



## Activation and the Public Employment Service

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For information

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### Key points

- Activation ensures jobseekers are assisted in returning to employment and addresses any barriers that prevent them from doing so.
- Over the past ten years, the policy direction has been away from passive income support and towards activation as a complement to income support.
- Jobseekers are initially profiled on their risk of becoming long-term unemployed, which determines how frequently they are seen by caseworkers.
- At present, activation is not a condition of income support provision for certain cohorts - introducing a modified form could improve employment prospects.
- The importance of identifying the impact of active labour market programmes relates not only to the credibility of the activation process, particularly where conditionality is involved, but also the long-term impact on the individual.
- Future challenges to the PES include automation, advancements in technology and a long-term shift in employment composition.

Note: Whilst every effort is made to ensure the accuracy of the information contained in this document, this material is provided as a guide only and is not professional advice, including legal advice. It should not be assumed that the guidance is comprehensive and the authors cannot be held responsible for any errors or omissions.

## Table of Contents

1.	Introduction .....	3
2.	Activation – definition and rationale .....	5
2.1	Activation: scale and cost .....	7
3.	Implementation – past, present and future.....	9
3.1	Assessment of risk: the first step in the activation process.....	10
4.	Expanding activation beyond the traditional cohorts.....	12
5.	Referrals to employment and training programmes .....	14
5.1	Referrals to education and training .....	15
5.2	Active labour market programmes .....	16
5.2.1	Employer relations .....	17
6.	Estimating the impact of participation in active labour market programmes.....	18
7.	Outlook - future challenges for the PES .....	19
8.	Conclusion .....	20
	Appendix .....	22
	Further Reading .....	22

## 1. Introduction

Previous papers have outlined how the taxation and welfare systems encourage employment in three specific cases: facilitating people outside the labour force to join it, assisting unemployed people to find work and incentivising progression from part-time to full-time work. For the labour market to function efficiently, the State must help unemployed or inactive people to find work and ensure they are unemployed for the shortest duration. This focus on actively assisting a return to work rather than merely providing income support is called activation. This work is carried out by the staff of the Department of Social Protection (DSP), and its contracted providers, working as the Public Employment Service (PES). This paper sets out the rationale for activation, the operation of the PES and its contribution to facilitating employment.

This discussion builds on papers discussing market income inequality and the redistributive function of the taxation and welfare systems – activation is premised on preventing people from drifting further from the labour market and losing the skills that enable earnings progression. If this happened to a substantial cohort, it could lead to a divergence in market income inequality, setting that group on a long-term trajectory of having no market income. This would be damaging to the individuals concerned as well as to the effective functioning of the labour market.

The initial discussion of social protection presented it as a way to mitigate risks, such as unemployment or ill-health.<sup>1</sup> The role of the PES is to ensure that short-term periods of unemployment are not prolonged. A certain level of short-term unemployment (frictional unemployment) is an indicator that the labour market and the social protection system are both functioning well. The social protection system provides income support during these periods, and it needs to do so at a level that cushions the income shock to an optimal level (given some degree of trade-off between adequacy of income support, deadweight and total expenditure in transfers). At the same time, the PES has a role to ensure that, during periods of unemployment, people are readied to take up employment opportunities as they arise.<sup>2</sup>

This PES applies equally to those who are in receipt of social insurance and social assistance payments outlined in discussions on the delivery of income support (Meeting 10, Social Insurance). Indeed, it operates under social protection systems that combine several of the income support delivery

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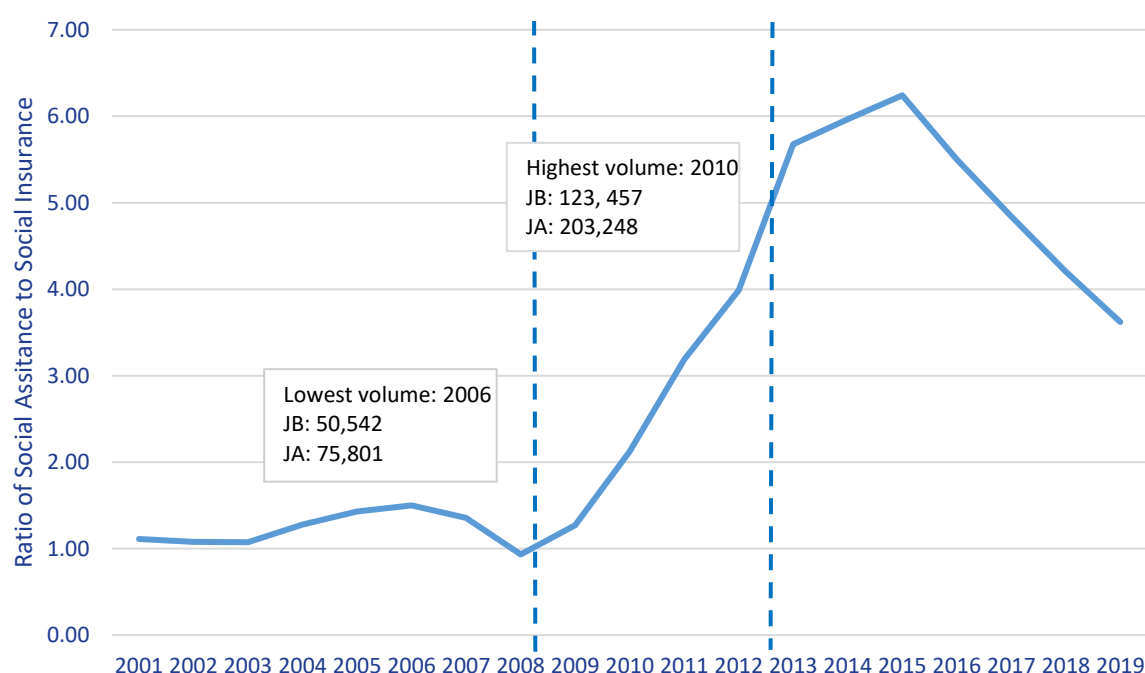
<sup>1</sup> Introduction to Irish Social Protection system paper, discussed at meeting 2.

