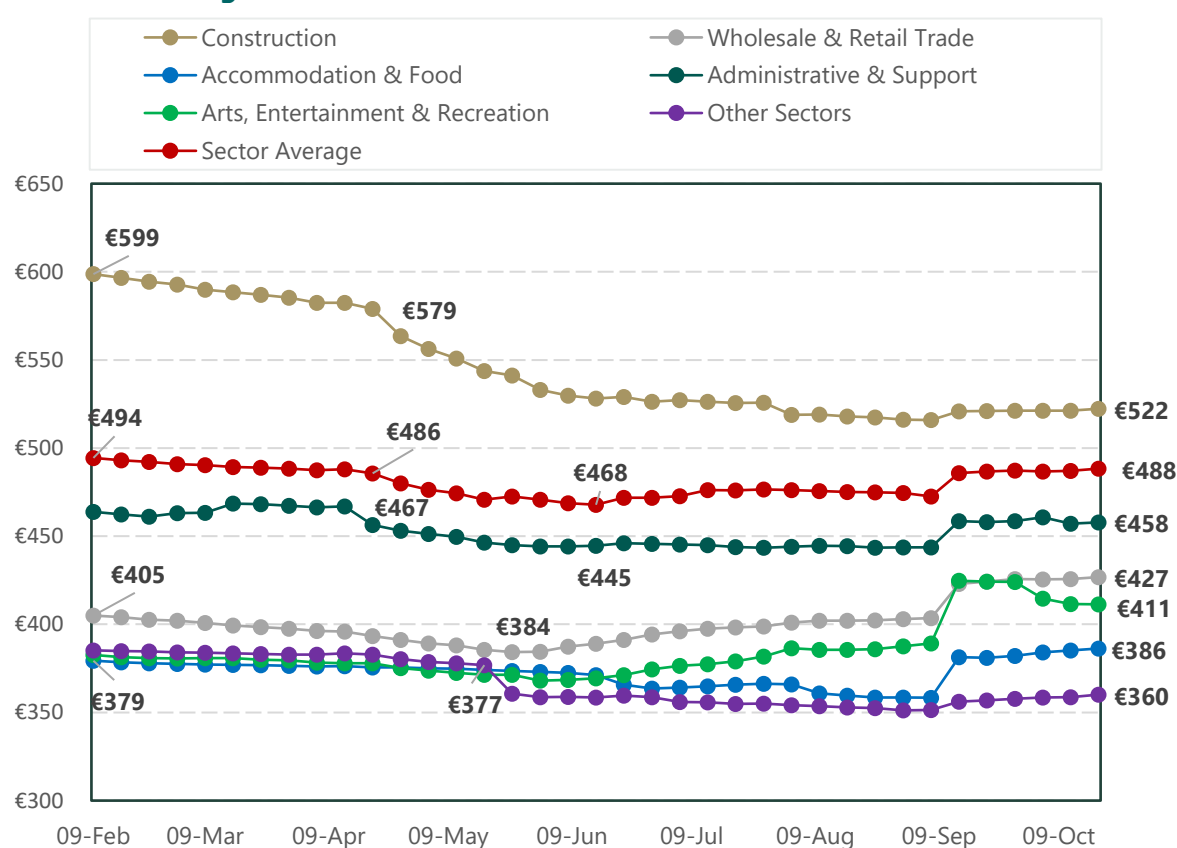
Note: Darker green counties shows that the schemes represent a greater proportion population numbers, while in lighter green counties, these schemes represent lower a proportion of population numbers. The PUP population distribution is on the left hand side (LHS) while the EWSS population is on the right hand side (RHS).

PUP Recipients by Pre-COVID-19 Earnings

Figure 10 below highlights the trend of higher income earners gradually moving off the PUP since February 9th 2021. Once restrictions began to ease with the phased re-opening of the Construction sector from the end of April 2021, there was a noticeable decline in average pre-COVID-19 incomes of PUP recipients. This was the case on average but also within certain sectors (e.g. Construction, Accommodation and Food, Administration and Support), indicating that PUP recipients who had been returning to employment were, on average, on higher wages pre-COVID-19. This may be partly driven by the types of occupations who were returning to work within sectors, but may also reflect the increased likelihood of higher wage workers seeking a return to work.

The recent removal of approximately 20,000 students in early September 2021 caused a corresponding increase in the average pre-COVID-19 earnings for all sectors, and in particular for sectors with a higher concentration of low pre-COVID-19 earners. This is because students are likely to be among the lowest wage pre-COVID-19 earners (i.e. part time, minimum wage). This effect was particularly pronounced for the Accommodation & Food sector, in which pre-COVID-19 average earnings increased by approximately 1.8% above their February 9th levels. The effect of the removal of students on pre-COVID-19 incomes can be seen to varying degrees across sectors.

Figure 10: Average Pre-COVID-19 Gross Earnings of PUP recipients by Sector, February 9th to week ending Oct 22nd 2021

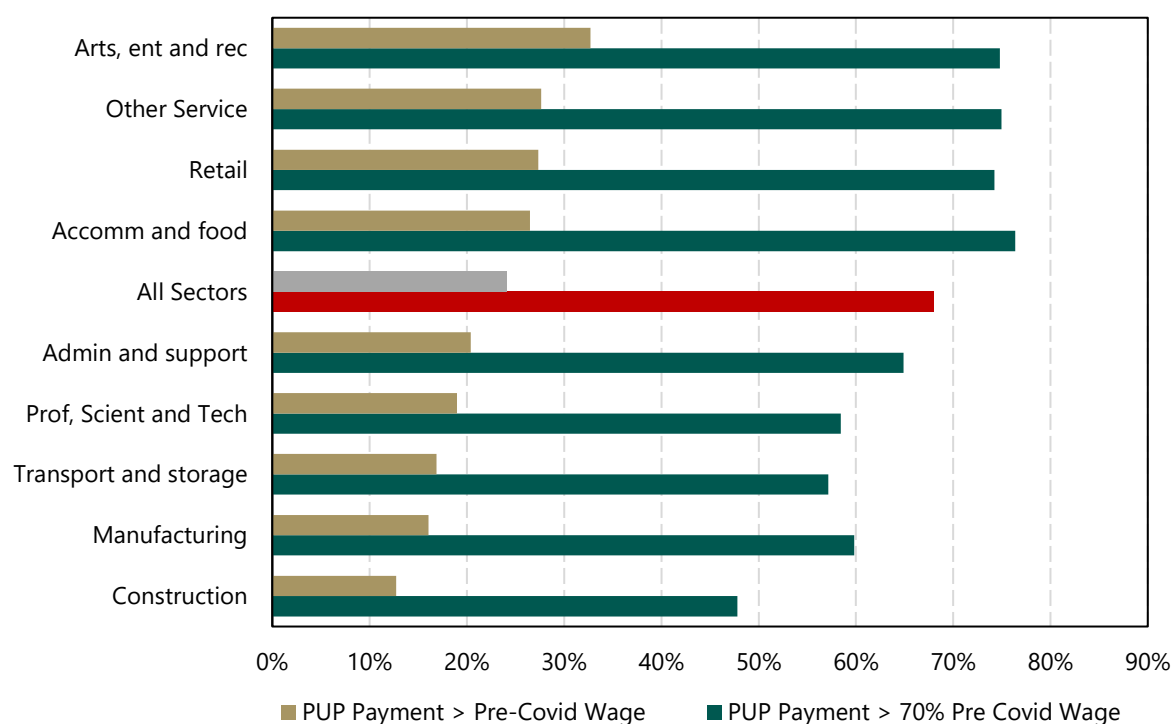


Source: DSP Administrative data (all figures are provisional and subject to revision).

Figure 11 shows a snapshot from early May 2021 of the value of the PUP payment compared to the pre-COVID-19 gross earnings by sector. Across all sectors, around 24% of PUP recipients were receiving

more than their pre-COVID-19 gross earnings while around 68%³⁶ were receiving 70% or more of their pre-COVID gross earnings. Arts, Entertainment and Recreation (33%); Other Services (28%); Retail (27%) and Accommodation and Food (26%) were the sectors with the highest proportion of PUP recipients receiving more in PUP payments than their pre-COVID gross wage.

Figure 11: Comparison of PUP Payment to Pre-COVID gross earnings for PUP recipients by Sector, 3rd May 2021



Source: DSP Administrative data (all figures are provisional and subject to revision).

