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The Theory, Practice and Governance of Activation

7.1 Introduction

A reflection on activation has to reckon with deeply held views on the purposes of social welfare and the scope for widely different assessments of what it achieves. In part, this can stem from different understandings of what 'activation' constitutes and why it is currently in vogue to the extent that it is in many industrialised countries. At one extreme, activation awakens fears that social welfare payments will be suspended or reduced in a bid to force claimants into low-paying and unstable jobs that significantly undermine their well-being. At the other extreme, the indefinite payment of welfare without a structured engagement with recipients is considered tantamount to paying an 'exclusion wage' and not in recipients' long-term interests, much less those of the Exchequer.

This chapter begins with a selective review of the large literature on activation and other countries' experiences with it (Section 7.2). Section 7.3 acknowledges the grounds for unease with activation in Ireland, some of which are compounded by the current context of a deep recession. Section 7.4 looks in some detail at the emergence and current practice of activation in Ireland. Section 7.5 outlines how Ireland's labour market authorities currently intend to proceed in this area. Section 7.6 provides observations on the authorities' plans and makes recommendations. The chapter, overall, makes clear that, if activation is to be successful and deliver the outcomes sought, it cannot be engineered by a few for the many but requires the coordinated and competent engagement of a wide number of actors, not least of social welfare recipients themselves; hence, the importance of proceeding with broad agreement on its purpose and methods. This challenge, of quite major proportions to Ireland's labour market authorities and social partners at the current time, has been formulated as follows:

> 'In the history of other (mainly European) countries, intensive activation measures have often been adopted only after long years of high unemployment. Ireland needs to avoid this scenario, promoting greater public understanding of the underlying issues so that sufficient support and consensus around effective measures can arise without this. This will not be an easy task and will require a strong political commitment at the highest level' (David Grubb, Dublin, February 2009).

7.2 Active Labour Market Policies and 'Activation' in General

7.2.1 The reasons different welfare states have come to embrace them[121]

During the 1990s, it became the standard recommendation of international bodies that industrialised countries should seek to shift resources in their labour market policies from passive to active measures.

Passive measures are those that provide income support to unemployed people. The core ones include each country's unemployment insurance payment (in Ireland, JB) and whatever programme provides income support when eligibility to an insurance-based payment is exhausted (in Ireland, JA). Compensation for redundancy and early retirement programmes are also included by the OECD as passive measures. There is significant variation across countries in whether and how job-search or skills-upgrading is required of unemployed people in return for receiving income support. Passive measures were developed to extremes in some countries during the 1980s when invalidity and/or early retirement payments were effectively used to induce people with poor employment prospects to quit the labour market.

Active measures, by contrast, are those that are expressly about helping unemployed people get back into work. They include, therefore, job-placement and related services, training programmes, in-work benefits that help 'make work pay', work experience and direct employment programmes, incentives to employers to recruit from among the unemployed and measures that increase the conditionality of benefits. The term 'Active Labour Market Policies' refers, in effect, to a range of instruments that are diverse and constructed differently in each country but share a common or overarching objective, i.e., to help unemployed people move into employment as soon as possible or progress nearer to doing so.

The OECD *Jobs Study* of 1994, the EU's European Employment Strategy (EES) launched in 1997 and its first Lisbon Strategy drawn up in 2000 can be considered as advocates of a 'first generation' of activation policies (Daguerre and Etherington, 2009). In broad terms, they encouraged a shift within spending on labour market and social policies towards ALMPs, placed a strong emphasis on training (particularly in the EU), and paid priority attention to the position of people in receipt of unemployment benefits (the openly unemployed).

In the light of experience within individual countries, the characteristics of a second generation of activation policies have begun to emerge. The newer approaches place greater emphasis on the effectiveness of ALMP spending rather than on its level and, thus, on programme design rather than programme type. They are less inclined to automatically endorse higher spending on general training and education measures for which the evidence of effectiveness has been less than

121 Overviews drawn on here include (see bibliography for fuller details): G. Berlin (2010), R*ethinking Welfare in the Great Recession: Issues in the Reauthorisation of Temporary Assistance for Needy Families*; A. Daguerre and E. Etherington (2009), *Active labour market policies in international context: what works best?* Lessons for the UK; W. Eichhorst and R. Konle-Seidl (2008), 'Contingent Convergence: A Comparative Analysis of Activation Policies'; OECD (2005), 'Labour Market Programmes and activating strategies: evaluating the impact', *OECD Employment Outlook 2005*; P. Auer *et al*. (2005), *Active Labour Market Policies around the World. Coping with the consequences of globalisation;* J. Martin (2001), 'What works among active labour market policies: evidence from OECD countries' experiences'.

expected. They seek to encompass all working-age recipients of benefits in response to evidence that conditionality applied to unemployment benefits alone prompts transfers to more lightly monitored benefits attached to an 'inactive' status (lone parents, people with disabilities, early retirement). Finally, the newer approaches are considered, on balance, more supportive of a 'work first' rather than 'human capital' approach, meaning that outcomes for the 'hard to employ', in particular, improve more (including their eventual up-skilling) when an early return to employment rather than a return to full-time training or education is emphasised.

The distinction between a work first approach and a human capital approach first developed to capture important differences in why and how countries became engaged with activation. A simplified and stylised summary is, nevertheless, instructive.

The work first approach is most associated with English-speaking countries. An early and particularly narrow version, termed 'workfare', was introduced in the USA. It sought to tighten the terms and conditions of welfare receipt so that all recipients in normal health and free of debilitating personal circumstances would prefer to hold entry-level jobs. Initial successes in reducing welfare caseloads and increasing employment forced the acknowledgement that a significant proportion of the jobs entailed in-work poverty, were short-term and led to repeat unemployment. The fastest route to employment was not necessarily the surest way to remain in employment, much less achieve a sustained improvement in family income. The retention of employment and the quality of jobs became more central issues. Two types of complementary measures were subsequently strengthened – those that improved individuals' employability, on the one hand (counselling, job-search assistance, foundation training, etc.), and those that raised their net wages in work, on the other (earnings supplements, access to affordable childcare/medical care, etc.). With this incorporation of positive measures, it also became apparent that workfare, if it was not just to shift a problem elsewhere but contribute to solving it, did not come cheap. In the short term at least, it entailed spending in a different way rather than spending less. The different manner of spending, however, offered real prospects of improving people's well-being and, with a considerable lag, their degree of self-reliance, also.

The human capital approach is most associated with the Nordic welfare states. It can be considered an integral part of the Swedish welfare state from as early as the 1950s, when the twin goals of achieving full employment *and* maintaining a generous welfare state were acknowledged as requiring a strong active labour market policy in the Rehn-Meidner economic model. An equilibrium was to be achieved between extensive social provision funded out of general taxation and a high level of employment on which significant tax was levied. The two objectives were mutually supportive. The provision of universal services made it possible for more in the adult population to hold employment (women, lone parents, people with disabilities, people with low skills), while high employment fuelled tax revenues and reduced welfare spending making it easier to afford the services. If the employment rate dropped, for whatever reason (declining competitiveness of the private sector, insufficient re-skilling and up-skilling in the work force, labour force withdrawal), this equilibrium was endangered. This is why activation became integral to the Nordic social model. The extensive welfare provision had to be reciprocated by a strong expectation and requirement that people of working age were members of the workforce and should be skilled to a level that enabled tax to be levied on their earnings without endangering their living standards. Hence, these statesbecame associated with a human capital approach to activation.

This simplified account of the complex trajectories of hugely different welfare states and traditions highlights the significance of the wider welfare state setting to how a country approaches and practises activation. It will look different and be experienced differently in a country where people in work on modest earnings have ready access to services supportive of being in employment (medical care, childcare, training, housing, transport, etc.) and one where they must pay for such themselves or do without (e.g., Annesley, 2007). It is for this reason that there has been relatively little apprehension or resistance within the Nordic states as they have incorporated more elements from the work first approach into their initially strong human capital approach, whereras apprehension wth work first has been stronger in countries with more limited welfare states and where the revenue from relatively low levels of taxation has been kept for spending on the section of the population in the greatest need.