<sup>2</sup> The PES offers the same service to people outside the labour force who wish to return (e.g. carers, retired people, and students).

mechanisms.<sup>3</sup> Over the past 20 years, the total number of jobseekers has ebbed and flowed with the economic cycle. Within this total, the balance within the total has shifted towards targeted welfare (social assistance) for people of working age.<sup>4</sup>

Figure 1 shows the ratio between two types of jobseekers: recipients of social assistance jobseeker payments (Jobseeker's Allowance, or JA) and social insurance jobseeker payments (Jobseeker's Benefit, or JB) between 2001 and 2019 (i.e. the number of social assistance recipients for every one social insurance recipient). It is important to note here that until 2009, the insurance-based jobseeker payment was paid for a maximum duration of 15 months. This was reduced to 12 months in 2009, and further reduced to the current maximum duration of nine months in 2013. In each case, this reduction tips the proportion further towards social assistance.

**Figure 1: Ratio of social assistance payments to social insurance payments, and highest and lowest volumes of JA and JB recipients (year end values)**



Source: Department of Social Protection Statistical Information on Social Welfare Services reports, [various years](#).

Note: The dashed lines identify the reductions in maximum duration, 2009 and 2013

There are circumstances where a person can receive JB for more than six or nine months. A person may requalify for Jobseekers Benefit if their entitlement has expired and they have paid 13 social insurance contributions at the appropriate class after the 156th day of their Jobseekers Benefit claim. They must also satisfy all of the other conditions on the date of a new claim, which includes a substantial loss of employment.

<sup>3</sup> Design choices about income support delivery, such as whether to emphasise social insurance or social assistance, will influence the population eligible for jobseeker payments, which in turn affects those subject to activation.

<sup>4</sup> As noted in the Social Insurance paper discussed at meeting 10, the trend for people of pension age is the opposite.

Over the past ten years, the policy direction has been away from passive income support and towards active labour market policies. An emphasis on individual behaviour has grown in recognition that the provision of income support is a two-way process: jobseekers must maintain contact with the labour market and take up opportunities available to them, thereby improving their future life prospects, while the PES must provide income support, job search assistance and an evidence-based set of interventions that improve jobseekers' prospects.

Once registered with the PES, jobseekers agree a personal progression plan and are required to meet case officers for job search advice and assistance at specified periods based on the risk of unemployment persistence. For jobseekers, engaging in this process is mandatory, with sanction – a reduction in the rate of payment – applied in the case of non-compliance. The corollary is the responsibility of the PES to provide assistance and referrals to interventions that will improve jobseekers' employability. The quality and credibility of these latter two aspects - the service and referrals that make a measurable improvement in jobseekers' prospects – are discussed in section 6.

## **2. Activation – definition and rationale**

The initial discussion of social protection outlined how it mitigates risks people face over a lifetime, such as unemployment or ill-health.<sup>5</sup> It does so primarily by providing income support, either based on a person's contribution history or based on point-in-time need, to alleviate the risk of poverty. As different cohorts face varying levels of risk of poverty, social welfare schemes are calibrated to reflect this, with specific eligibility criteria and rates of payment for different cohorts.

For jobseekers, the first step is addressing the immediate risk of poverty and the next step is ensuring they can return to employment. Activation is the focus on this second part of the social protection system – ensuring jobseekers are assisted in returning to employment and addressing any barriers that prevent them from doing so.

Numerous OECD and European Commission reports since the mid-1990s promoted increased activation, rather than solely passive income support, as a means to increase employment and decrease unemployment. Activation is taken here to be the set of activities that distinguish active engagement with jobseekers from passive income support, including:

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<sup>5</sup> As noted in the Introduction to Irish Social Protection system paper discussed at meeting 2.

- actively engaging with jobseekers (group information sessions, job search advice in one-to-one meetings between jobseekers and caseworkers),
- analysing the probability that jobseekers will become long-term unemployed (durations greater than 12 months) and tailoring interventions to mitigate this outcome, and
- developing pathways of improvement in jobseekers' employment prospects.<sup>6</sup>

The rationale for activation is that the approach should increase employment and decrease unemployment, with benefits for the individual and the overall functioning of the labour market. Previous papers have described how the short-term financial incentive to work is just one of many factors in employment decisions, and the activation process also plays an important role here.<sup>7</sup> The jobseeker's responsibility to engage with the PES and the requirement to take up employment or training opportunities means concerns about the short-term financial incentive to work are mitigated. An activation regime that aims to maximise employment and minimise unemployment durations is compatible with a wider range of payment levels (taking into consideration adequacy of income support, deadweight and total expenditure in transfers).

Drawing further on the discussions about reciprocity, the conditionality of activation is based on a sense of mutual obligation and fairness, with entitlements to income support corresponding to responsibilities to participate (or at least to develop a greater ability to participate). Equally, for conditionality to be justified on the basis of fairness, the State has an obligation to provide people with decent opportunities (such as the existence of employment opportunities, and the possibility for people to improve their employment prospects).