PUP Recipients by Age

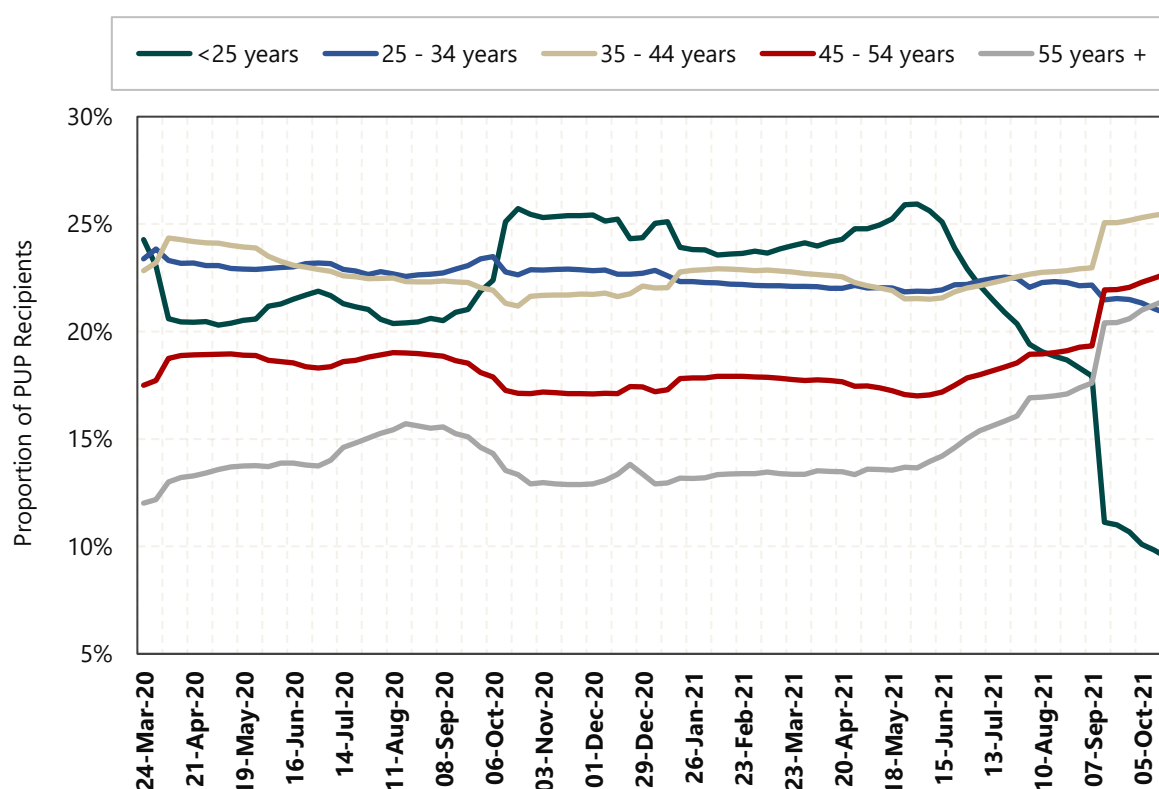
The age composition of PUP recipients has varied over time, with these changes driven by the nature of public health restrictions. As per Figure 12 below, the number of PUP recipients under 25 increased from just over 20% of recipients in September 2020 to over 25% by November 2020 following the re-imposing of restrictions in autumn 2020. This represents a larger increase than any other age cohort over this period.

³⁶ Note: The 24% of PUP recipients who were receiving more than their pre-COVID gross earnings is also included in calculation for the percentage (68%) of those receiving 70% or more of their pre-COVID earnings.

Moreover, given the nature of restrictions and the sectors impacted (namely hospitality and retail), youth recipients remained the largest age group in receipt of the PUP from October 2020 to June 2021. However, following the reopening of the retail and hospitality sectors in the summer months of 2021, the proportion of PUP recipients made up of those aged under 25 decreased steadily. The proportion of young people on the PUP fell considerably in September 2021, to less than 10%, as eligibility for the PUP was removed for full-time students.

As of week ending October 22nd 2021, 35-44 year olds make up the largest proportion of PUP recipients at around 25% followed by 45-54 year olds at around 23%.

Figure 12. PUP Recipients by Age to week ending Oct 22nd 2021



Source: DSP Administrative data (figures are provisional and subject to revision).

Box 1. Employment Transitions of People Closing PUP Claims

More detailed analysis from the Department of Social Protection can be found [here](#).

At the time this analysis was undertaken (September 2021), there had been a total of 871,500 PUP recipients, of which 760,800 had exited the PUP. Of those that have exited the PUP:

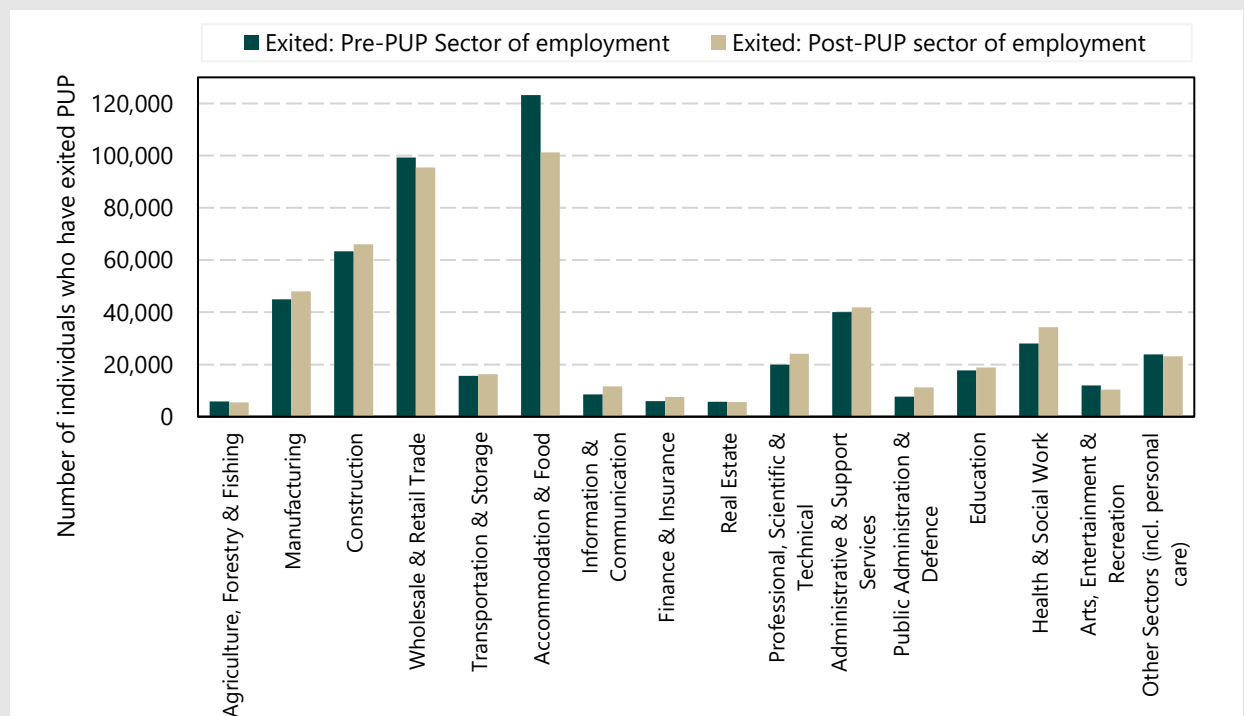
- Approximately 73% (553,200) show evidence of having returned to employment;
- For the remaining 27% (207,600) of exits, DSP has no evidence that they have returned to employment. Approximately 6.9% (14,300) of this unknown cohort are in receipt of some other Social Welfare payments as of mid-September 2021.

There is evidence of significant movement in the labour force. Approximately 135,000 people evidenced as having been in employment since their last PUP have moved to work in a new sector, compared to the pre-pandemic sector they were working in prior to joining the PUP. A sectors' net change is the difference between the green and gold bars in the chart below.

For example, the number of individuals that exited PUP, having joined from the Accommodation and Food sector is higher than the number of individuals that exited the payment and now work in that sector (123,000 vs 101,000) – a net loss of c22,000. The Health and Social Work sector as well as the professional, scientific and & technical sectors have made the largest net gains.

While some of these transitions will be permanent in nature, others may be only temporary, particularly for those sectors that continue to be impacted by COVID-19 and remaining public health restrictions. (e.g. Arts). Notably, the data only shows sectoral movements, and not changes to jobs or pay.

Figure B1: Number of individuals that have exited PUP by pre- and post-PUP sector of Employment



Source: DSP Administrative data (figures are provisional and subject to revision).

6 Long-term and Continuous PUP Recipients

Chapter Summary:

- As of October 5th 2021, around 48,500 individuals have been in receipt of the PUP for 95% or more of the available weeks; 21,500 of whom have been in receipt consistently since the scheme's inception.
- Broadly speaking, sectors with the largest share of PUP recipients have also had the largest share of long-term recipients.
- As PUP numbers have decreased, the proportion of recipients in receipt of payment for 95% or more weeks has increased, indicating that this long-term cohort are more vulnerable to hysteresis.
- As of October 5th 2021, 64% (65,000) of PUP recipients have been on the PUP since their first claim. Women (67%) have a slightly higher rate of continuous recipients than men (62%); over 40s have a slightly higher rate of continuous recipients than under 40s; continuous recipients have lower average pre-COVID-19 earnings than non-continuous recipients; and Construction (56%), Accommodation and Food (59%) and Other Service Activities (60%) have the lowest proportions of continuous recipients by sector.

6.1 Overview of Recipient Durations on the PUP

Long-term unemployment is typically defined as people who have been in unemployment for 52 weeks or more. Long-term unemployment is often associated with higher social and economic costs, and is generally indicative of people moving further away from the employment market. As a consequence, activation policies often specifically target the long-term unemployed to minimise the durational impact of these negative effects. Minimising hysteresis (often referred to as scarring) is a key objective of labour market policy.

The protracted duration of the COVID-19 pandemic and the length of the economic restrictions were not anticipated in the early stages of the economic response and the design of the labour market supports. This is one of the reasons for the iterative refinements in the policies. In light of this, and the empirical evidence that long-term unemployment should often be of particular concern for policy, it is worth investigating the characteristics of long-term PUP recipients to see whether they meaningfully differ from shorter term recipients.