This fundamental difference in welfare state contexts apart, a degree of convergence has taken place between the work first and human capital approaches to activation. A common objective has come more clearly into focus, i.e., that people should achieve a sustainable independence from social benefits and not just an early transition from welfare to work. The work first discourse has had to reckon with the fact that for former welfare recipients to remain in employment and out of poverty, in-work benefits and/or their skills had to improve. The 'human resource development' discourse has had to reckon with the evidence that expensive retraining programmes were not having a commensurate pay-off and that there was a need to increase the incentives to acquire skills and use them in employment. In effect, activation – from whatever starting point (labour market shortages or entrenched welfare dependence) and within whatever welfare state setting – requires that attention be given to two dimensions if it is to be successful: (i) ensuring people remain interested in and committed to finding a job, and (ii) improving people's productivity and employability. Activation can be considered to involve making explicit the respective obligations that are on the individual and the state in each area, and accepting that in clearly defined instances continuing state support can be made conditional on the individual's fulfilment of obligations.

7.2.2 Evidence on the effectiveness of ALMPs

Four types of effects are commonly distinguished for active labour market policies:

- **Motivation (or 'threat') effects.** These arise when the imminent prospect of being required to take part in an ALMP or face a reduction/suspension in benefit makes people seek work more actively to avoid perceived disadvantages of being on the programme;.

- **Qualification effects.** These arise when ALMPs improve the employability of participants. Because of soft and hard skills acquired on the programmes, those completing them become more confident to seek jobs, competent to perform them and are more attractive to employers;
- **Lock-in effects.** These arise in two ways. Minimally, job-search activities may be reduced because of the time constraints of participating in an ALMP. Maximally, being on the programme may make a person less willing to try the open labour market and/or employers less likely to make them a job offer;
- **Well-being effects.** These arise from how participants experience a programme directly and independently of whether and how participation affects their future employment. For example, being engaged in meaningful activity with others may reduce their social isolation and restore their sense of having a contribution to make.[122] In this way, it can stem a drift into social exclusion and/or poor health, and help maintain an attachment to society, whatever about the labour market.

Evaluations of individual programmes in search of these effects have become more plentiful and more sophisticated, though Europe still lags behind the US in this respect. Some illustrative findings from this research help identify central design issues that the improvement of Ireland's active labour market measures will have to address.

Motivation or 'threat' effects

As a preliminary, it should be noted that, for these effects to arise, the 'threat' of having to participate in an ALMP or risk some loss of benefit must be credible. That means that programme places are available, that those running the programmes take referrals, and that benefit sanctions are not easy to avoid or postpone. The Netherlands and Denmark are two countries that meet such conditions. Some empirical findings from evaluations of labour market programmes in those countries include:

i) From the Netherlands, that, at some stage and for some people, a reduction or suspension of their benefit leads to higher employment, an effect that is sustained even after the period of the sanction expires;[123] and

ii) From Denmark, that it is unemployed people with alternatives rather than the most disadvantaged who are the more likely to re-enter employment rather than take part in an ALMP. [124]

122 The value to wider society of activities carried out on direct employment and training programmes mean that 'service effects' can also validly be factored into evaluations of their cost effectiveness. However, the programmes in question are not then being evaluated as labour market programmes, where the focus is on participants' future employment prospects, but as social economy or public sector programmes.

123 For example, the imposition of sanctions (for infringements such as inadequate job search, declining job offers, late reporting, fraud, inaccurate information) that ranged from a payment 5 per cent lower during one month to 20 per cent lower during four months increased the re-entry to work by over 140 per cent among recipients of Unemployment Assistance in Rotterdam (van den Berg *et al*. 2004). A good overview is van Ours, 2007, 'Compulsion in Active Labour Market Programmes, *Journal of the National Institute of Economic and Social Research*, No. 202, October 2007.

124 'The lesson to learn from the Danish research results is that inflow to the benefit system can be reduced by the threat of activation for unemployed persons with sufficient labour market resources, but that this type of measure does not work well for disadvantaged unemployed with few chances to enter the labour market' (Pedersen, 2007).

Martin's summary of the evidence for the OECD is that, on balance, continued receipt of income support after an unemployment spell has lasted a certain duration should be make conditional on participation in active programmes but that referrals to programmes need to be handled flexibly in accordance with the availability of places that correspond to the actual needs of the jobseekers in question (Martin, 2001).

As of the present, there has been no compulsory referral to training or direct employment programmes in Ireland. New lower rates of JA have, however, been introduced for younger age groups. Anecdotal evidence suggests that the interest of some young people in education and training has increased as a result, but a full and transparent evaluation of the impacts of the measure on poverty and social inclusion, as well as human capital, will be important in assessing its merits.

Qualification eff ects

The most striking finding from evaluations of training or education programmes for unemployed people is that their impact on post-programme employment rates is not as large or as easily identified as is often supposed (Auer *et al*. 2005; Kluve 2006;, OECD 2005; Martin and Grubb 2001; etc). This limited evidence for a strong employment dividend from training and education programmes has been a particular source of concern in countries that adopted a strong human capital approach to activation (Denmark, Sweden). However, it is clear that qualification effects of ALMPs are particularly difficult to measure. Experts in Denmark, for example, observe that the minimal link that can be observed between returning to education and subsequent re-employment is because most of the unemployed who return to education already have medium or high qualifications to begin with (Kvist and Pedersen, 2007). The effects of educational activation are larger for those less educated to begin with, but in Denmark only small proportions of the least educated unemployed return to further education, i.e., become 'educationally' activated (as in Ireland and elsewhere – see the discussion on raising the lowest skill levels in chapter 4).

The absence of an effect for the already well-educated may be because the contribution of education to employment and earnings is cumulative and the impacts of small increments are difficult to detect – the stylised fact stands that additional years of formal education are good for later employment and earnings but fuels an expectation that 'more is always better', which may not be the case. Some experts, accordingly, point out that significant 'qualification effects' from ALMPs should not really be expected, as many of them are of short duration, while 'building up human capital is a long-term project' (van Ours, 2007). For example, estimates of the returns to schooling show that it typically takes a year of schooling to increase a person's wage by 6 to 9 per cent. Applying a similar rate of return to training, a one-month training programme could be expected to lead to an increase of 0.6–0.75 per cent, an effect perhaps too small to be noticed. If human capital is built up this slowly, it is not difficult to imagine that the job-finding rate is not much affected by short training courses. Longer training courses are more likely to help but their impact may also take a longer time to register (OECD, 2005). They also have a downside – they can 'lock in' workers who reduce their job-search intensity because of the time that is spent on the course (van Ours, 2007).

A second stylised finding is that training that involves the private sector generally has the biggest impact in reducing future reliance on welfare. That is to say, the relevance of training to 'real life' workplaces and the motivation of participants to complete their training appear higher in programmes that have employer participation. In Denmark, for example, private job training records the largest direct employment effect for both its 'advantaged' jobseekers (those in receipt of unemployment insurance) and its 'disadvantaged' ones (those in receipt of municipal social assistance).[125]

Some of these findings have already been glimpsed in the relatively small number of programme evaluations that have been carried out in Ireland.

Lock-in effects

Lock-in effects can arise on programmes of any type that last a significant period. The least serious lock-in effect is that participants reduce job-search effort while on courses. This can be countered through the simple expedient of building in an element of active job-search to programmes themselves, and being clear that participants remain available for work in the open labour market (Martin, 2001). The context of recession, however, alters the significance of not searching while on programmes,[126] probably making it unnecessary to address this effect directly. The more serious type of lock-in effect is that habits or expectations are acquired while on programmes that make participants less successful in the open labour market afterwards. These 'disqualification' effects can arise on low-quality programmes. Participation on a given programme may even be considered by employers as a signal of poor work habits, creating a type of scarring effect from participation. The adjunct 'do no harm', therefore, is not to be taken lightly. In the case of direct employment programmes, it is observed (as with training) that those that are close to real work situations achieve more for participants' re-employment prospects than those that more resemble pure 'make work' schemes (Martin, 2001).