To set the discussion in context, it is worth recalling that the PES is just one avenue of assistance for those seeking employment, and many people rely on their network or seek work without formal assistance. Table 5 in the appendix outlines the range of channels through which unemployed people search for work as measured by the Labour Force Survey. Furthermore, the potential client base for

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<sup>6</sup> Although often used somewhat loosely, 'activation programmes' or 'active labour market programmes' are usually what someone is referred to, whereas activation can refer to the initial process of engagement. A useful OECD definition of activation strategies is "to bring more people into the effective labour force, to counteract the potentially negative effects of unemployment and related benefits on work incentives by enforcing their conditionality on active job search and participation in measures to improve employability, and to manage employment services and other labour market measures so that they effectively promote and assist the return to work." [Source: OECD Employment Outlook 2013](#)

<sup>7</sup> See Encouraging Employment, meeting 4, and the discussion of replacement rates. By estimating wages for unemployed people, research by the ESRI finds that nine out of ten of those in the labour market (either employed or unemployed) who face a replacement rate greater than 100% are in work, similar in proportion to the population facing lower replacement rates. See Savage (2015). 'A profile of financial incentives to work in Ireland'. - Dublin: Journal of the Statistical and Social Inquiry Statistical Society of Ireland, Vol.44.

the PES is not limited to those who are in receipt of an income support payment. Any person of working age, including people not in receipt of any income support, can engage with the PES on a voluntary basis. Services contracted by the PES, such as the Local Employment Services (LES) and Job Clubs, provide support to any person who is seeking advice and assistance on a walk-in basis.<sup>8</sup> Furthermore, being in receipt of income support payments is not a prerequisite to access to the broader range of training and education programmes provided by the Education and Training Boards (ETBs) and Community Training Centres.

## 2.1 Activation: scale and cost

A core requirement of the PES is that it is responsive to a changing number of claimants, reflecting labour market trends. It does this through the number of staff available to manage activation, as well as the contracted service provision for the same purpose. The employment services that form part of an activation approach are among the more cost-effective active labour market interventions aimed at easing labour market transitions, notwithstanding the additional resource requirement of more case officers. The work of case officers may also be the most straightforward to adjust in times of rapid increase in unemployment (at least compared to changing the content of training courses or encouraging employers to offer more work placements). There is a good degree of consensus that activation should form part of the PES approach, based on evidence on the link between the frequency and intensity of PES engagement and outcomes for jobseekers.<sup>9</sup> As well as engagement being important, there is some guidance on what are the most successful caseworker strategies and, broad consensus exists on the types of programmes people should be referred to when re-employment is the objective. Identifying the programmes that work best for particular cohorts, and in a labour market with regional or national characteristics, is an empirical matter discussed further in section 6.

International practice tends to converge on a caseload of approximately 150-200 jobseekers per caseworker, subject to an active caseload limit of 100:1 (reflecting rapid re-employment for many

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<sup>8</sup> The Local Employment Service (LES) provides an access point to the full range of services and facilities to help jobseekers enter or return to employment. Jobs Clubs brings together unemployed people of all ages who are looking for work. Jobs Clubs are there to help jobseekers get a job by providing one-on-one support, a drop-in service and workshops. Both are contracted services.

<sup>9</sup> See, for example, analysis of a large-scale pilot by Germany's employment service, lowering the caseworkers to unemployment insurance benefit recipients to 1:40 (compared to a ratio of 1:100) elsewhere. This led to increased monitoring and registering of more new vacancies, reducing average search duration and increasing re-employment rates, with the costs of additional caseworkers offset by savings on unemployment insurance expenditures and additional contributions. Crucially, the pilot project had no negative regional spill overs on the outcomes for neighbouring offices. Hainmueller et al (2015), Do Lower Caseloads Improve the Performance of Public Employment Services? New Evidence from German Employment Offices, *Scandinavian Journal of Economics*.

jobseekers and minimal engagement with caseworkers). Prior to Covid-19, this ratio was between 90:1 and 130:1, and consideration was given to scaling back on the contracted capacity of PES. However, given the rise in unemployment resulting from the pandemic, the current caseload level, much of which is expected to carry into 2022, is beyond the current capacity of Intreo.

Some €146 million was spent on activation measures in 2017, €57 million of which was spent by Intreo. In 2017 there were approximately 1,700 activation staff employed by the PES. Intreo accounted for around 700 staff engaged in activation (Intreo staff numbered approximately 3,400 in 2017), with the remainder employed by JobPath, LES, Jobs Clubs and EmployAbility.<sup>1011</sup> As of 2017, the PES operated in 314 offices across the country. The sum of resources and staff employed by Intreo allowed for an average of just over 50,000 client engagements per quarter throughout 2017.

Table 1 shows the scale of activity over the four quarters of 2019, at various points in the activation process and the average number of recipients of jobseeker payments. A greater number are invited than attend, which reflects, in part, jobseekers exiting to employment, education and training or other destinations. Beyond these reasons, non-attendance at activation meetings is subject to sanction.

**Table 1: PES activity – number of meetings in the activation process, 2019, and quarterly averages of JA and JB recipients**

2019	Activation One-to-one	Activation One-to-one, follow-on	Activation Group Engagement	Activation Review Meeting	Total engagements per quarter	Jobseekers Benefit recipients	Jobseekers Allowance recipients
<b>Q1</b>	2,359	13,646	14,219	21,170	51,394	61,752	180,788
<b>Q2</b>	3,862	25,180	23,843	36,808	89,693	58,714	180,913
<b>Q3</b>	1,978	12,481	11,979	18,270	44,708	65,488	179,178
<b>Q4</b>	1,637	13,052	12,685	18,092	45,466	57,795	168,066
<b>Total</b>	9,836	64,359	62,726	94,340	231,261		

Source: DSP administrative data

Note: Figures on activity are number of engagements, not individuals, while recipients relates to individuals in a quarter.