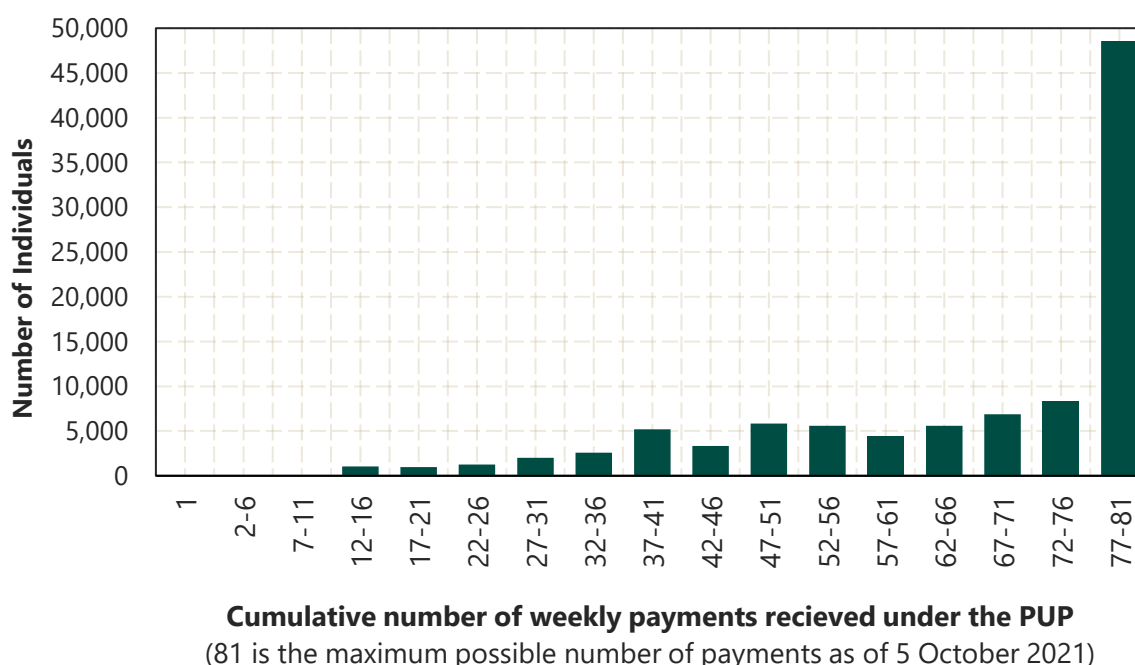
The following analysis, as of early October 2021, provides an overview of durations of PUP recipients, with a particular focus on those in receipt of the payment for significant periods. These long duration and/or long-term recipients have been monitored throughout the course of the pandemic, in order to gain insights into the characteristics of these individuals. The definitions for this long-term cohort has

evolved over time, reflecting the growing length of time the scheme had been in place and the evolving nature of the pandemic and health restrictions.

- **All available weeks:** Individuals in receipt of the PUP every week since scheme's inception;
- **Long-term PUP:** Individuals in receipt of the PUP for 52 weeks or more;
- **Long duration PUP:** Individuals in receipt of the PUP for 95% or more of the weeks since the scheme's inception; and
- **Continuous PUP:** Individuals in receipt of the PUP for all available weeks since they joined the scheme.

Figure 13 below shows the distribution of cumulative payments received by PUP recipients (as at 5th October 2021). While shorter-duration claimants are present on the payment, the vast majority of current recipients have received payments over a significant number of weeks under the scheme since its inception. Looking at the frequency of payments received, 79,000 individuals have been in receipt of the payment for 52 weeks or more (i.e. long-term PUP). Of this cohort, 48,500 persons have been in receipt for 95% or more of total available weeks (i.e. long duration PUP, 77+ weeks), of which 21,500 have been in receipt of the payment consistency since the scheme's inception in mid-March 2020 (i.e. all available weeks, 81 weeks).

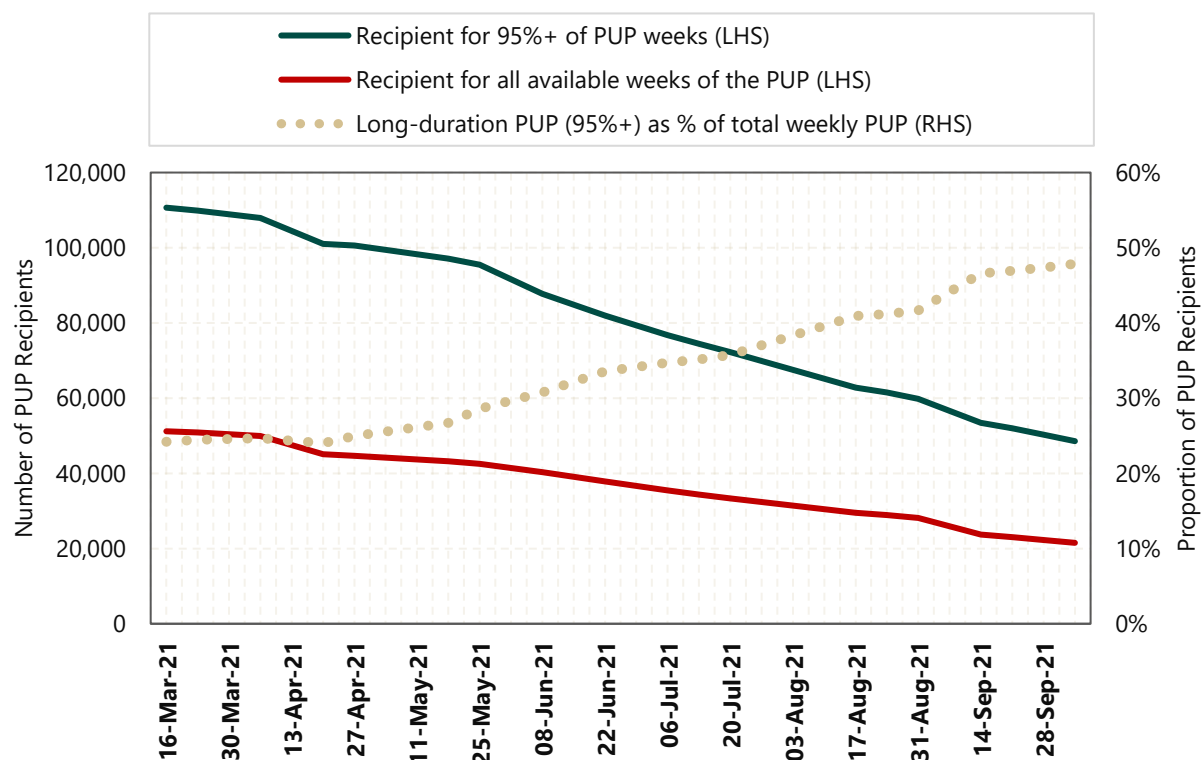
Figure 13. Cumulative Number of Weekly Payments Received by Current PUP Recipients (as at Oct 5th 2021)



Source: DSP Administrative data (figures are provisional and subject to revision).

Delving further into two of the categories noted earlier, Figure 14 below depicts trends in the cohorts of individuals receiving the PUP since its first week and those in receipt of the PUP for 95% of all available weeks. It shows that, on foot of reopening of the economy, the number of long-duration recipients has been steadily declining over recent months. The cohort of people in receipt of the payment for over 95% of available weeks decreased by almost 51,000 since mid-March 2021, from just under 111,000 to 48,500, or by 56%. This is a very positive development as this group of persons who have been on PUP long-term are at most risk of permanently losing their jobs post-COVID-19. However, the proportion of PUP recipients who have received at least 95% of total weekly payments has increased from 24% to almost 48% over the same period as this long duration cohort is slower to exit the scheme. This indicates that the remaining PUP population is increasingly made up of longer duration recipients, who may be more at risk of permanently losing their jobs and who have become more distanced from the labour market over time and who have become more distanced from the labour market over time.

Figure 14. Trends in long-duration PUP recipients from March to Oct 5th 2021



Data Source: DSP Administrative Data. (Figures are provisional and subject to revision).

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

6.2 Continuous PUP Recipients by Characteristic

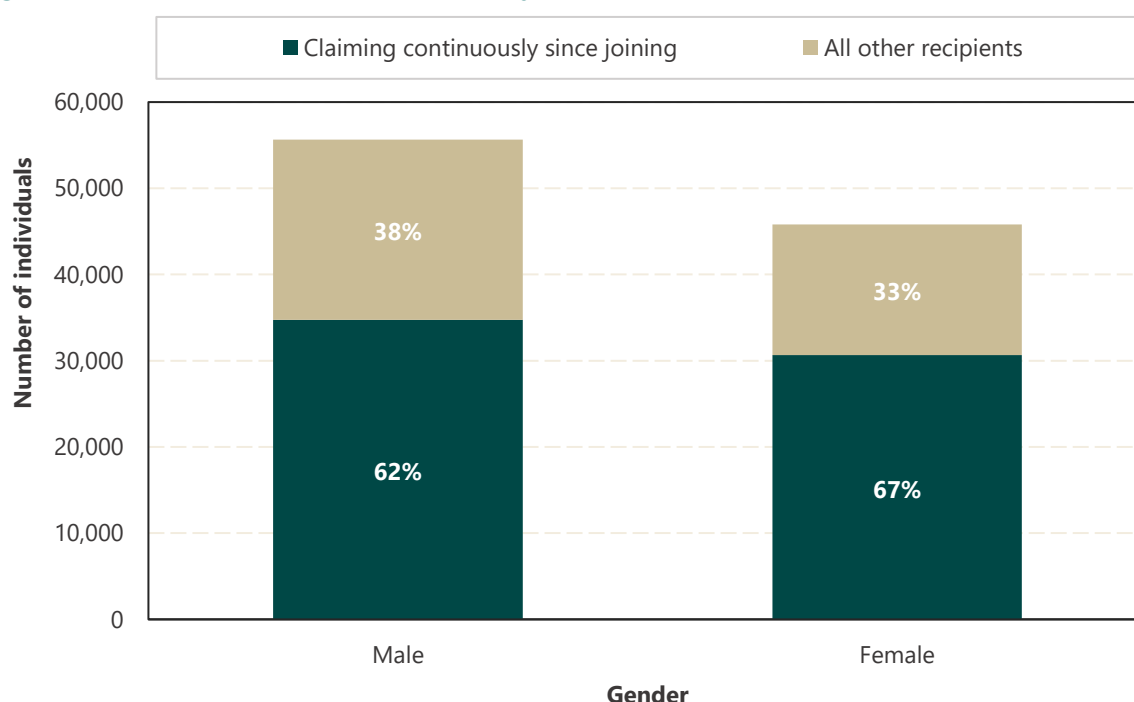
While the above information provides a useful insight into trends in this long-term cohort, the approach does not take account of the fluctuating nature of the pandemic and associated public health restrictions over the course of the pandemic. Therefore, this section explores individuals who have been continuously on the PUP since they joined (i.e. regardless of when their initial payment began). This analysis looks at those who commenced a PUP claim at any point since March 2020 and have been in payment since their join date. By definition, this is a larger cohort of claimants than long-term and long duration PUP.