The thrust of these findings has also emerged in evaluations of Irish labour market progammes, in particular of the Community Employment programme.

Well-being effects

The more distant the intake to a programme is considered to be from the open labour market – the lower the skills and weaker the employability of participants – the more the activation in question assumes the nature of 'social activation' rather than activation 'for employment'. Distinguishing persons who have a realisable potential to hold decent employment in the open labour market from those who do not is not easy. Profiling based on arm's-length statistics (age, sector of previous employment, duration of welfare receipt, area of residence, etc.) goes only so far and person-to-person interviews and expert assessment of individuals are ultimately required to respect the heterogeneity within even narrowly targeted

125 Individuals aged twenty-five or over who participate in private job training reduce their dependence on social security by 20 percentage points, i.e. two months a year.

126 For example: 'Participation in training has a smaller negative impact on job-search intensity and higher positive long-term effects on employment in recession than otherwise' (Lechner and Wunsch, 2009, 'Are training programs more effective when unemployment is high?' *Journal of Public Economics*, Vol. 94).

groups. On the one hand, it is important not to reinforce the poor self-image and low expectations that 'hard to employ' individuals can have on the basis of an attributed group identity. It should not lightly be assumed of any individual that they cannot develop the capabilities to hold satisfactory employment in the open labour market. On the other hand, participation in the routines and social interaction of direct employment programmes, in particular, can be beneficial of itself for some participants, and the requirement to demonstrate the programme's contribution to improving post-programme outcomes could overlook the substantial welfare improvements being achieved.

The now long debate in Ireland over the purposes and effectiveness of the Community Employment programme, the Jobs Initiative scheme and other direct employment programmes, have, probably, not been connected sufficiently with other countries' experiences with and practices of 'social activation', but it is clear that similar issues and themes have already emerged.

7.2.3 The architecture of success

Activation embraces both the short-term and long-term unemployed but does so differently. To be 'available for' and 'actively seeking' work is an obligation on all unemployed job-seekers, including recipients of unemployment insurance in the first months of an unemployment spell. However, individuals' needs at the start of, and later in, unemployment spells are different. In the early months, a significant proportion need to be provided the equivalent of space and encouragement as they take stock of what has befallen them and seek to mobilise their own resources and networks to assess their options and take action accordingly. Counselling, information and assistance in drawing up personal plans may be the best forms activation can take. In Denmark, the acceptance of a 'passive' period to the receipt of unemployment insurance, during which the labour market authorities accord themselves a background role requiring contact with the PES but leaving job-search methods and strategies to the individuals themselves, is particularly strongly articulated. As unemployment spells lengthen, the composition and circumstances of those remaining unemployed become less diverse (the more employable find jobs, individuals' resources and networks begin to shrink, job-offers become less attractive, etc.) and more intensive support is required. This is where activation proper begins with, often, the introduction of an element of obligation to use some of the wider supports made available.[127] Early contact with the PES facilitates early detection of who may and may not have major problems in re-entering employment; profiling techniques help distinguish between them.

What characterises 'best practice' in activation in industrialised countries has become progressively clearer and is sketched here in broad brushstrokes.

As activation is extended from those who are 'employment ready' to those distant from the labour market, a **wider set of measures** needs to be made available. These include: work-focused interviews; effective referral procedures between

127 In Denmark, recipients of unemployment insurance know that, after twelve months, they will be required to accept an activation offer (place on an ALMP programme). This is seen to increase the outflow of the better-educated UI recipients still remaining. It is interpreted as a 'motivation effect', i.e., those UI recipients capable of forging some alternative to being assigned a place on an ALMP do so (Kvist and Pedersen,2007).

the PES, benefit administrators and operators of ALMPs; tailored and targeted training and education courses, including personal development and bridging courses; interaction with providers of key non-labour market services (e.g., health, housing, debt management, etc.); in-work benefits and employer subsidies; fair, credible and flexible sanctions; and – as a final measure – some direct employment programmes.[128]

As the set of measures gets wider, they need to be applied in a **personally tailored and flexible** manner to individuals' particular circumstances for maximum effectiveness. 'Individualised service plans' become part of the vocabulary of even mainstream service providers. The greater the difficulties people face, the longer the time period the individualised plans must cover. **Progression pathways or trajectories** become necessary and a new function is created in the service system (that of the 'mediator', 'facilitator', 'mentor', etc.).[129] As well as advising the client and drawing up the pathway or trajectory of choreographed and sequenced interventions considered most likely to benefit them, these new professional roles involve *accompanying* the client over time and revising and altering the framework pathway or trajectory as results and circumstances suggest. At the same time, both parties have to embrace transparent forms of **conditionality** – i.e. individuals and service providers must be clear on what each is to do and that not doing what has been agreed has consequences (sanctions for the individual, the obligation to continuing courteous payment of welfare for the state). Supportive conditionality (NESC, 2002; 2005) further ensures that the stronger party (the state) asks nothing of the weaker party (the individual) that it does not appropriately support the latter to perform. The wider set of measures brings **more diverse providers** into play, local as well as central government, NGOs and commercial providers as well as public bodies. Whether direct public provision or tendering and outsourcing by the Public Employment Service is the principal route taken, the pursuit of 'good practice', nevertheless, brings the different providers to develop **similar organisational tools and procedures**, e.g., profiling, networking, protocols and Memoranda of Understanding, agreed referral procedures, the sharing of data, and the embrace of outcome-based assessment, performance management and monitoring.

The growing diversity of the actors makes the quality of the co-operation and co-ordination between them pivotal to satisfactory outcomes and the quality of the service individuals receive. This increases the need to improve governance arrangements (van Berkel and Borghi, 2008).[130] There is an early emphasis on overcoming institutional and administrative fragmentation within the public system. More contractual relationships are developed between different levels of government and across delivery units within the public sector, as well as between

128 An important addition to the tool box, if hard-to-place groups are genuinely to be helped, is some form(s) of subsidised work (e.g., Denmark's 'flex-jobs', Germany's 'mini-jobs', etc.). Described by the OECD as a 'backstop to activation for the most hard-to-place unemployed' (*OECD Economic Outlook 2010*/1: 255, 285).

129 'Trajectory' is the preferred term of the Flemish labour market research institute, HIVA, by which it refers to the multiple services through which a jobseeker is guided sequentially, such as initial registration for employment services, detailed assessment, the resolution of barriers to employability, the formulation of an individual action plan, vocational training, job-search training and job placement (Struyven (2004), 'Design choices in market competition for employment services for the long-term unemployed', *OECD Social, Employment and Migration Working Papers No 21*).

130 This review article of research on the governance of activation identifies four key themes: marketisation, decentralisation, inter-agency cooperation and individualisation of service provision.

public entities and private or not-for-profit service providers, and between the individual and the state. The design of incentives and the administration of successive waves of tendering become prized competencies of the labour market authorities. Some countries develop successful 'quasi-markets' for stimulating the supply and ensuring the quality of activation services. The level of trust and degree to which the same basic strategy is subscribed to by the different public bodies, social partners and NGOs, become integral to the success of activation.

The extent to which these measures, procedures and institutional arrangements are developed influences how conditionality is perceived and practised and, hence, its effectiveness. The less developed are institutions and supports (particularly services), the more likely it is that a greater recourse to sanctions will only drive issues associated with employability underground.[131] The more developed they are, the greater is the likelihood that the conditionality inherent in the payment of unemployment compensation will be widely embraced, and benefit administrators be supported in their efforts to require compliance with what are widely seen as reasonable obligations on welfare recipients, and in their best interests. A common approach can then develop and be applied by benefit administrators, the PES and those who allocate places on ALMPs.