<sup>10</sup> The EmployAbility Service is an employment and recruitment service that helps people who have a disability, an injury or and an illness to get and to keep a job.

<sup>11</sup> It is important to note the difficulty in identifying costs attributable solely to activation, given Intreo's organisational standing within DSP. This is due to the complexity of disaggregating costs associated with different services available in Intreo offices (payment processing, claim administration and approvals, activation services). Intreo staff can have a dual function and may be involved in both payment processing and activation work as a caseworker. See Lavelle and Callaghan (2018). 'Spending Review 2018 Public Employment Services – Mapping Activation'. – Dublin: Department of Public Expenditure and Reform.



### 3. Implementation – past, present and future

Activation is delivered through the PES. The overall function of the PES is to help match labour market supply and demand by connecting jobseekers with employers through information, placement and active support services. In Ireland, the PES is delivered under the Intreo brand by the Department of Social Protection (DSP) and its contracted services. This involves case workers employed by the DSP meeting people who are short-term unemployed (less than 12 months) and contracted service providers dealing with long-term unemployed people and other cohorts. All payments, referral processes and sanctions are handled by the DSP, not contracted service providers. The PES carries out following activities:<sup>12</sup>

- payments of income support,
- case management and referral,
- activation,
- employment programmes and
- developing employer relations.

Intreo was established in 2010 integrating the provision of social welfare benefits and access to employment services in a one-stop-shop. Intreo replaced and merged the benefit and employment services that were previously provided separately by separate organisations: the DSP, FÁS and the Community Welfare Service. The Intreo model is underpinned by the principle of mutual obligation, whereby jobseekers are required to engage in job search, or to undertake further education, training or employment programmes, as a condition of the receipt of payment. As these developments in the PES took place since the most recent Commission on Taxation (2009) and Commission on Social Welfare (1983-86), the Commission on Taxation and Welfare is the first Commission to consider the PES in its current composition.

In 2021, Government published its national employment services strategy, [Pathways to Work 2021-2025](#). The strategy sets out how the PES can continue to deliver effective services, noting the increased challenge of delivering these services since Covid-19. Commitments include increasing the caseload capacity of the PES and investing in digitalising the PES to maximise its reach through blended service delivery. Already, the move to using digital channels and virtual platforms, as a complement to in-person contacts, is under way and was, perhaps, partly accelerated by the constraints of Covid-19. Online services, and associated data, can be used to improve customer satisfaction, improve capacity

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<sup>12</sup> Some PES have a role in the management of labour migration.

and efficiency, increase effectiveness and respond to emerging client preferences for digitally enabled interaction.<sup>13</sup> The DSP is well advanced in the delivery of many welfare services online, and is now developing online options for the PES function (specifically jobseeker payments and employment services). For example, online information sessions have been given to a number of employee groups affected by large scale redundancy announcements. The blended approach takes account of the substantial fraction of prospective jobseekers who may not have internet access or sufficient digital skill (despite smart phone adoption near saturation level). The strategy also includes an ambition of elevated PES operating frequency, with additional case officers in the medium term and higher targets for the number of engagements with jobseekers.

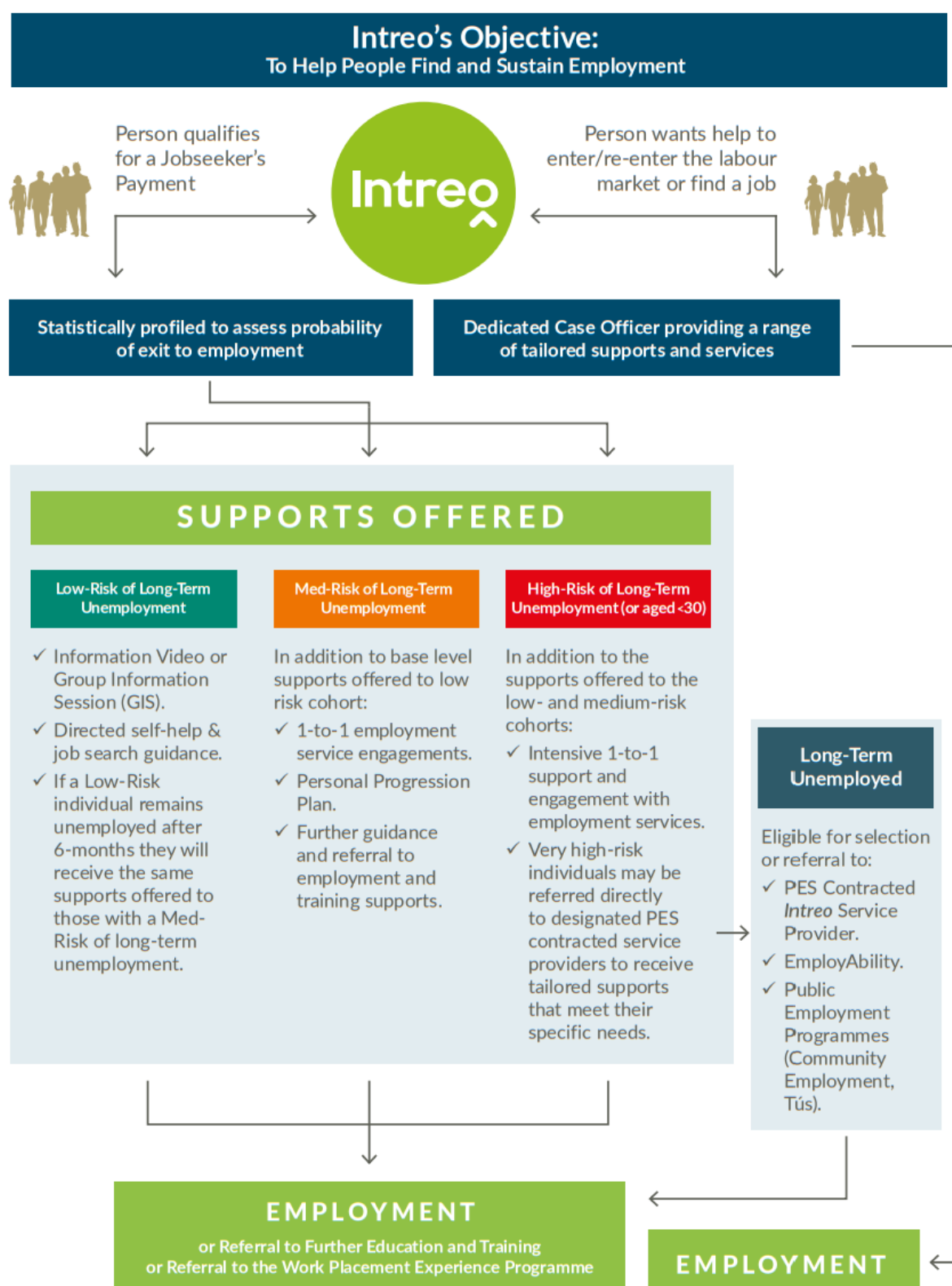
### 3.1 Assessment of risk: the first step in the activation process