Using this approach, 65,000 individuals have been identified as continuously claiming a payment since joining PUP (of the 101,500 in receipt of the PUP as at 5th October 2021) – this is equivalent to 64% of recipients.

Continuous Recipients by Gender

Comparing continuous recipients to all other recipients, Figure 15 below shows that for both males and females, continuous recipients account for the largest share of recipients. However, while males account for a larger share of PUP in absolute terms, looking at the proportion of those continuously claiming by gender, female recipients have a higher share of continuous recipients at 67%, compared to 62% of males.

Figure 15. Continuous PUP Recipients by Gender (as at Oct 5th 2021)

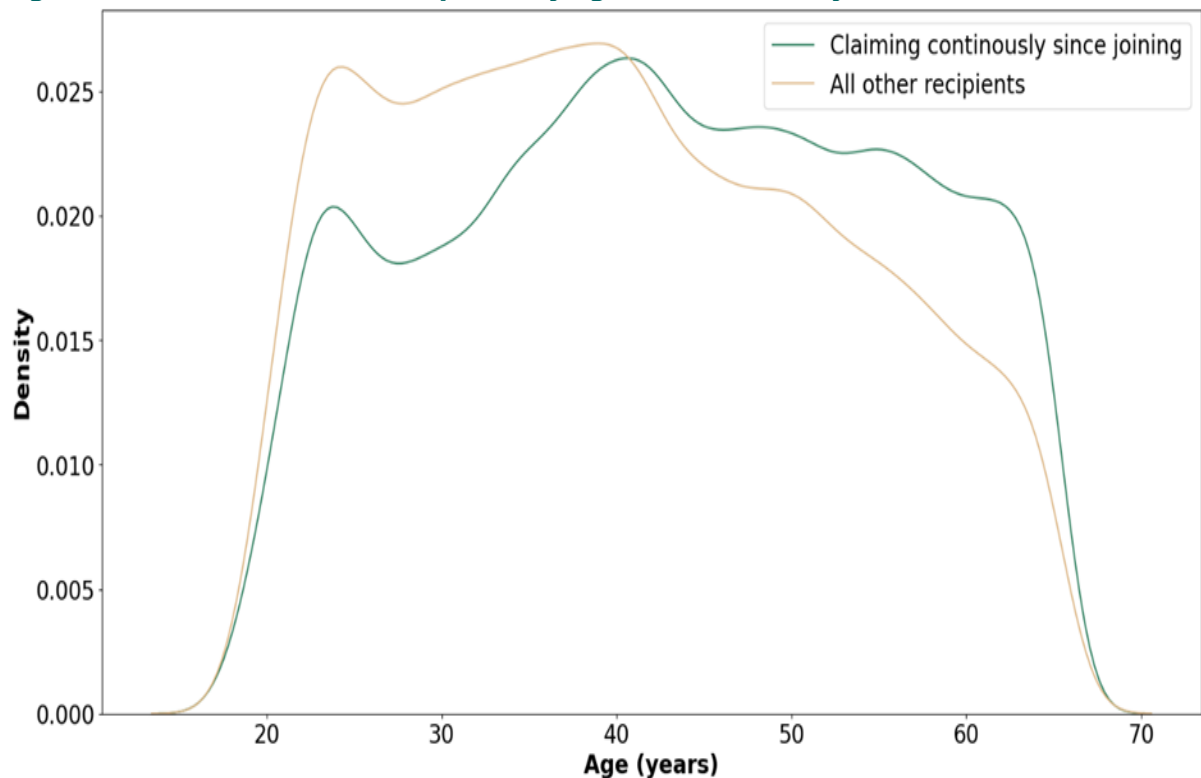


Data Source: DSP Administrative Data. (Figures are provisional and subject to revision).

Continuous Recipients by Age

Looking at continuous recipients by age, Figure 16 below presents the kernel density distribution of those claiming continuously since joining the PUP, compared to all other recipients. Continuous recipients are typically older than all other claimants, and make up the highest share of recipients over 40. This suggests that older workers in particular have been less likely to exit the payment to return to work over the course of the schemes lifecycle, despite economic and societal reopening.

Figure 16. Continuous PUP Recipients by age – kernel density (as at Oct 5th 2021)

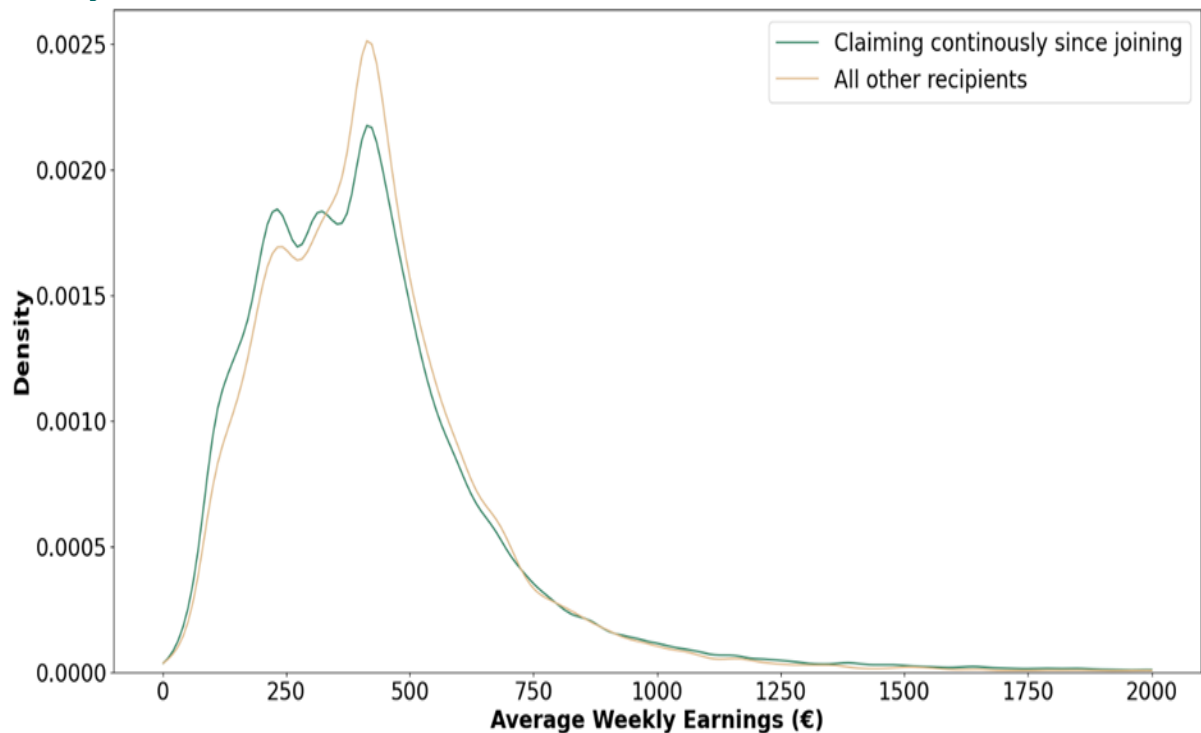


Data Source: DSP Administrative Data. (figures are provisional and subject to revision).

Continuous Recipients by pre-Pandemic Earnings

Figure 17 below presents the kernel density distribution of pre-pandemic earnings of PUP recipients. Overall, continuous recipients have a broadly similar earnings profile to all other recipients on the scheme. Those claiming continuously since joining have a slightly higher propensity to be lower earners relative to all other claimants, who have a marginally higher propensity to be comparatively higher earners.