7.3 Conditionality

7.3.1 Different welfare regime contexts

It is clear from the above that the actual practice of activation within a country assumes emphases and nuances that the wider welfare state of which it is a part enables and makes necessary. The major contextual differences of which policy makers in Ireland may need to be aware in developing a fair and effective form and practice of activation are captured in Figure 7.1. Basically, it depicts how countries differ in the levels and coverage of the support they provide unemployed people (the horizontal axis) and the extent to which they make access to this support conditional on what unemployed people do (the vertical axis).

The first quadrant (low support and high conditionality) depicts a welfare regime that rigorously rations access to income replacement and support services for people without jobs and makes higher levels of support conditional on employment (in-work benefits are more generous that out-of-work benefits). Activation is framed within a welfare regime and society that subscribe strongly to keeping taxation low and an 'employment first' approach. Poverty among those out of work is deep, while the cost of ensuring that work is a route out of poverty is also high, as people with weak productivity 'price' themselves into work and earn at low levels. In so far as high conditionality is a given (e.g., culturally ingrained), progress in tackling

131 Daguerre (2009) concludes that the US evidence 'suggests.financial sanctions, should be implemented with caution, as they tend to affect individuals with the most severe barriers to employment'. She cites a Minnesota study that found sanctioned families were four times as likely as the welfare recipients generally to report chemical dependency, three times as likely to report a family health problem, and twice as likely to report a mental health problem or domestic violence. Moreover, sanctioned individuals were more likely to have trouble understanding [the rules governing social welfare receipt] and the consequences of not participating. In a similar vein, a drawback noted in applying much tougher mutual obligation regimes to young people than to older age groups is that 'young people stop applying for help, and therefore disappear from official statistics. In particular, youth from ethnic minorities can drift into informal market activities or even illegal activities, simply because the mutual obligations system lacks the supportive elements which are crucial to effectively serve very disadvantaged youth (OECD, 2008, *Jobs for Youth: Netherlands*).

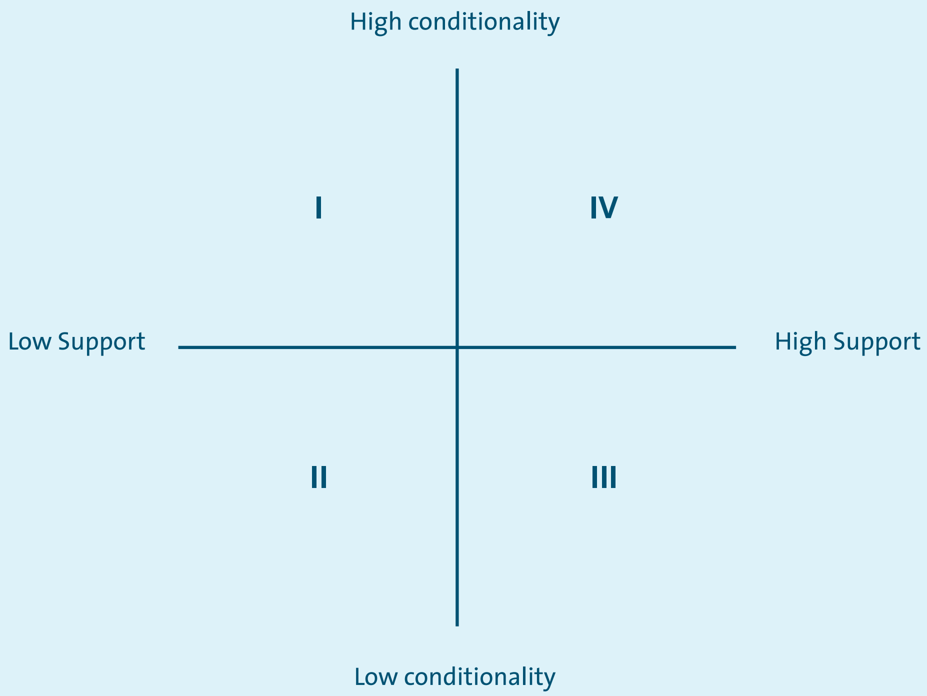
poverty and increasing the level of support to those in need (moving to the right on the horizontal axis) entails improving in-work benefits and subsidising civil society to care more for the jobless. The obvious exemplar is the USA with, for example, its time limit on welfare receipt in an individual's life ('three strikes and you're out') yet its large spending programme that tops up low earnings (the Earned Income Tax Credit). The US welfare regime, however, is easy to stereotype and the degree of diversity across its constituent states and levels of involvement (subsidised) of non-state actors easy to overlook.

The second quadrant (low support and low conditionality) depicts a welfare regime that provides low levels of income replacement and support services for people without jobs but makes access to them relatively easy. Activation is framed within a welfare regime and society that subscribe strongly to keeping taxation low and sharing the resources that can be made available among all those out of work. Poverty among welfare recipients is high and a significant proportion of welfare receipt is of long duration. In so far as low conditionality is a given (e.g., based on wide sympathy for the predicament of unemployment), progress in alleviating poverty is focused on devoting increased tax resources to raising welfare payments. The obvious exemplar may be Ireland, which, until recently, framed the issue of unemployment supports largely within the context of poverty alleviation and made significant progress in that regard. This is not to overlook individual analyses and reports that sought to query whether conditionality was out of favour primarily because it was challenging and expensive to introduce, rather than that it was unfair to welfare claimants (e.g., NESC, 2005; DSFA, 2006).

The third quadrant (high support and low conditionality) depicts a welfare regime that devotes significant resources to income replacement for people without jobs, guarantees them access to relatively good services and yet has little recourse to conditionality. Activation is framed within a welfare regime and society that subscribe strongly to ensuring that people are only selected into employment when their productivity supports the payment of comprehensive social insurance, and that a status outside the workforce (and thus exemption from activation) is facilitated for those whose productivity is low. Poverty in society is kept low but a social divide is notable between 'insiders and outsiders', with the latter characterised by their long-term joblessness and reliance on invalidity/sickness benefits and early retirement schemes. Because high productivity is a fundamental requirement for accessing employment, progress in reducing long-term joblessness and raising the employment rate is difficult because of the obstacles to bringing low productivity jobs on stream, and a shared view among the social partners that such jobs are not acceptable alternatives to long-term welfare dependency. The obvious exemplar here was Germany, where the long-established strength of manufacturing nurtured a normative view of what employment should typically entail and from which reforms, only since the early part of this century, have begun to move away.

The fourth and final quadrant (high support and high conditionality) depicts a welfare regime that provides high levels of support during unemployment, both in income support and services, but requires specified and clear forms of co-operation from unemployed people in return. Activation is framed within a society that supports high taxation, a large public sector, and a welfare regime that uses tax receipts effectively to ensure that the high levels of support during unemployment produce a quid pro quo to the taxpayer and the economy. Employment rates are high and poverty in- and out-of-work is low, but a pervasive role is accorded to – and played by – the state in monitoring welfare receipt and tax compliance, and sanctions are significant and credible. In so far as the large public sector is the given, success in maintaining the good outcomes and broad societal support entails constantly monitoring the efficiency of the public sector and ensuring there are incentives for lower-skilled workers (absorbed into the public sector as a last resort) to improve their productivity. The obvious exemplars are the Nordic countries. Their welfare states, generally, attract admiration from overseas but for reasons that, frequently, do not include their strong acceptance and practice of conditionality.

Figure 7.1 Different Contexts to Framing Activation Policies



Quadrant	Dominant Discourse	Main danger	Main response
I	‘Work first’	In-work poverty	In-work benefits
II	Scarce resources	Welfare poverty	Improve welfare
III	Protect living standards	Long-term joblessness	Low productivity jobs
IV	Citizens’ obligations and entitlements	Intrusive state	Public sector competition

In conclusion, this brief sketch of the wider contexts within which activation policies are framed underlines the extent to which they assume forms aligned with wider welfare regimes and reflect their characteristics. It suggests movement is needed within any context and that no country's practice should be demonised or lionised as having nothing/everything to offer Ireland.