The risk of newly unemployed jobseekers becoming long-term unemployed is what underpins much of the rationale for activation and also the operational approach that steers the process. The deployment of case officer resources within the PES is targeted through an assessment of the risk of an individual jobseeker becoming long-term unemployed. By profiling jobseekers on the basis of the likelihood of becoming long-term unemployed, the attention of case workers is focussed on those who need more assistance, with this determination influencing the frequency of meetings between case workers and jobseekers. Age and claim type are also used as criteria – young jobseekers are seen at greater frequency; those aged over 62 are generally not subject to activation. People who are unemployed and maintain their contribution record through credited contributions are not subject to activation. While signing for credited contributions does not involve a payment at the time of the claim, it confers an entitlement to working age and pension age benefits (through the social insurance contribution record). In the interests of equity, both exclusions from activation could be reviewed.

Figure 2 shows a typical sequence in the PES, from applying for a jobseeker payment, to profiling, caseworker engagement and referral to education and training or employment programmes. The frequency and intensity of engagement is determined by a tool that estimates the probability of exiting unemployment before 12 months (see categories of low, medium and high risk below).

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<sup>13</sup> The views of jobseekers are gathered twice yearly in a representative [survey](#) of jobseekers (including those using contracted services).

**Figure 2: Typical Intreo Engagement Model**

Source: Figure 6: Typical Intreo Engagement Model" flowchart from the 'Intreo – Working for Jobseekers' chapter in Pathways to Work 2021 – 2025.

## 4. Expanding activation beyond the traditional cohorts

For jobseekers, conditionality is one element of activation and it distinguishes the activation process from the broader remit of the PES for any person of working age. Employment services and education and training are widely available on a voluntary basis; however, engagement is a requirement for most jobseekers. As this concept has become mainstream across many countries, there have been calls to extend activation beyond jobseekers and to other working age recipients of income support payments.

If activation is the approach that increases employment prospects, the question arises as to whether separating types of income support into ‘jobseeker payments’ and ‘other working age payments’ is useful. At present, income disregards form part of many working age payments as a means to encourage employment (at least up to some level). Similarly, if activation enhances the employment prospects of jobseekers, it could do likewise for adult dependents of jobseekers. For this discussion, the scope for extending activation to other cohorts covers the following cases:

- Extending activation to the adult dependents of people in receipt of jobseeker payments
- Extending activation to recipients of other income support payments

For jobseeker payments in a social assistance model, the rationale for extending the means test beyond the individual to the household level is that household resources are relevant to determining the extent of State support needed.<sup>14</sup> Analogously, in providing income support to a household, the welfare system could extend its consideration of potential labour supply beyond the jobseeker to all working age adults in that household. The NESR report recommends greater individualisation in the treatment of adult dependants, requiring the adult dependants of jobseekers to register with the PES, engage with activation and to job-seek. This means the work capacity of both adults in the household can be assessed rather than only the capacity of the main claimant. This is a reform that does not necessarily come with a cost implication if the total payment to the household (main claimant and adult dependant) is split between the two people concerned.

While the focus of activation is typically on jobseekers, it could also apply to those in receipt of other income support payments. Activation has been extended, in a modified form, to lone parents in receipt of income support. Initial analyses of the impact are promising (see the appendix for

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<sup>14</sup> In the case of an adult dependent in employment, means are assessed on assessable earnings (gross income less allowable deductions), with a daily income disregard also applying. The adult dependants of jobseekers may also have caring responsibilities or be in education, for example, all of which have implications for their availability to work.

evaluations of changes made to the main lone parent income support). Another potential extension is to people with disabilities. What these cohorts - initially people with disabilities in receipt of income support and the adult dependents of jobseekers - share is a relatively low attachment to the labour force.<sup>15</sup>

At present, people in receipt of illness and disability payments have no obligation to engage with a caseworker. A recent OECD examination of employment and disability in Ireland notes the absence of any obligation to meet caseworkers and the absence of consensus in Ireland about the form participation requirements could take for people in receipt of disability payments.<sup>16</sup> With the high risk of poverty associated with people with disabilities, there is a strong argument to encourage labour market inclusion.