Figure 17. Continuous PUP Recipients by average pre-pandemic weekly earnings – kernel density (as at Oct 5th 2021)



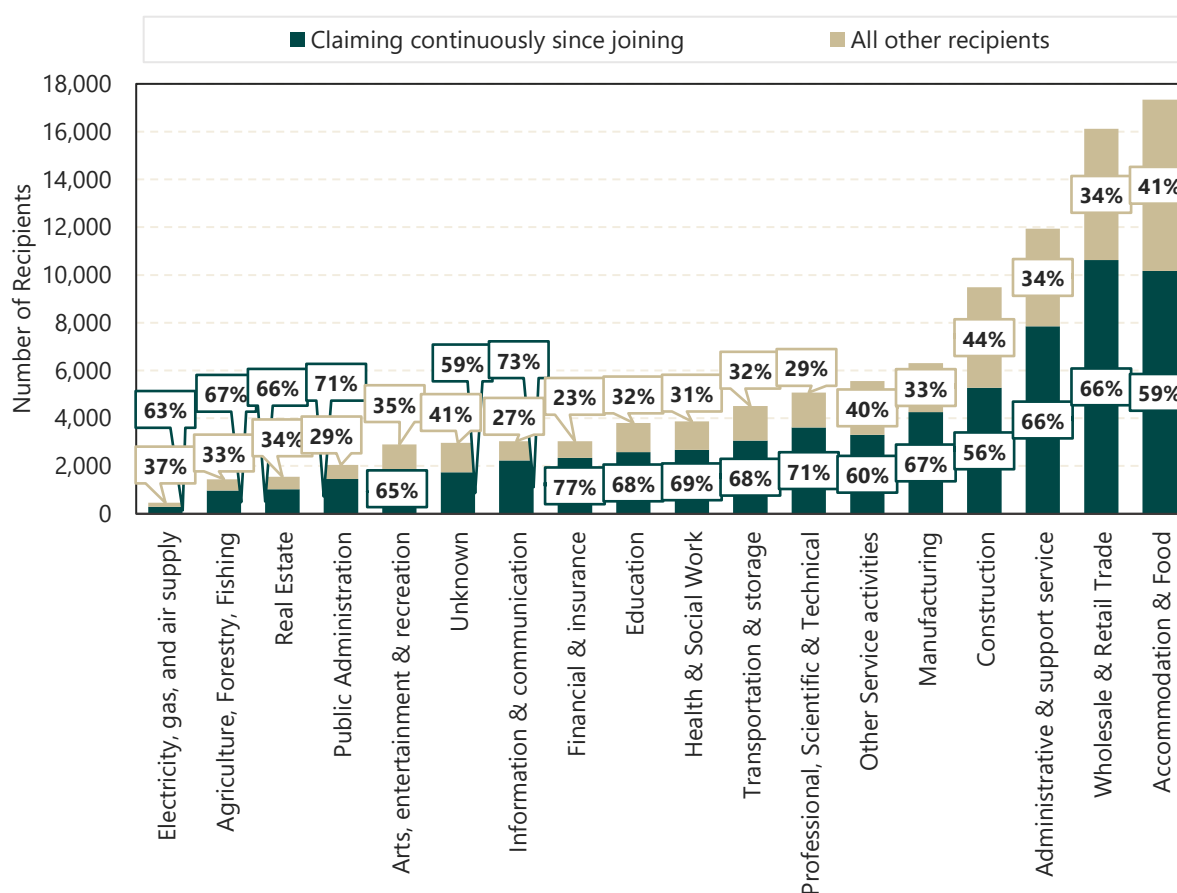
Data Source: DSP Administrative Data (figures are provisional and subject to revision).

Note: Excludes those earning less than 1 euro and casuals). X-axis clipped at 2,000 for presentation / legibility purposes.

Continuous Recipients by Sector

Broadly speaking, the sectors with the most PUP recipients are also those with the most continuous recipients, in absolute terms. Figure 18 below shows that, as of October 5th, 2021, the sectors with the highest number of individuals claiming continuously since they joined the scheme are; Wholesale and Retail (10,600), Accommodation and Food (10,200) and Administrative and Support Services (7,900). There is some notable variation in the proportion of continuous recipients across sectors. For example, entrants from the Finance and Insurance sector have proportionally the highest number of continuous recipients at 77%, albeit there is a low absolute number of overall recipients in the sector. In comparison, the Construction sector and the Accommodation and Food sector – two sectors significantly impacted by the pandemic – have the lowest proportion of continuous recipients in the sector with 56% and 59% claiming respectively since joining.

Figure 18. Continuous PUP Recipients by Sector – Number and Proportion (as at Oct 5th 2021)



Data Source: DSP Administrative Data. (figures are provisional and subject to revision).

7 Flows between Schemes

Chapter Summary:

- Changes in the flows between the PUP and EWSS are linked, and are driven by the severity of restrictions at various points in time.
- Outflows from the EWSS to the PUP were at their highest in periods with severe restrictions, with the highest level of EWSS outflows to the PUP being recorded in January 2021 with 85,900 EWSS employees moving to PUP.
- Increases in net PUP inflows to EWSS since February 2021, in conjunction with the increase in other net flows out of EWSS is indicative of the resilience of the economy, as more PUP recipients were able to find EWSS supported employment, while some employers moved off the EWSS over the same period.
- Although, PUP flows into EWSS have been offsetting net flows out of EWSS, contributing significantly to keeping the level of people supported through the EWSS at over 300,000. Approximately 90% of PUP outflows were accounted for by flows to the EWSS in May 2021.

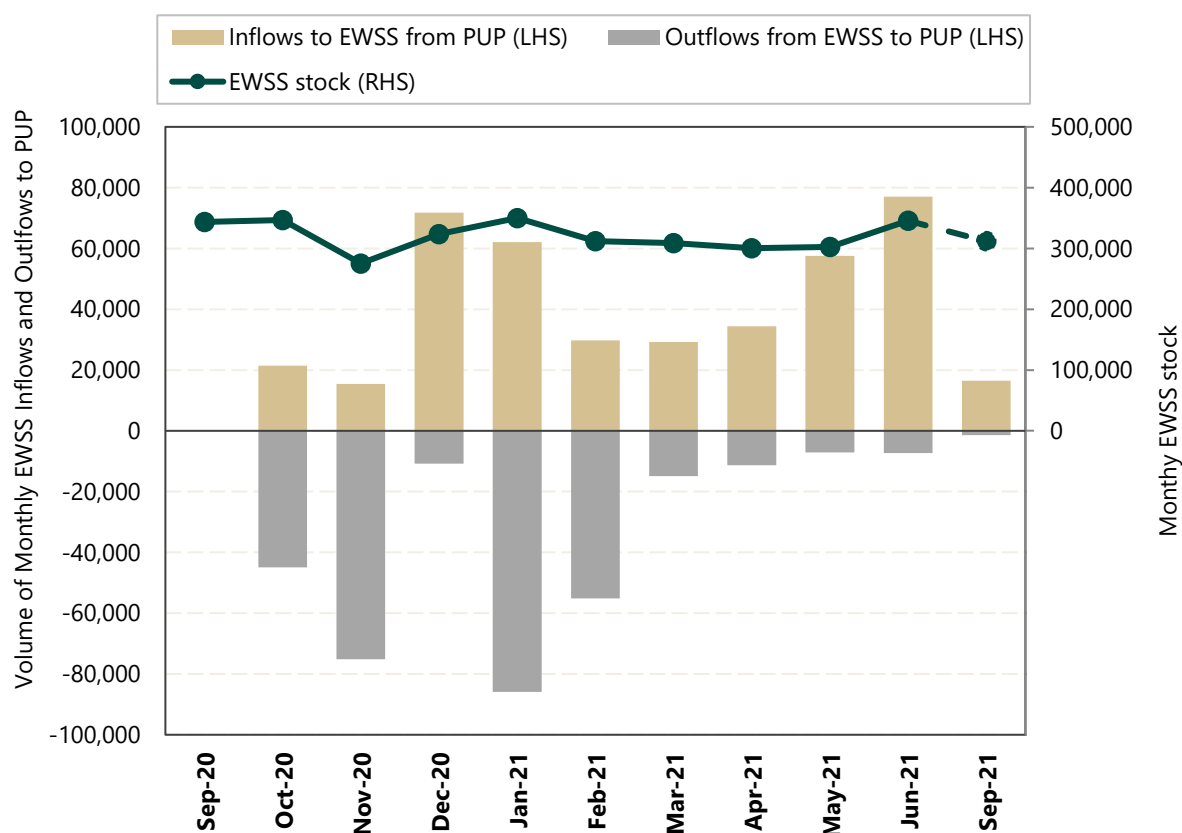
The following section examines the flows of recipients between the PUP and EWSS over time. While both schemes are targeted towards the working age population, they are different in nature, with the EWSS essentially acting as an employment support to retain workers and support business, whereas the PUP acts as an income support to those who have lost their job as a result of the pandemic. This has led to these supports being used to different degrees under various restriction levels. Therefore, examining the flows or interactions between the two schemes over time, such as tracking flows of people from one support to another can provide useful insights into the overall impact that COVID-19 restrictions and supports has had on the labour force.

The Relationship between PUP Flows and the EWSS Stock

Figure 19 below shows monthly EWSS recipients alongside the EWSS flows to and from the PUP. October (44,900) and November 2020 (75,100) show significant flows from the EWSS to the PUP as restrictions were re-imposed in autumn 2020. The dynamic changes in December 2020 with significant inflows to the EWSS from the PUP as sectors reopened; and again in January 2021 with inflows from the PUP into EWSS but also significant outflows from the EWSS to the PUP following the re-imposition of restrictions. From March 2021, as restrictions began to ease, there were more flows from the PUP to the EWSS than flows from the EWSS to the PUP, peaking at 77,000 outflows from the PUP to the EWSS in June 2021. This is indicative of people gradually moving back into employment over these months. More recently, the closure of the PUP to new entrants from July 8th 2021 has halted the EWSS outflows to the PUP that were already decreasing due to the re-opening of the economy. The level of

employees supported monthly through the EWSS has remained relatively stable since December 2020 at between 300,000 and 350,000.

Figure 19: EWSS flows relating to the PUP and overall monthly EWSS stock



Data Source: Revenue and DSP Administrative Data. (figures are provisional and subject to revision).