7.3.2 Reservations with conditionality in Ireland at the present time

Reservations with the application of conditionality to social welfare receipt have been widespread in Ireland and are by no means fully dispelled. It is understandable that attitudinal and institutional predispositions against reinforcing conditionality developed during decades of scarce employment and an apparent chronic labour surplus (e.g., Grubb *et al.* 2009: n 351; Grubb, 2010: n 14). Reinforcing the conditional nature of social welfare during a prolonged and deep recession can similarly appear tantamount to 'blaming the victim'. If activation entails, at an advanced stage in some individuals' spells of welfare receipt, the state's capacity to require them to do specified work or undergo specified training, for at least a period, under pain of having their welfare payments reduced or suspended, it can be challenged in several specific ways in a time of recession.

i) In a recession, there is simply not enough 'to activate people into'. Even entry-level jobs attract waves of candidates, while education and training programmes (particularly those that are known to demonstrably improve employment prospects) are over-subscribed. It is argued that it would be fairer to recipients of JB and JA to relax rather than tighten enforcement of the 'available for work' and 'actively seeking work' criteria at the current time. In similar fashion, it is argued that continuing with plans to regard lone parents whose youngest child is older than 14 and claimants of disability allowance who have a partial work capacity as members of the workforce (therefore, entitled to social welfare on condition that they, too, are 'available for' and 'actively seeking' work) should be suspended until the unemployment rate has returned to low single figures.

ii) The threshold to individual productivity governing access to a decent job is simply too high for a significant proportion of people on the LR to reach. They are people whom the educational system and/or previous employers have failed and their low skills and age make them poor candidates for either employment or training. Requiring them to work, in effect, pushes them into extremely low paid work with detrimental effects on their well-being.

iii) Activation does not come cheap. The experience of other countries suggests that spending on active and passive measures is complementary rather than substitutive. If Ireland has, indeed, arrived at a stage where its rates of welfare payment are good, it simply cannot afford – within the fiscal constraints of at least the next few years – to raise its spending on active measures to a level that would match (protect) the current level of spending on passive income transfers.

iv) The core services that support people in work on low earnings in Ireland are underdeveloped (e.g., the level of earnings up to which the medical card can be retained, the affordability of childcare, the rent supplements available when in work, etc.). To push more people (e.g., those with dependants) to work for the current NMW, and even more so to lower the NMW, is to have them work within inadequate support infrastructures with negative consequences for themselves and their families.

v) Women stand to lose unfairly. They constitute the majority of lone parents, of those performing caring duties in the home, and of adults benefiting from Increases for Qualified Adults (IQAs). In so far as activation policy is built on the assumption that all adults of working age are members of the workforce until proven otherwise, women run the largest risk of being the losers as the staus quo is changed.

vi) Some people are uncomfortable with the degree of reinforcement that activation brings to the conditionality already in the social welfare code. Such language as, for example, 'mutual contracts' and 'reciprocal obligations', they argue, implies a degree of symmetry between two parties, which simply does not apply where an individual with potentially no income at all on which to fall back and the state with the enormous resources that are at its disposal are concerned.

viii) 'Activated' clients can make poor employees. Wise employers, particularly those recruiting for customer-service positions or where team spirit and/or the handling of expensive equipment/materials are important in day-to-day operations, cannot risk having resentful or unco-operative staff. Some employers can even believe that too great an emphasis on their role in making ALMPs work is tantamount to making them pick up where state-funded programmes and services (including poor education) have failed.

Articulating these perspectives serves to underline the complexity of the issues dealt with in this chapter, and the extent of the challenge of developing an understanding of, and approach to, activation that commands wide support. The perspectives are not articulated as straw men to be knocked down but because each makes an important point, which needs to be reflected in how activation is understood and implemented at the current time. None, however, is a sufficient argument for not wanting to improve the current practice of activation in Ireland.

For example, Chapter 3 has already advanced some answers as to what people are to be 'activated into'. It made three things clear: (i) replacement jobs are more significant than net job creation and should be targeted by activation policy; (ii) the supply of education/training places for people with lower skills should not be accepted as a constraint even in the current fiscal climate; (iii) activation itself has a contribution to make to job creation. This chapter will add that (iv) 'labour market activation' in a recession must be acknowledged as entailing longer trajectories for more people, and that (v) 'social activation' has assumed greater prominence.

The belief that a significant number of unemployed people will not be able to muster the 'human capital' and reach the level of productivity that enables them to hold decent employment is precisely what activation helps to address. It does this, in the first place, by helping identify (on the basis of in-depth knowledge of people's capabilities obtained through one-to-one interviews) where this is *not* the case, so that people's membership of the workforce is not considered prematurely over on the basis of statistical profiling or other arm's-length approaches; it operates out of the perspective that the threshold to individual productivity can improve because of employment and not only prior to it; it helps identity those for whom subsidised work or forms of direct employment are appropriate; and, finally, it facilitates the transfer of people to other social welfare programmes where this is legitimate and welfare-enhancing.

Activation does not come cheap but expenditure on JB/JA is soaring anyway and, as has happened in the past, its rise may be ratchet-like (rising steadily during the recession but falling by much less when the economy recovers) unless some understanding of the appropriate proportionate activation required is adopted and implemented.

The severe fiscal constraints certainly make it a difficult time to consider easing eligibility to the subsidised services from which low earners, in particular, benefit (the medical card, childcare, rent supplement, etc.). Activation, however, increases the potential return to the state from extending such subsidies and, other things being equal, strengthens the case for doing so even if it were to be at the expense of other subsidies from which people in the upper half of the income distribution are benefitting significantly. The initial point being addressed, therefore, is not really about activation but about budget priorities.

The view that women are likely to be the principal victims of a greater emphasis on activation must reckon with the evidence that women are currently the principal victims of the social welfare code as it stands (many having access to social welfare only through their husbands, having difficulty establishing pension rights, finding transitions between employment and welfare particularly hazardous, etc.). If activation brings more women to hold employment and for longer periods in their working lives, it offers solid prospects for reducing female (including lone parent) poverty and child poverty.

The fundamental asymmetry in power between welfare recipients and the state are grounds for caution in using such language as 'reciprocal obligations' and 'contracts'. It is not intrinsic to activation, however, that it be communicated in such language. More essentially, activation involves bringing to the surface requirements and conditionality that are latent in the social welfare code and fundamental as to why individuals ask for, and are awarded, income maintenance from the state. It appears eminently reasonable to many people, welfare recipients as well as taxpayers, that public bodies administering public funds should be empowered to oblige anyone to whom a regular weekly payment is being made to verify their ongoing need for the payment and attend a periodic interview.

Finally, some employers may wish to have nothing to do with activation while others have experienced that the ranks of welfare recipients contained workers who developed precisely the qualities and aptitudes they sought. The task of activation is to bring employers not to overlook a source of recruitment that is near at hand on the basis of anecdote, untested assumptions or because they are afraid they will be left to perform a social role without support from the labour market authorities.

The preceding samplings from a wider literature on activation ground the conclusion that it is only likely to achieve satisfactory and lasting outcomes for individuals and the Exchequer when its objectives and methods are widely embraced as necessary and fair.

7.4 Area-Based Strategies and Activation in Ireland

A specific factor influencing how activation has been understood and practised in Ireland over the past two decades has been the emphasis on area-based strategies for tackling unemployment. Several types of organisation and programme developed in response to the high unemployment of the 1980s, and received public funding to provide services to unemployed people in their own neighbourhoods (e.g., the LESN, Area-based partnerships, etc.) and/or employ them directly in providing services within their communities as an alternative to remaining unemployed (e.g., the Community Employment and Job Initiative programmes, etc.). Funding for these bodies and programmes grew substantially and was maintained at a high level, even when a large reduction in long-term unemployment occurred at the national level. This allowed the intensity and quality of the supports provided to unemployed people to improve, but also enabled the weight given the complementary objectives of fostering community development and combating social exclusion to increase. Area-based partnerships, for example, came to acquire roles in combating educational disadvantage, capacity-building, improving the physical environment, fostering local service infrastructures and brokering statutory-voluntary networks, in addition to helping unemployed people overcome isolation, remain attached to the labour market and improve their skills. Their initially clear focus on empowering unemployed people to overcome labour market disadvantage was diffused.