Any activation approach to these two cohorts needs to be adapted to take account of the particular barriers to employment they face. Recipients of Disability Allowance, for example, have an injury, disease or physical or mental disability that is expected to continue for at least one year and are substantially restricted because of that disability from doing work that would be suitable for a person of similar age, experience and qualifications.

Similarly, in taking up employment, lone parents face the major logistical challenge of having sole caring responsibility in the household. The severity of this challenge depends on the coverage, comprehensiveness and cost of child care services. The One Parent Family Payment allows a parent, whose youngest child is under seven years of age, to work and retain part of the payment (subject to a means test). However, they are not required to seek work or be capable of working. Once a lone parent's youngest child is between seven and 14 years, the Jobseeker's Transitional Payment requires that the recipient "be capable of work,"<sup>17</sup> but again, does not require them to work, given their sole caring responsibility.

[Pathways to Work 2021-2025](#) sets out the plan to overcome the barriers faced by people with disabilities, lone parents and other groups with low levels of labour market participation. This includes ensuring that Intreo can engage with people with disabilities in an effective manner and address the

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<sup>15</sup> This is, of course, a generalisation about two heterogeneous categories: some people in receipt of illness and disability-related income support payments work up to and above the income disregard; adult dependants also work. However, in general, compared to jobseekers (almost all of whom are categorised as 'unemployed' using ILO criteria), a greater share will have the ILO status of 'inactive' rather than 'unemployed'. See Meeting 4, encouraging employment, for more on ILO categorisation.

<sup>16</sup> OECD, [Disability, Work and Inclusion in Ireland](#), p 104. The study also diagnoses a "widespread misconception of activation as a policy instrument aimed at forcing people into work, rather than being a measure to keep benefit recipients engaged, and to work on identifying abilities and opportunities and on taking steps towards better employability and employment for all".

<sup>17</sup> Gov.ie, [Operational Guidelines: Jobseekers Transitional Payment](#)

barriers to work faced by people with disabilities, and, in the case of lone parents, ensure that their circumstances are considered in the assessment of a Working Family Payment, as well as increasing the number of children in receipt of State supports provided under Early Learning and Care and School-Age Childcare Funding Programmes.

While this outlines the broad direction of travel in respect of cohorts other than jobseekers, any consideration of this is underpinned by more fundamental questions of whether the State should prescribe labour market supply for people who are not directly in receipt of income support payments and whether requiring work as a condition of income support is desirable. One proposal in the NESC report incorporates a wider range of activities and makes a less prescriptive suggestion that participation (to include activities valuable to society other than employment) should be the requirement for receipt of income.

The implications of expanding activation to the cohorts outlined above necessitates an increase in caseworker numbers but, more fundamentally, access to specialised knowledge; presumably, understanding the barriers people with disabilities face requires multi-disciplinary medical involvement and building further links with employers.

## **5. Referrals to employment and training programmes**

The engagement between the PES and jobseekers, including the job search assistance provided, is not an end in itself. Activation may bring to light factors (such as an education or skills deficits or a lack of recent employment experience) suggesting the re-employment prospects of an individual jobseeker are not promising at that point. Referring jobseekers to training or employment programmes is an acknowledgment that the job search has not proved successful up to that point and that the effort to find employment has taken a new turn. In the period after the initial job search advice and monitoring, the PES provides further ways to enhance the employability of jobseekers, under the following categories:

- Work placement and experience programmes,
- Recruitment incentives or self-employment incentives,
- Short duration specific skill programmes,
- Longer duration education programmes,
- Public employment programmes.

## 5.1 Referrals to education and training

Should jobseekers require additional training, they can be referred to the training courses provided under the national training authority, SOLAS. Table 2 shows the total provision and the source of the referral, if any.

**Table 2: Number of unique learners for SOLAS courses, by application origin, 2018-2019**

Application origin	2018	2019
<b>Administrative Referral</b>	85,631	98,623
<b>Other</b>	56,470	40,903
<b>Online</b>	12,958	24,362
<b>DEASP Referral</b>	17,791	13,556
<b>Client Services</b>	2,204	1,598
<b>Guidance</b>	-	16
<b>Total</b>	175,054	179,058

*Source: SOLAS administrative data*

*Note: All figures are enrolments of unique learners (not activity).*

In 2019, there were nearly 180,000 enrolments in SOLAS and over 130,000 learner completions, a portion of whom were referred by Intreo through the activation process.<sup>18</sup> For both new learner enrolments and completions in 2019, an estimated 30 per cent of learners in each group were unemployed and a further 13.5 per cent of learners were deemed “inactive for other reasons.” Reflecting the targeted nature of SOLAS in filling gaps in skills and education, it is estimated that approximately two thirds of enrolments in 2019 were from participants who had attained upper secondary education level or lower.