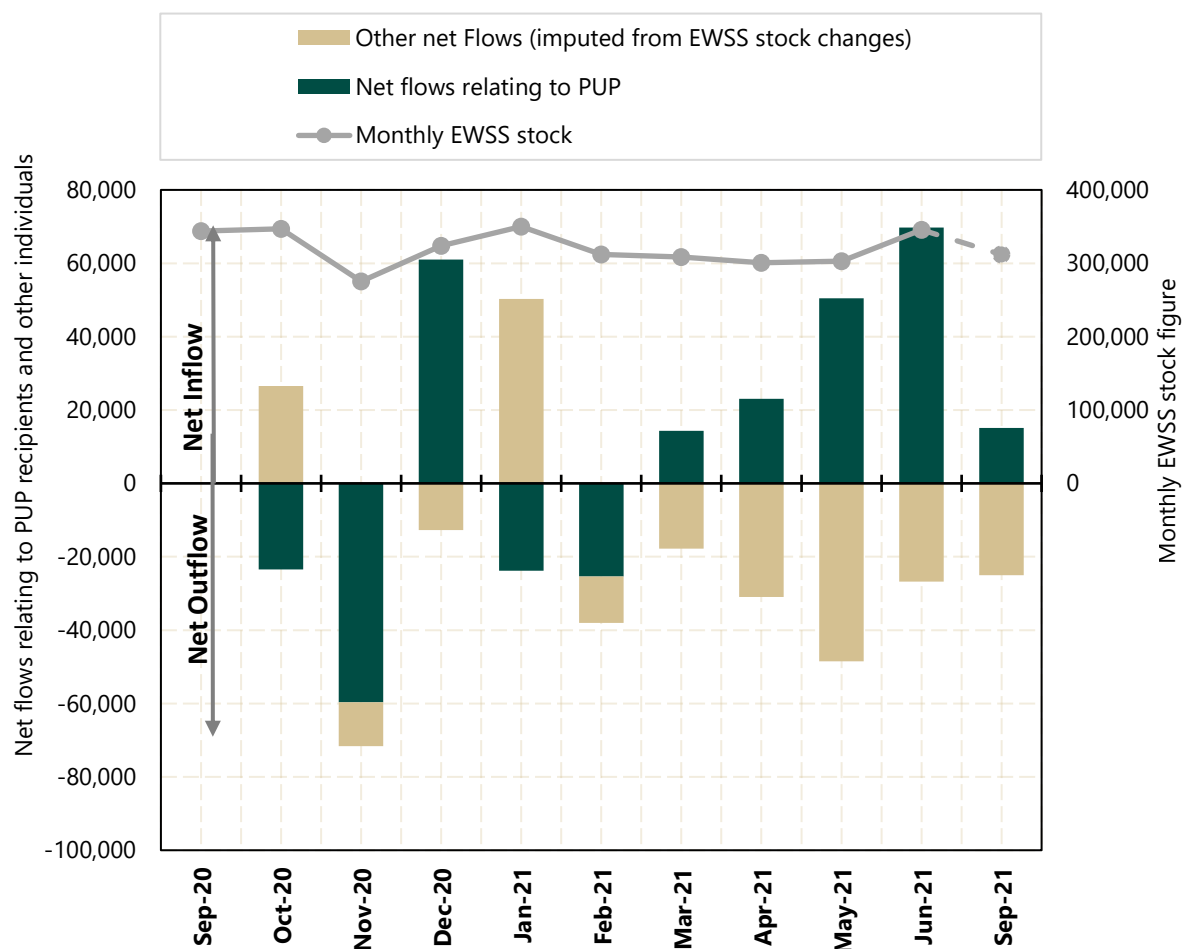
*Note: Flows data between PUP and EWSS was not available for July-21 and therefore the chart above does not reflect inflows to EWSS from PUP for July-21 or outflows from EWSS to PUP for August-21. As such the data for flows between the schemes for these months is not included as it is incomplete.

Figure 20 shows the breakdown of flows between EWSS to and from the PUP, and to a non-PUP destination. Distinct phases in the pattern of net flows are observed, corresponding to the level of economic restrictions at that time. From May to June 2021, net PUP inflows to EWSS tended to be much larger in volume than net EWSS outflows to non-PUP destinations. In September 2021, net outflows from EWSS to a non-PUP destination were greater than the net inflows from the PUP, resulting in a reduction in the number of people being supported by EWSS.

These incremental increases in net PUP inflows to EWSS since February 2021 in conjunction with the increase in other net flows out of EWSS is indicative of the resilience of the economy, as more PUP recipients were able to find EWSS supported employment, while some employers moved off the EWSS over the same period. While movement from the PUP to EWSS is positive, this still implies an

exchequer cost for that individual. Other net flows out of EWSS are more positive as this indicates employees/employers moving out of the pandemic income supports entirely.

Figure 20: EWSS stock and net flows relating to PUP flows Vs non-PUP flows



Data Source: Revenue and DSP Administrative Data. (figures are provisional and subject to revision).

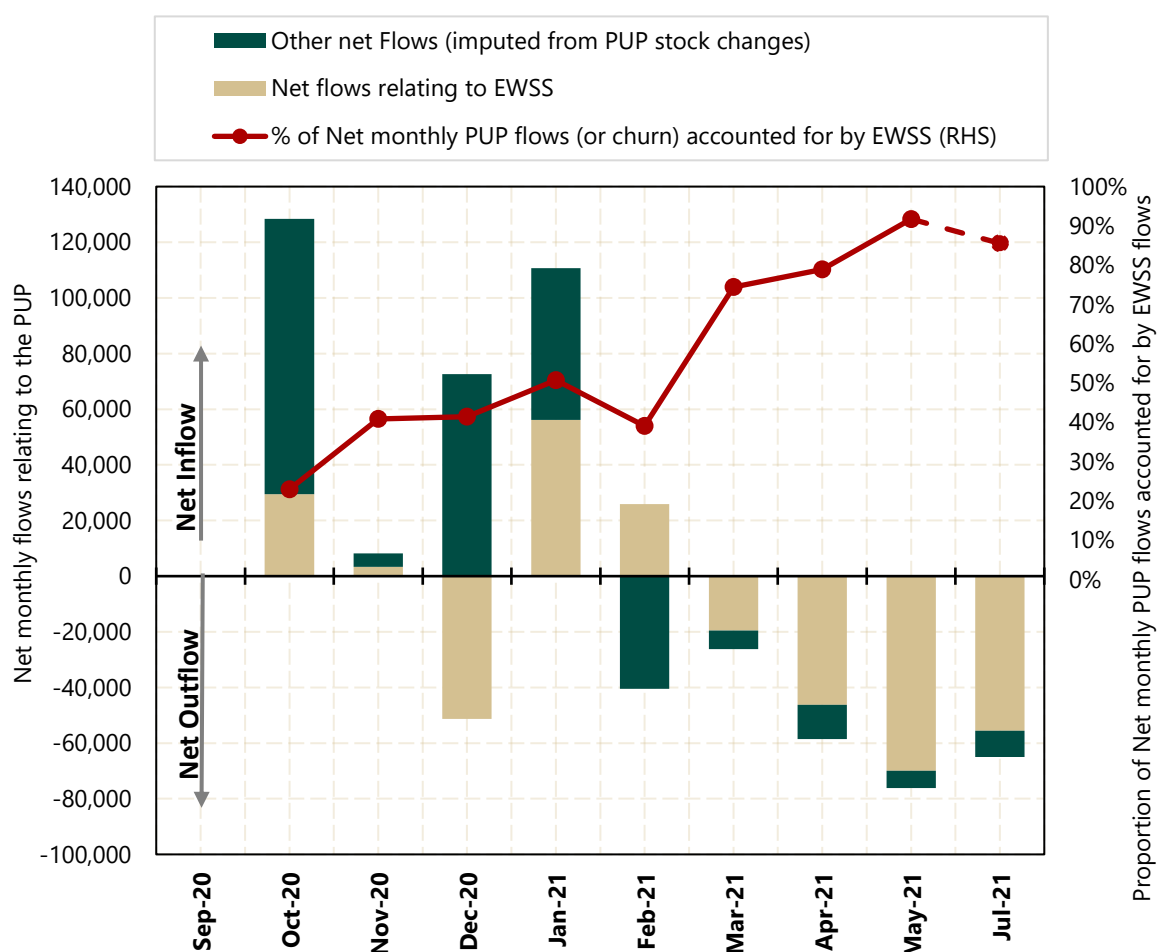
*Note: Flows data between PUP and EWSS was not available for July-21 and therefore the chart above does not reflect inflows to EWSS from PUP for July-21 or outflows from EWSS to PUP for August-21. As such the data for flows between the schemes for these months is incomplete.

Composition of PUP Scheme Flows

This section shows the breakdown of the trend in net flows from the PUP perspective. In general, inflows into the PUP have been instantaneous in periods with high levels of restrictions while PUP outflows during summer 2021 reopening have been more gradual (see Figure 21). There were net PUP outflows to the EWSS in December 2020, and then from March 2021 to July 2021 as restrictions were eased. Since March 2021, PUP outflows to the EWSS have been responsible for the majority of total PUP outflows (or closed cases). This has also translated into net PUP flows to the EWSS accounting for increasingly more of the total flows out of the PUP, comprising more than 90% of PUP outflows in May

2021 and around 83% in August 2021. These flows from the PUP to EWSS have been offsetting outflows from EWSS to unsupported employment, resulting in the overall EWSS level persisting at around 300,000. This signifies that a significant proportion of PUP recipients have been returning to EWSS supported employment. Other published DSP analysis³⁷ suggests that in August 2021, of 500,000 former PUP recipients evidenced as having returned to work, 30% were in jobs supported by the EWSS.

Figure 21: PUP scheme flows as a proportion of total EWSS net flows.



Data Source: Revenue and DSP Administrative Data. (figures are provisional and subject to revision).

*Note: Flows data between PUP and EWSS was not available for all months and therefore the chart above does not reflect outflows to EWSS from PUP for Jun-21 or inflows from EWSS to PUP for August-21. As such the data for flows between the schemes for these months is incomplete.