Towards a greater focus on outcomes

The Local Development Companies and the Local Employment Service have their origins in the early 1990s and were part of a deliberate strategy to reduce long-term unemployment. The characteristics of the **analysis** leading to their establishment was that significant numbers of the long-term unemployed lived in areas of concentrated socio-economic disadvantage and that this reduced their chances of receiving the services they needed to exit unemployment National agencies and bodies struggled to provide services of the quality, diversity, flexibility and sequencing that the welfare-to-work challenge required because the areas in question differed fundamentally from the localities and settings in which they typically operated.

The characteristics of the **strategic response** included that the specific needs of unemployed persons and of the areas or neighbourhoods in which they lived would be jointly addressed. Services to help people exit unemployment would be integrated into a wider strategy for the development of their community. Services to unemployed people would also be delivered by organisations that were not only for but ‘of’ the communities in which the LTU lived and, thus, would have a culture and ethos that made it easier for them to be approached than the local offices of national bodies. The strong links of the LDCs and the LES with their local communities were to attract the LTU to the tailored education, training and work experiences they provided, and local employers to support their services – placement in particular but training initiatives as well (see NESF, 1995; NESC, 1990). In addition, the targeted focus and significant autonomy of area-based partnerships and of the LES were to allow the recruitment of specialised staff with an empathy and skill sets that were neither necessary nor easy to replicate across mainstream service providers.

This analysis and strategy underpinned the establishment of twelve area-based partnerships in 1991. It was largely the plausibility of this analysis and strategy, together with the political urgency to be seen to be doing more and the availability of European Social Funds, and not the evidence of outcomes provided by evaluation, that led to the decision to increase their number to thirty eight just three years later in 1994. Nevertheless, to a significant extent, the analysis and the strategy behind area-based partnerships delivered. Examination of the activities of LDCs and LESs over the years confirm that they have primarily been in contact with an extremely disadvantaged clientele. Fitzpatrick's Associates (2007) found that a range of evaluations of partnership work was broadly positive because the partnerships were innovative, put in place a local infrastructure that allowed other things to occur at local level, harnessed resources (financial, physical and human) for their areas, carried out a significant amount of good work at local level and had staff that were highly motivated and trained.

In a similar vein, Eustace and Clarke (2006) identified features in the partnerships' way of working that were considered to 'work' for their clients. These included:

- Their focus on the multi-dimensional and complex nature of clients' needs, with many of them providing pre-training and interpersonal skill development that helped to motivate clients, build their confidence and develop 'soft skills' such as communication, work ethic etc.;
- The close co-operation of partnerships with mainstream service providers (FÁS, VECs, the HSE, GPs, local authorities, etc.) so that their clients benefitted from referral networks and services that were more integrated;
- Their work with employers, as many partnerships linked in with companies operating locally to develop work placements, etc;
- Their development of after-care mechanisms to support those who entered employment or became self-employed.

Fitzpatrick's Associates also noted, however, that structured systems to exchange information, either horizontally or vertically, across the area-based partnerships had never been put in place. This contributed to their conclusion that a definitive evaluation of the partnerships was not possible:

> 'The greatest weakness of the Partnership experiment is the lack of ability to state definitively in an evidence-based manner, after 15 years of implementation, what impact they have had as a programme on the communities in which they are established. Evaluators have generally concluded that, while there is no doubt that the areas have developed over time, it is more difficult to demonstrate what the Partnership's distinct contribution has been over and above what might have occurred anyway because of economic growth or other interventions' (Fitzpatrick's Associates, 2007:23).

It is the experience, internationally, that the objective of 'community development' makes initiatives undertaken under this rubric exceptionally difficult to evaluate. A review of the international literature on community development programmes by the Centre for Effective Services finds that 'credible evidence of 'what works' in terms of programme design and content, and programme implementation and delivery is largely absent' (CES, 2009:5). When resources were relatively plentiful, it was easier to commit resources without robust evaluation confirming what was being achieved, for whom, and with what efficiency. In the current context, however, it is valid to seek stronger evidence that the future prospects of unemployed individuals are being advanced in meaningful and verifiable ways by community development strategies being publicly funded as responses to unemployment.

The rationalization of area-based partnerships and LEADER companies into larger county-wide LDCs brings challenges as well as opportunities to their mission to focus on the disadvantaged. On the one hand, it means the considerable number of long-term unemployed people who do not live in disadvantaged areas now find themselves within the remit of an LDC. On the other hand, however, it also makes outreach on the part of LDCs both more necessary and more difficult; any 'recognition factor' that may have made it easy for the LTU to approach a service because they considered it 'ours' will be more difficult to maintain. The alignment of LDCs with the broader boundaries of counties and cities must also bring further impetus to the quest to make area-based strategies led by the community and voluntary sector a more integral extension of how local government itself analyses and commits to redressing entrenched neighbourhood disadvantage. This will be to the benefit of accountability and security in the former, and of the flexibility and effectiveness of services in the latter.

Community Employment and other programmes

Funds for community development and area-based strategies are administered by Pobal and channelled, primarily, through the Local Community Development Programme, the Community Services Programme and the Rural Social Scheme. As noted in Chapter 2, Pobal has required organisations funded under the LCDP to increase the weight they accord employment services for unemployed job-seekers in their overall operations. Recipient organisations can, in addition, play a major role in fostering uptake of national active labour market programmes that the DES and DSP design and fund to combat unemployment (e.g., the BTEA, BTWEA, etc). A particularly significant one is the Community Employment programme (CE).

CE is the largest single programme bequeathed to the present armoury of labour market measures from the unemployment crisis of the 1980s. Its annual budget of over €350m and some 23,000 participants account for a major part of Ireland's aggregate spending on active labour measures. Because of CE, the share of expenditure on labour market policy devoted to 'direct job creation' in Ireland (42 per cent in 2008) is consistently one of the highest in the EU (Eurostat, 2008. 2010b). From its inception, CE has had two objectives, which have probably more often competed with each other than been complementary, i.e., to channel funds to organisations that will employ recipients of social welfare in providing local services and to help the long-term unemployed return to the 'open' labour market (Boyle, 2005). The primary concern of the sponsoring organisations (largely from the community and voluntary sector but also schools and local government) is, typically, to provide the local services in a satisfactory way, while the primary concern of the labour market authorities is to see the employability of programme participants demonstrably improve. As the poor labour market progression of CE participants came to be increasingly evident in the context of steadily fuller employment (and despite several attempts to improve the training element associated with CE employment),[132] its weak labour market role was increasingly considered secondary to other outcomes – namely, the value of the services it provided to local communities and the semi-permanent, sheltered employment it gave a clientele whose unemployability was considered confirmed rather than challenged by the booming labour market. Constituency politics further dictated that political attention focused on CE's community services more than its labour market impact (and even on a role claimed for it in containing potential social unrest, Boyle, 2005:58). Sponsors and participants came to share an interest in reducing the degree of participant turnover on the programme with the result that relatively few places were available to be filled each year. Consistently throughout CE's history, sponsors have been obliged to recruit from specified categories of welfare recipients but have retained the freedom to select the individual participants themselves and without any obligation to the PES or DSP to take referrals.