While the capacity of further education and training is an important factor, the content being delivered also needs to be relevant to labour market demand. To this end, the bodies responsible for education and training delivery at local level, ETBs, take account of input from regional Intreo divisions and tailor provision to ensure services are responsive to specific needs in the region. This bilateral engagement is complemented at a regional level by input from the nine regional skills fora, comprising employers, enterprise agencies, higher and further education providers and Intreo. The objective is to

<sup>18</sup> See [‘This is FET: Facts and Figures 2019’](#) (2020). Dublin: SOLAS.

ensure that case officers in the PES are aware of the training options available in their locality and that further education providers can tailor provision to the needs of employers in the local labour market.

The need to ensure the coherence of this process is emphasised in a commitment in Pathways to Work to monitor and report on a quarterly basis on the level of Further Education and Training provision, referrals from Intreo and take-up rates.

## 5.2 Active labour market programmes

Beyond the training delivered by SOLAS, eligible jobseekers may also participate in public employment programmes ([Community Employment](#), [TÚS](#)) and education programmes ([Back to Education Allowance](#)) and employers who hire long-term unemployed people may be entitled to subsidies ([JobsPlus](#)).

To target the programmes at those most in need, eligibility criteria are based on the duration and nature of the person's unemployment history. For instance, Community Employment is targeted at those who have been long-term unemployed (12 months or longer), or are otherwise disadvantaged, with Tús also targeting long-term unemployed individuals. Both offer part-time and temporary placements based within local communities.

The Back to Education Allowance programme offers opportunities to unemployed people, lone parents or people with disabilities to participate in second-level or third-level education courses. Depending on the level of education, this programme may be available to jobseekers in receipt of a qualifying social welfare payment for three months (second-level), nine months for a third-level course, or 12 months for a postgraduate course.

Under JobsPlus, an employer receives a subsidy over a two-year period to employ a jobseeker who was previously on the Live Register. The subsidy level is based on the jobseeker's age and duration of unemployment.

Table 3 outlines the number of people participating in a selection of these programmes as of March 2020. The purpose of these programmes is to improve the employment prospects of people who are long-term unemployed (a majority of them are targeted at long-term unemployed people, although eligibility conditions vary).



**Table 3: Number of people participating in various programmes, March 2020**

Programme name	Programme category	Number of participants in March 2020
<b>Community employment</b>	Public employment programmes	21,132
<b>TÚS</b>	Public employment programmes	5,339
<b>SOLAS full-time training</b>	Short duration specific skill programmes	5,027
<b>Back to work enterprise allowance</b>	Recruitment/self-employment incentives	3,786
<b>Vocational training opportunities scheme (VTOS)</b>	Longer duration education programmes	2,704
<b>Other programmes</b>		434
<b>Total</b>		45,269

*Source: CSO, LRM14 and DSP data*

### 5.2.1 Employer relations

As well as developing and building the capacity, skills and experience of jobseekers, the PES also plays a key role in maintaining strong links with employers. Intreo is responsible for employer relations in Ireland and offers a range of services to employers, including free advertisement of vacancies, support in matching employers with suitable jobseekers and job interview supports. Other services include information on financial grants and supports that may be available to employers, such as JobsPlus.

Given its comprehensive view of unemployed people seeking employment, the PES is well positioned to co-ordinate with local employers to obtain information on vacancies and skills requirements, as well as building an institutional understanding of the local labour market and matching jobseekers with vacancies. Although building and maintaining such relationships takes time on the part of the caseworker and wider PES, and could limit its capacity to engage directly with jobseekers if not properly resourced, there is some evidence this aspect of the PES function could represent an efficient use of time and resources.<sup>19</sup>

<sup>19</sup> See Behncke et al (2007). 'Public Employment Services and Employers: How Important Are Networks with Firms?' Bonn: Institute for the Study of Labor, Discussion Paper 3005.

## 6. Estimating the impact of participation in active labour market programmes

Having established the activation sequence for jobseekers, and the volume of referrals to some of the main interventions, the question arises as to how effective these approaches are in improving jobseekers' prospects. In coming to a judgment on this, a distinction is drawn between monitoring outcomes, which describes what happened subsequently, and being able to causally attribute the observed outcomes to the intervention.

Attributing a causal mechanism to the observed outcome requires the use of suitable data and techniques that compare jobseekers who took part in a programme with jobseekers who were, in other relevant respects, identical but did not take part. Using the appropriate statistical techniques, an estimate of the impact of the programme can be generated.<sup>20</sup> The extent to which programmes and employment services of the PES improve jobseekers' prospects are estimated under the [DSP programme of counterfactual impact evaluations](#), which identifies the net effect of participation in these programmes and services, distinguishing those who would have found employment anyway from those whose prospects are improved by programme participation.

The shorthand for categorising programmes by the likely impact on jobseekers' re-employment prospects is that programmes that maintain proximity to the open labour market are most successful. In line with international experience, JobBridge, a work placement programme, and JobsPlus, a subsidy to recruit long-term unemployed people, make a large and positive difference to jobseekers' prospects. Similarly, the Back to Work Enterprise Allowance, where long-term unemployed people retain their unemployment payments while setting up a business, boosts their subsequent employment prospects of long-term unemployed people.

In general, shorter courses work better, as the person spends less time out of the labour force. The specific skills training programme delivered by SOLAS also shows positive results. Less successful are the longer programmes such as the Back to Education Allowance, where people undertake second and third level courses over the academic year (and possibly over several years, in which case absence from the labour force is extended). Community Employment, another programme large in scale, has not been subject to evaluation in recent years but the international evidence on such programmes is

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<sup>20</sup> For this discussion, it is assumed that using a randomised control trial (RCT), which can also deliver credible estimates of causal impact, is not feasible.

that, whatever their broader appeal, they do little to improve the employment prospects of the jobseeker.<sup>21</sup>

The activation process can also be subject to evaluation. An evaluation soon after the introduction of Intreo found earlier identification of invalid claims but only weak evidence of an impact on employment outcomes at that stage (compared to the previous model of engagement). JobPath, the contracted service to which long-term unemployed people are referred for activation, shows a substantial impact on employment and earnings. Further analysis could outline which elements of the activation process work best, as well as the sequence of interventions that works best for particular cohorts.