³⁷See: <https://www.gov.ie/en/organisation-information/5683a-labour-market-analytics/#pup-analysis>

8 Issues for further consideration

Scheme Expenditure

The PUP and TWSS/EWSS are unprecedented in terms of their coverage and cost. With expenditure of around €16.7bn between the two schemes having a profound impact on the Social Insurance Fund (SIF) and General Government deficits in 2020 and 2021. These large schemes, funded through debt and the pre-existing SIF surplus, were only warranted in the context of the sharp broad ranging crisis. The easing of public health restrictions has seen their cost decrease significantly since spring 2021.

While these supports have been required to protect household incomes and businesses with their employment costs, they have been the main driver of the deficit of €18.4bn recorded in 2020 and €13.3bn projected for 2021.³⁸ Expenditure on these schemes has been funded through increased debt and the pre-existing Social Insurance Fund (SIF) surplus with no corresponding increases in Government Revenue to fund them.

Targeting

The realisation of the core purpose of the PUP and the TWSS/EWSS, which was to support incomes and jobs, is evident from the sheer scale of use of the schemes. However, in relation to the TWSS/EWSS, there are important questions to be addressed through future analysis, particularly around targeting of the scheme leading to potential deadweight.

One disadvantage of the TWSS/EWSS compared to the PUP is that eligibility is assessed at the level of the enterprise, meaning that it is less targeted and less responsive to changes in a recipient's circumstances than the PUP.

While the rationale of supporting businesses and employment during times of uncertainty is clear, it is less clear how well targeted the TWSS/EWSS have been at those employers/employees most in need of support given the turnover assessment window of 12 months. The lack of availability of real time data around employer turnover, and the enterprises ability to sustain payroll without Government

³⁸ Budget 2022: Economic and fiscal outlook, Table 1, Page 3; <https://www.gov.ie/en/publication/7599a-budget-publications/>

support, means that it has not yet been possible to assess the potential deadweight loss of the TWSS/EWSS.

Related to this, the analysis above shows that there are significant inflows from the PUP to EWSS supported employment when restrictions are lifted. It is uncertain to what degree the presence of the EWSS enabled employers to hire/re-hire workers or whether this would have occurred regardless of the absence of the scheme.

Potential Labour Market/Economic Distortions

Although the schemes have undoubtedly been crucial in supporting incomes and businesses during the crisis, it is important to consider whether there is a point in the lifetime of these supports at which they might have a counterproductive effects on the longer term goals of labour supply, reallocation of resources, and business competitiveness. In relation to the PUP, questions remain around potential work incentive impacts of increased welfare payments in the context of a partially restricted economy. The extent to which the EWSS supports unviable firms, which will not survive in the post-COVID-19 economy in the absence of the support, is currently unknown. The impact of the presence of the PUP and EWSS on wage inflation in the context of a largely reopened economy is another unknown which may be possible to explore in future. It remains unclear the extent to which the less administratively stringent nature of the PUP compared to the pre-existing jobseeker supports, and the increased levels of welfare available through the PUP, have impacted on the return to the labour market.

In addition to the work incentive impact of income support payments, another factor to consider in future research is the linking of emergency welfare payments more precisely to the pre-COVID-19 wage, with the inclusion of a cap, which could have resulted in less overall spending. Although, the addition of such complexities may have slowed down implementation.

An uncertainty around the TWSS/EWSS scheme, which has not yet been possible to determine, is the extent to which the scheme is supporting businesses who would not be viable in the post-COVID-19 economy given the longer term market changes brought about by the crisis. The absence of any employer contribution to the TWSS/EWSS, aside from the reduced employer PRSI rate of 0.5%, increases the likelihood that these “zombie” firms may have been subsisting on the EWSS, and may not have a viable business model going forward. Both of these issues would require further analysis to substantiate and are therefore contingent on this data becoming available.

There is some evidence of wage inflation in the Irish economy with the CSOs preliminary earnings estimates for Q2 2021, at €849.69 in Q2 2021, an increase of +3.9% from €817.55 one year earlier.³⁹ It is unclear to what extent the presence of the EWSS and the PUP may be impacting on wage inflation. Future analysis of wage growth following the phasing out of these supports may shed some light on the impact these supports may have had on wage inflation.

Implementation

While speed and simplicity were key in putting these schemes in place, there are learnings to be taken in terms of the implementation and control of such schemes in any future crises. Implementing the TWSS/EWSS before or alongside the PUP may have been a more optimal sequencing of events. In this way, the decisions of employers/employees would not have been distorted in selecting preferred supports. Issues of implementation and compliance checking can also offer useful lessons for any future crisis responses.

The PUP and the TWSS were brought in at rapid pace with the key aim of supporting incomes in response to an unprecedented labour market shock. As the initial response to the crisis was put in place, the PUP was implemented broadly alongside the ERS, with the TWSS subsequently taking over from the ERS. Take-up of the schemes would suggest the PUP was the dominant emergency support in the initial weeks of the crisis. The TWSS/EWSS have advantages in terms of retaining the relationship between the employer and the employee, while the PUP has the advantage of targeting those who were out of work, as opposed to the broader targeting of the TWSS which was more focused at the level of the employer. A greater understanding of how employers and employees interacted with these schemes based on the sequencing of implementation would be a useful addition to the evidence base if such schemes are to be required again in future. Wage subsidy schemes were a common response across many countries dealing with the immediate impact of COVID-19, while enhanced welfare payments were a relatively rarer policy response.

An analysis of a sample of PUP claims from the Comptroller and Auditor General's (C&AG) 2020 annual report⁴⁰ suggests irregularities in the eligibility of between 6%⁴¹ and 9.4% of those in receipt of the PUP in the week examined. Around half of these cases showed evidence that the recipient continued

³⁹<https://www.cso.ie/en/releasesandpublications/er/elcq/earningsandlabourcostsq12021finalq22021preliminaryestimate/>

⁴⁰<https://www.audit.gov.ie/en/findreport/publications/report%20on%20the%20accounts%20of%20the%20public%20services/report-on-the-accounts-of-the-public-services-20201.pdf>

⁴¹ 6% when the three largest months of closing/reopening of sectors are excluded.

working while in receipt of the PUP, a quarter of cases suggested the recipient had not been in work prior to the pandemic, while another quarter of cases suggested that the recipient had returned to work without informing DSP.

In relation to the TWSS/EWSS, the C&AG's 2020 annual report found that Revenue had identified subsidies of around €311m as repayable. Most of these overpayments had occurred in the initial transitional phase where €410 per week per employee was paid, with payments over the cap of 70% of earnings repayable following the transitional phase. Revenue identified subsidies totalling €21m where expected decreases in turnover did not materialise.

Such evaluation and auditing exercises will provide valuable learnings in the event that similar emergency supports are required again in the future.

9 Conclusions

In the context of a reopening economy and moving towards a labour market living with the ongoing impact of COVID-19, this paper presents some insights from the trends and data available on expenditure and recipients of the PUP and TWSS/EWSS. The paper highlights key insights from the expenditure and recipients on the schemes, gives insight into the risk areas of potential longer term labour market damage and seeks to identify policy implications which may inform the evidence base for any future emergency schemes to deal with labour market shocks.

Scheme Expenditure

The types and levels of income support provided through the PUP and TWSS/EWSS since their inception have been unprecedented with around €16.7bn in expenditure to end October 2021; around €8.8bn on the PUP and around €7.9bn on the TWSS/EWSS. At the peak of the crisis in early May 2020, there were over 1.2 million people being supported by Jobseeker payments (215,000), the PUP (605,700) and the wage subsidy scheme (407,700), which at the time equated to roughly 52% of the total pre-pandemic labour force. At their height, the PUP was costing over €210m per week with monthly TWSS expenditure peaking at around €712m in April 2020.

While these supports have been required to protect household incomes and businesses with their employment costs, they have been the main driver of the deficit of €18.4bn recorded in 2020 and €13.3bn projected for 2021. Expenditure on these schemes has been funded through increased debt or the pre-existing Social Insurance Fund (SIF) surplus with no corresponding increases in Government Revenue to fund them.

The Accommodation and Food Sector (€3.4bn, 25%) the Retail sector (€2bn, 15%) and Construction (€1.4bn, 10%) are the sectors which have availed of the largest proportion of the PUP and EWSS⁴² expenditure to the week ending October 22nd 2021. Their share of drawdown of the supports is disproportionate to their share of private sector employment in Q4 2019, particularly for Accommodation and Food which makes up around 8% of private sector employment⁴³. The large draw down of supports by these sectors has been driven by the duration of public restrictions imposed on the sector, the inability to work remotely within these sectors, and possibly by permanent job losses in these sectors.

Since spring 2021, PUP expenditure has been reducing significantly in line with the easing of restrictions with around €24m in PUP payments in the week ending to October 22nd 2021 compared to around €150m to the week ending February 5th 2021. EWSS expenditure has been steadier at around €350m to €450m per month since October 2020, reducing in August 2021 (c. €390m) and September 2021 (c. €389m) from a 2021 high in July (c. €453m).

Recipients

In the week ending October 22nd, some 93,400 people were in receipt of the PUP and around 310,000 were in receipt of a EWSS payment in September 2021. This equates to 12.6% of the working age population being in receipt of either support, with 9.9% in EWSS supported employment. The closing of the PUP to new entrants and significant outflows from the scheme have seen an average weekly rate of decrease of 4.3% between early February 2021 and late October 2021.

The Accommodation and Food sector is a significant outlier in terms of the proportion of the sector relying on the PUP or EWSS in the week ending October 22nd with around 70% of the sector in receipt of either the PUP (9%) or EWSS (61%). The sector is followed by Arts and Entertainment, Other Services (30%), and Administration and Support (26%) as the sectors with the highest proportion of employment being supported by the PUP or EWSS.