Other smaller programmes have subsequently adapted variations of what might be termed the CE 'template'. **The Rural Social Scheme** (launched in 2004) seeks primarily to supplement the incomes of rural dwellers – those engaged on a small scale in farming or fishing and already in receipt of social welfare – and to do so by giving them the opportunity to engage part-time in providing services of benefit to their local communities. There is no expectation of progression and, consequently, no element of training is required. Local Development Companies have the responsibility to ensure the work in question is beneficial to local communities. The current capacity of the Scheme provides 2,600 participant places and 130 supervisor places. The **Community Services Programme** (launched in 2006 and subsuming an earlier Social Economy Programme) seeks chiefly to remedy services deficits in geographically or socially excluded communities that mainstream public and private providers are not adequately reaching. As a secondary objective, it is to create as much employment (part-time and full-time) as possible for residents in these communities who are distant from the labour market. Only legally incorporated community organisations and enterprises can apply to the CSP. In 2008, some 2,100 people were employed in the CSP funded projects. Finally, the **Tús Community Work Placement programme** (announced in 2010 and being rolled out in 2011) takes the familiar form of providing part-time work for people on the LR on activities that are beneficial to their local communities and for which LDCs vouch, but adds a new element. The programme is to test the availability for work of people on the LR and help the DSP in its task of managing the Register. The delivery of Tús begins with the DSP, which first supplies panels of LR claimants in whose cases it has an interest to the LDCs who, then, have the responsibility to source suitable part-time work activities. Should someone subsequently be offered a place and refuse it, further inquiry then takes place into their eligibility to remain on the LR. By the end of 2011, it is anticipated that 5,000 places will be available on Tús.

132 Findings that the Programme makes a poor contribution to participants' employment prospects have been consistent – e.g., Report to the Cabinet Committee on Social Inclusion (2003), Indecon (2002), Deoitte and Touche (1998), O'Connell and McGinnity (1997). The most recent evaluation (Forfás, 2010) estimated that an additional three of each one hundred CE participants entered employment as a result of their three-year participation compared to what would have happened in the Programme's absence (*ibid*. pp.120-133).

The strong roles that have developed for local groups in supporting the long-term unemployed and others distant from the labour market are a major asset in addressing the current unemployment crisis. At the same time, realising the full value of this asset at the current time will require changes. It is clear that such programmes as CE and the RSS enable many people with weak market skills to contribute to their local communities in ways that are proportionate to their circumstances, and that they inject funds into the community and voluntary sector, enabling groups to increase their reach and professionalism. However, even before the crisis, the quality and sophistication of many of the evaluations carried out lagged behind what the scale of the programme expenditures justified, and more robust evidence was needed that local communities and, in particular, individual programme participants were benefiting on the scale required.[133] Embracing such evaluation now is an even greater imperative given the steadily rising opportunity cost to using public funds. In addition, a 'new long-term unemployed' can now be regarded as competing with the more traditional clientele of the LDCs, LESN, CE, RSS, etc. As Chapter 2 made clear, a large number of people educated to Leaving Certificate or higher and with significant work experience behind them have already passed the twelve-month threshold that technically constitutes them as LTU. They, too, have a need to be supported in making contributions that draw on their higher skills and expertise, and some diversion of public funds to support new programmes that achieve this is required.

7.5 The Emergence and Current Practice of Activation in Ireland

Until recently, employment services and the payment of JB/JA were conducted by two wholly separate public bodies (FÁS and the Department of Social & Family Affairs) that had independent and different systems for providing services to the same unemployed individuals. The extent of the separation between employment services and the administration of social welfare in Ireland was extreme by international standards and, even before the recession, had come to be regarded as a hindrance to the development of a more customer-oriented, flexible and responsive system, which was genuinely able to keep unemployment spells as short as possible. FÁS and the Department of Social Protection drew up protocols for sharing information and following agreed procedures, but progress was slow and uneven. The current crisis, however, has accelerated more rapid and far-reaching changes in how employment services and welfare receipt are co-ordinated than have been undertaken for a long time.[134] The establishment of the National

133 Halpin and Hill (2007) is a good example of the new generation of more rigorous evaluation studies. They apply advanced techniques to ascertain who benefited and to what extent from direct employment programmes over the period, 1994-2001. They find: (i) the programmes were well targeted – they recruited jobless people in their middle years who had low levels of education, problematic labour market status and tended to be poor in signifcant numbers; (ii) there was no evidence 'whatsoever' that programme particpationn had any positive effect in reducing people's poverty risk; (iii) there was 'insufficient' evidence to suggest programme participation was damaging.

134 Other factors, in addition to the surge in unemployment and the large proportion who are well educated (see Chapter 1), have also served to increase the determination to undertake deep reforms. FÁS entered the crisis damaged by revelations of serious lapses in its corporate governance, which made the moment ripe to overhaul and restructure the agency. Research continued to mount that many of the individual programmes and supports Ireland provided unemployed jobseekers were, in fact, achieving little for them and falling further behind what reforms in other countries were achieving for their unemployed (e.g., Grubb *et al.* 2009; Forfás, 2010; McGuinness *et al.* 2011).

Employment and Entitlements Service to provide a 'one stop shop' for unemployed people needing income support and employment services (discussed in Chapter 3) has major potential to constitute a step-improvement in the efficiency and effectiveness of the services unemployed people receive.

The NEES should soon be able to reverse the significant disadvantages that unemployed people and service providers experienced from the strong separation between employment services and benefit administration in the past. Individuals had to sort out for themselves the implications for their social welfare and any secondary benefits (including housing support) they were receiving if they acted on the advice of an employment services officer and enrolled in an education or training programme, took part-time, causal or temporary work, got work experience or undertook voluntary work. Employment services officers had to advise and accompany individuals as they moved closer to new employment without being in a position to influence or guarantee them their income security. Social welfare administrators had to ensure that people who were genuinely seeking or preparing for new employment had income security but they were not in a position to know whether and what steps welfare recipients were taking to find or prepare for work and how they were faring.

7.5.1 The National Employment Action Plan (NEAP)

The NEAS was the first major attempt by FÁS and the then Department of Social, Community and Family Affairs (DSCFA) to resolve some of these dilemmas. Adopted in 1998 in response to the European Employment Strategy, its primary intention was to reduce long-term unemployment by structuring intervention and engagement with the state's employment services for people remaining on the LR for long periods.

Prior to the introduction of the NEAP, recipients of JB or JA were not required even to register with the PES, let alone draw up and abide by personal agreements with employment service officers, while the DSCFA had to verify claimants' job-search activities and/or availability to work entirely independently of any contacts claimants had with the PES. The only exception had been the introduction in 1996 of compulsory registration with the PES for eighteen and nineteen year olds who had been unemployed for more than six months. Otherwise, unemployment policy in Ireland had tended to resist programmatic efforts to 'pressure people who were in receipt of benefits into employment and training schemes' (Boyle, 2005) and, unusually by international standards, 'it was generally possible to receive unemployment benefits without registration for placement or any other contact with employment services, or participation in active programmes' (Grubb, 2009: 5).

The NEAP was a first change to this extreme separation. It began in September 1998 with the DSFA referring all those aged under twenty five and passing a six-month threshold on the LR to FÁS Employment Services for an interview. It progressed steadily to embrace older age groups (initially adopting an eighteen-month threshold in their case) and to shorten the thresholds that triggered referral. By December 2006, all LR claimants passing a three-month threshold were being referred automatically by DSFA to the FÁS Employment Services. This remains the current situation.

Despite concerns that the NEAP process constituted a relatively 'light touch' engagement with LR claimants (Box 7.1), early evaluations tended to support, but tentatively, that it was having a discernible, positive and – in all likelihood – cost-effective impact (O'Connell, 2001; Indecon, 2005). The data available for these early studies and the methodologies they employed, however, were not sufficient to establish and quantify clear programme effects. For example, the data clarified whether and when people exited the LR but could not pinpoint whether and when they also entered employment; the research methodologies could not identify what value-added contribution the NEAP was making over and above what would happened anyway (this involves being able to compare outcomes for people who participated in the NEAP with what happened to similar people on the LR who did not participate[135]).

135 In research terms, this requires comparing outcomes for a 'treatment group' (individuals who take part in a programme such as the NEAP) with one or more 'control groups' (individuals similar in all other respects other than that they do not take part in the programme being evaluated).

Box 7.1 The NEAP Process (in 2010) and Reforms Underway

All LR claimants passing a three-month threshold were referred automatically by the DSP to FÁS Employment Services or to an LES for an initial interview. Interviews were one-to-one and each was scheduled to last forty minutes. For some interviewees, the conversation and counselling were considered all that could be done. When judged necessary and helpful, interviewees became part of a FÁS Employment Service Officer's (ESO) or LES Mediator's caseload. An agreed action plan was then drawn up to facilitate and guide a return to work, sooner or later, and which specified any participation in educational, training or personal development courses considered necessary.