The importance of identifying the impact relates not only to the credibility of the activation process, particularly where conditionality is involved, but also the long-term impact on the individual. Over a longer time frame, suitable interventions that improve the employment prospects of individuals have an impact on:

- Non-financial aspects of unemployment<sup>22</sup>
- Lower durations on unemployment payments (with associated savings on social insurance and social assistance payments)
- Higher earnings, and the associated higher receipts from taxes on labour, consumption etc.
- An improved social insurance contribution history, and
- Increased skills that boost productivity and output.

The appropriate use of data to measure outcomes and, where possible, the use of appropriate causal inference techniques to arrive at policy conclusions that guide future design has a long history in labour market interventions but is, arguably, an approach that should apply widely to State expenditure and activity.

## 7. Outlook - future challenges for the PES

As outlined in the introduction, the operation of the PES is somewhat distinct from the design of income support delivery methods. Accordingly, certain labour market trends will pose challenges of the PES, almost irrespective of broader design features that may be adopted (see NESC for proposal

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<sup>21</sup> O'Connell, P. (2002) "Are they Working? Market Orientation and the Effectiveness of Active Labour Market Programmes in Ireland", *European Sociological Review*, Vol. 18

<sup>22</sup> 'How the taxation and welfare systems interact to facilitate employment', Meeting 4

to move towards a greater share of social insurance). This section sets out what some of these challenges may be.

Previous discussions on the future of work have pointed towards automation and other technological change, as well as potential labour market bifurcation.<sup>23</sup> The first challenge is the potential for a long-term shift in employment composition, with a decrease in the proportion of medium skill jobs. The role of the PES will be to help people adapt by investing in education, skills and training that ensures workers are adequately skilled and equipped for any future labour market. It may be that this will take the form of longer-term, co-ordinated services, where the PES helps people add new skills over time, rather than single interventions.

At present, the basis for preparation for future challenges and improvement in capacity occurs through an EU network to develop more systematic and integrated links between the PES in each EU member state, with a view to improving its performance institutional learning from peers.

Separately, the analysis of the outcomes of the PES programmes will lead to a greater understanding of the suite of interventions that should be on offer, and which cohorts should be directed towards particular programmes at specific points in the economic cycle.<sup>24</sup>

The [EU 2020 strategy](#) made employment the centrepiece of its approach and highlighted the need to smooth transitions between learning and work through closer interaction with stakeholders in education and vocational training. The role of the PES is at the centre of public, private, and third-sector labour market actors matching demand and supply and facilitating transitions.

## 8. Conclusion

This paper outlines the critical role the PES plays in easing the transition from unemployment to employment: identifying those most at risk of long-term unemployment, providing relevant skills to those who are in search of work and creating links with employers seeking staff. Activation is a key element of the current approach. The Commission members are asked to consider:

- To what extent should receipt of income support be conditional on a willingness to work to some level (relative to an individual's capacity)?
- Are the resources devoted to activation by the social welfare system as a whole adequate?

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<sup>23</sup> 'Workforce trends, changing skills needs and the future of work', Meeting 3.

<sup>24</sup> For example, ALMPs are more likely to show positive impacts in a recession – see Card et al (2018), What Works? A Meta Analysis of Recent Active Labor Market Program Evaluations, Journal of the European Economic Association, Volume 16, Issue 3, June 2018, Pages 894–931, <https://doi.org/10.1093/jeea/ivx028>

- Conditionality was traditionally limited to jobseekers. Should other members of a household, in respect of whom payments are received, be included in the activation process?
- Should other income support payments also come with a requirement to engage with activation?
- Is there a satisfactory education and training system in place to upskill workers who need to change sector or occupation and to help unemployed people improve their employment prospects?

## Appendix

**Table 4: Percentage of unemployed who declared using public employment office, 2010-2019**

Programme name	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Ireland</b>	53.1	52.1	48.6	42.2	39.2	39.0	40.0	44.1	42.9	43.0
<b>EU27</b>	57.2	55.3	52.3	50.8	49.1	48.9	46.9	46.1	45.2	44.2

Source: Eurostat, *lfsa\_ugmsw*.

**Table 5: Methods used for seeking work- Percentage of unemployed who declared having used a given method in 2019, Ireland and EU27**

Programme name	Ireland	EU27
<b>Study advertisements</b>	75.8	57.5
<b>Apply to employers directly</b>	75.6	56.6
<b>Ask friends, relatives, trade unions</b>	65.3	68.1
<b>Publish or answer advertisements</b>	45.6	39.2
<b>Contact public employment office</b>	43.0	44.2
<b>Contact private employment office</b>	40.0	21.0
<b>Took test, interview, examination</b>	24.2	17.7

Source: Eurostat, *Labour Force Survey, Table lfsa\_ugmsw*.

Note: Respondents were asked to select all methods used in the survey period.

## Further Reading

For further information on the impact of reforms to One Parent Family Payment, please see:

- [‘The Impact of One Parent Family Payment Reforms on the Labour Market Outcomes of Lone Parents’](#)
- [‘Indecon Independent Review of the Amendments to the One-parent Family Payment since January 2012’](#)