Analysis on PUP flows indicates that people flow onto the PUP quickly in large numbers when public health restrictions are introduced but that the outflow from the scheme once restrictions are lifted is much more gradual. This suggests that jobs come back on stream gradually.

⁴² This excludes the TWSS where sectoral breakdowns of overall expenditure are not available.

⁴³ Retail accounted for 13% of private sector employment with construction accounting for around 6%.

Accommodation and Food has the largest number of people in receipt of the PUP (c. 15,600) and EWSS (c.108,500); followed by Retail (c. 15,000 on the PUP and 31,000 on EWSS) and Administration and Support Services (c. 10,900 on the PUP and 18,600 on EWSS). Dublin has the largest share of its working age population on the PUP (3.9%) and EWSS (12.9%). Kerry has the second largest share on the EWSS (12.9%) while Louth and Meath have the second highest share on the PUP (3.5%). The average pre-COVID-19 gross earnings for those currently on the PUP is €487 per week up from €473 in early September when students, who are typically lower income, were in receipt of the PUP. Currently, the over 35-44 year olds make up the largest proportion of those on the PUP (25%) followed by 45-54 year olds (23%).

Recent analysis conducted by the Department of Social Protection found that by late-September 2021, there was a cumulative total of 871,500 PUP recipients since the scheme began, of which 760,800 has exited the PUP. In the case of those that have exited the PUP, it was estimated that approximately 73% (553,200) had been evidenced as having returned to employment. The analysis suggests that there is a significant degree of movement or 'job churn' in the labour force at present, with some sectors experiencing net losses in terms of labour while other have gained. Approximately 135,000 former PUP recipients have moved to work in a new sector, compared to the pre-pandemic sector they were working in prior to joining the PUP.

Long-term/Continuous PUP Claimants

Long duration PUP recipients provide a good indication of where the potential longer term labour market damage may occur. In early October 2021, around 63% (c 72,000) of PUP recipients had been claiming the PUP continuously since joining.⁴⁴ Females have a higher rate of continuous recipients (67%) than males (62%); continuous recipients are more likely to be over 40 than under 40; and to have lower pre-COVID-19 earnings compared to their non-continuous counterparts. Construction (56%), Accommodation and Food (59%) and Other Service Activities (60%) have the lowest proportions of continuous recipients by sector.

Flows and Interactions between the PUP and EWSS

Flows between schemes are needed to disentangle where labour market improvements are occurring compared to shifts from one support to another. There has been an observable relationship between the PUP, the EWSS, and the levels of restrictions. High levels of restrictions are associated

⁴⁴ They may have joined the PUP at any stage since its inception.

with high PUP numbers and transfers from the EWSS to the PUP, while lower restrictions see outflows from the PUP into the EWSS and non-EWSS supported employment. Since the onset of the pandemic, there has remained a core cohort of long-term recipients on the PUP that have remained despite broad sectoral re-opening.

Since PUP claimant volumes began decreasing in February 2021, outflows from the PUP have increasingly been made up of flows to EWSS rising from around 40% in February 2021 to around 90% in May 2021. While it is positive to see movement from the PUP to the EWSS, this also implies that many of those leaving the PUP are still receiving State support through the EWSS. The flow of employments out of the EWSS into non-EWSS employment has been lower on average than the flows into EWSS from the PUP since March 2021, resulting in a small net increase in EWSS recipients overall.

Issues for further consideration

Scheme expenditure: The PUP and TWSS/EWSS are unprecedented in terms of their coverage and cost. With expenditure of around €16.7bn between the schemes having a profound impact on the balance in the Social Insurance Fund and General Government deficits in 2020 and 2021. These large debt funded schemes were only warranted in the context of the sharp labour market impact of COVID-19.

Targeting: The realisation of the core purpose of the PUP and the TWSS/EWSS, which was to support incomes and jobs, is evident from the sheer scale of use of the schemes. However, in relation to the TWSS/EWSS, there are important questions to be addressed through future analysis; around employer level targeting of the scheme leading to potential deadweight loss, particularly in the case of the TWSS/EWSS.

Potential Labour Market/Economic Distortions: It is important to consider if there becomes a certain point in the lifetime of these supports where they may become counterproductive to longer term goals of labour supply, reallocation of resources and business competitiveness. In relation to the PUP, there is further research required around the negative work incentive impacts of increased welfare payments in the context of a partially restricted economy. The extent to which the EWSS has been supporting unviable firms, which will not survive in the post-COVID-19 economy in the absence of the support, is currently unknown. The impact of the presence of the PUP and EWSS on wage inflation in the context of a largely reopened economy is another unknown which it may be possible to explore in future.

Implementation: While speed and simplicity were key in putting these schemes in place, there are learnings to be taken in terms of the implementation and control of such schemes in any future crises. Implementing the TWSS/EWSS alongside the PUP may have been a more optimal sequencing of events so as not to distort the decisions of employers/employees to their preferred support. Issues of implementation and compliance checking can also offer useful lessons for any future crises responses.

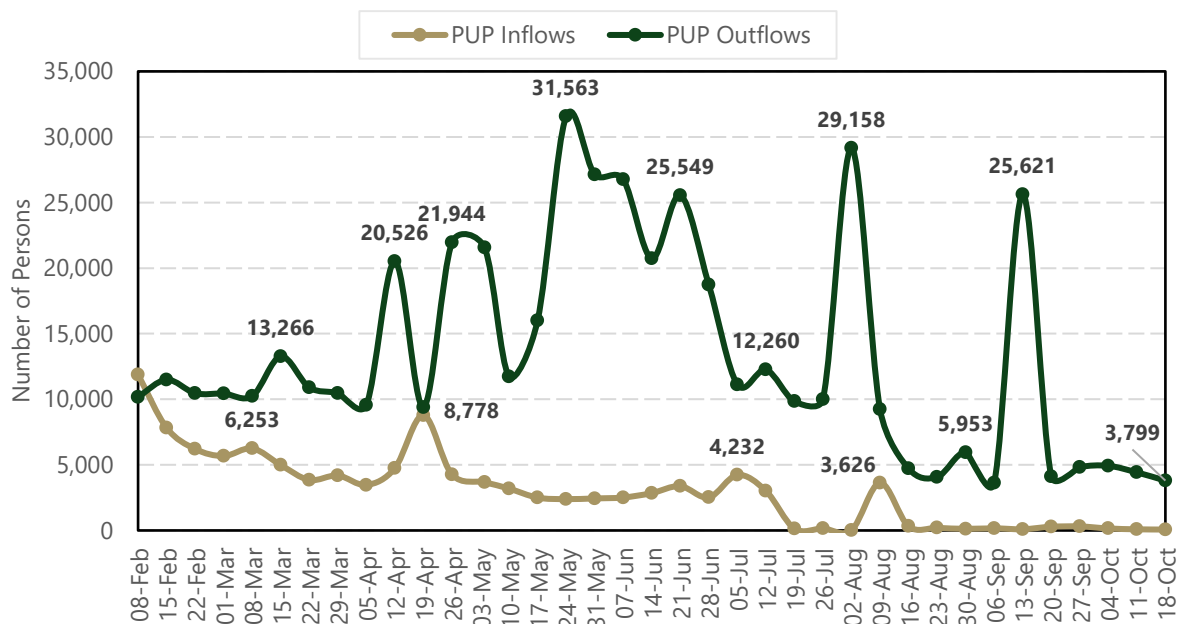
10 Appendix

Table A1. Overview of Qualifying Criteria for the various TWSS Rates

Income thresholds	Level of subsidy payment
Previous average take home pay below €412 per week	<ul style="list-style-type: none"> 85% of the weekly average take home pay
Previous average take home pay between €412 and €500 per week	<ul style="list-style-type: none"> Flat rate subsidy of €350 per week
Previous average take home pay between €500 and €586 per week	<ul style="list-style-type: none"> 70% of the weekly average take home pay, up to a maximum of €410
Previous average take home pay between €586 and €960 per week	<ul style="list-style-type: none"> Subsidy is subject to 'tapering'. That means the level of subsidy is calculated by reference to the amount of any additional ('top up') payments made by the employer and its effect on the weekly average take home pay. Subsidy levels are as follows: <ul style="list-style-type: none"> Flat rate subsidy of €350 per week, where the employer pays a top up payment up to 60% of the employee's previous weekly take home pay Flat rate subsidy of €205 per week, where the employer pays a top up payment between 60% and 80% of the employee's previous weekly take home pay No subsidy is payable, where the employer pays a top up payment above 80% of the employee's previous weekly take home pay Tapering is calculated by subtracting the gross 'top up' paid by the employer from the employee's previous average take home pay.
Previous average take home pay above €960 per week	<ul style="list-style-type: none"> Employee's whose average take home pay has fallen below €960 can now avail of the scheme, subject to the tapering rules (see above). No subsidy applies for employee's whose current pay is more than €960. This is the case regardless of the level of any reduction in pay.

Source: Revenue Commissioners.

Figure A1. Overview of Gross Weekly Inflows and Outflows, February 9th to week ending October 22nd 2021⁴⁵



Source: DSP Administrative data (all figures are provisional and subject to revision).

⁴⁵ While there has been a downward trend in recipient numbers since February 9th for 2021 and inflows, this hides the significant level of volatility in weekly outflows. The significant number of outflows recorded from April and July directly corresponding with the key dates in summer reopening, with largest 31,600 outflows recorded on May 24th being right after the retail sector fully re-opened and just before hotels and B&B's could open to overnight guests. The spike in outflows on August 2nd and September 13th capture ramifications of a changes to the eligibility criteria of the PUP.