The initial interview was the only form of quasi-compulsory, face-to-face contact with the PES required of people beginning a fourth consecutive month on the LR. While follow-up and review interviews were part of the agreed action plan (their number and duration varied considerably but, typically, a case-loaded claimant had two to three interviews), there was no formal process requiring individuals to attend again after the first interview. In addition, people who managed to leave the LR after being interviewed (for whatever reason) but returned to it (repeat unemployment) were not referred by the DSP a second time to the PES, even though such repeat unemployment connotes an underlying vulnerability (once 'NEAPed', a person was forever 'NEAPed').

If individuals did not attend or declined offers of employment or training following the interview, this information was contained in codes used by the PES to provide feedback to the DSP on the outcomes of their customers' engagement. However, the quality of the information fed back was insufficient to allow deciding officers in the DSP to make decisions on individuals' continuing eligibility to full social welfare payments. For example, if a course was declined because of the location where it was being provided, the lack of transport facilities available, childcare needs, etc., though known to the ESO, this information was not made available to the DSP. The information was returned, in effect, in a form that served little purpose and did not support the possibility of qualitative follow-up action.

The above describes briefly how the NEAP was functioning by 2010. Expert external reviews (Grubb *et al*. 2009) and a rigorous evaluation of the programme (McGuinness *et al*. 2011) found it was achieving little and was even counterproductive. Such criticisms have combined with the opportunities arising from the DSP's assumption of responsibility for the PES and the urgency brought to public sector reform generally by the recession to accelerate the identification and implementation of a set of major improvements in how the NEAP functions. These feature: providing PES staff and benefit administrators with access to the same data system for facilitating the one case-management approach; the ability to schedule the initial NEAP interview for groups (of up to twenty) as well as individuals to maximise the time use of professional staff and ensure three-month threshold is adhered to despite high unemployment; the automatic scheduling of repeat or follow-up interviews under the new case management approach; capturing the required profiling data from entrants to the Live Register that allows each person's probability of leaving it within twelve months to be calculated; the ability to introduce and implement more credible sanctions (principally lower payment rates of social welfare culminating in full suspension of payment for a period) for clear non-co-operation (DSP, 2011).

An early willingness to give the NEAP, as it were, 'the benefit of the doubt', despite the lack of rigour in evaluations carried out, was understandable. The NEAP was Ireland's first attempt to establish a serious programme of a type that a wide body of international research confirmed, generally, as having a positive impact and constituting good value for money (i.e., programmes entailing interviews, counselling, job placement services, coaching in job-search techniques, monitoring of job-search effort, and sanctions for clear non-co-operation). Tentative findings and informed judgements, in the Indecon (2005) report, in particular, helped to soften extreme fears and exaggerated expectations, respectively, of what summoning people on the LR to job-focused interviews could achieve. For example:

- A particular challenge had been to understand the reasons for the large number of referred claimants (consistently about one-third) who did not attend for interview. The Indecon study found that the majority of non-attendees had 'normal' explanations (claimants had found a job in the interim, signed off before getting the letter, transferred to another welfare programme, etc.), that a further group had responded to the activating impact of the simple receipt of a letter from DSFA (e.g., *ibid*. p. 111), while a relatively small third group emerged as displaying a distinct element of non-co-operation with the programme (e.g.,*ibid*, p. 44);

- LR claimants with particularly poor re-employment prospects appeared more likely to attend for interview on being referred than claimants with better prospects. This suggests that the latter were more likely to respond to the referral letter by intensifying their job-search activities without assistance from FÁS. This, too, chimes with international research. Danish studies, for example, find that the motivation effect of their ALMPs (i.e., evidence that the imminence of being 'activated' leads to intensified job-search) is stronger for recipients of unemployed people on insurance benefits than for those on means-tested assistance. This is interpreted as evidence that people with options are more likely to take action to avoid being required to participate in an ALMP while those with the least (or no) options do not avoid it and may even welcome it;

- Higher levels of satisfaction were expressed with the conduct and content of the interview itself than with what the interview subsequently led to (ibid. p.120). This suggests that resistance to being asked to a first interview may be less an obstacle in revamping and improving the NEAP than scepticism that, after even a 'good' interview, there are meaningful options that the interview will have opened up;

- Indecon, finally, did not believe the NEAP process was driving people into either poorly paid jobs or onto other social welfare schemes. When people were transferring to other social welfare, they believed it more likely to be appropriate than 'disguising' unemployment. Jobs acquired as a result of NEAP participation were more likely to require higher than lower skills than in participants' previous jobs, while relatively low-paid jobs constituted better options for many individuals than staying on the LR because of the skills, experience and confidence, etc., of being in employment (*ibid*. pp, 112-113).

While observations such as these helped the different stakeholders to accept that the NEAP was neither an attack on relatively defenceless job-seekers nor a silver bullet for reducing welfare caseloads (and that the European Employment Strategy, which had prompted its introduction, was, accordingly, neither sinner nor saint), the actual full requirements for a successfully functioning NEAP have taken several more years – and the findings from new, more sophisticated evaluations – in order to emerge clearly.

Research by McGuinness and ESRI colleagues (2011), for example, examines the extent to which the NEAP, as it functioned during 2007 and 2008, achieved or did not achieve what participants, administrators and society at large principally expected it to achieve –increase the likelihood that people leave the LR for a job. Their research was able to compare individuals on the LR who were similar in all essentials (duration on the LR, educational attainment, health, age, etc.[136]) except that some were referred and interviewed under the NEAP (the 'treatment group') while others were not (the 'control group'). Surprisingly and disappointingly, their careful econometric analysis carried out on a large data set[137] clearly establishes that taking part in the NEAP had been bad for people: it had reduced the chance of entering employment within a year by 17 per cent (*ibid*. pp. 35–40). To have not found a strong positive effect is, of itself, a challenging finding. It suggests that there was no 'threat effect' from being referred, no 'motivational effect' from the interview itself and no 'empowerment effect' from the quality of advice given (acting cumulatively, these hoped for effects would be expected to produce a discernible positive effect on the entry rate to employment). Finding a strong negative effect is more challenging still. It suggests that, as a result of being referred and interviewed, NEAP 'graduates' subsequently changed their behaviour in a way or ways that made them less likely to enter employment as a result. The quantitative methods yielding such a disturbing finding could not take the analysis further and throw light on how or why people had changed their behaviour. Two explanations may be advanced, each of which entails a form of negative learning: (i) participants, who initially may have approached the interview with trepidation, 'learned' that the system was, in effect, incapable of and/or uninterested in monitoring their job-search activity. After the interview, they, accordingly, reduced the intensity of their job-search. This possibility was first articulated by the OECD prior to the publication of the ESRI: 'unemployed people learned that if you attend at least the first NEAP interview you do not necessarily have to do anything else' (Grubb, 2010); (ii) participants, who initially may have approached the interview with expectation, experienced that the system had little to say to or offer them, and they became more discouraged and reduced the intensity of their subsequent job-search as a result. The two lines of explanation are not mutually exclusive. That Ireland's NEAP by 2008 was not registering the positive impacts generally found for such programmes in other countries may, therefore, be attributable to several deficits at the time, which are since being more strongly addressed, e.g., poor collaboration between FÁS and the DSFA in monitoring job-search, the rare recourse to sanctions, low expectations of service users on the part of FÁS and Social Welfare personnel, poor management, inadequate IT systems, etc.

136 Also marital status, level of spousal earnings, employment and unemployment history, and geographic location.

137 11,334 individuals were selected as being validly comparable out of an original group of 60,189.

Qualitative research commissioned by the National Youth Council of Ireland (NYCI, 2010) confirms that some of these deficits continued to exist in 2010. It found that young users (aged eighteen to twenty-five) of state services to the unemployed were, generally, underwhelmed by the quality and effectiveness of the services they received from FÁS and Social Welfare Local Offices.[138] While the young users were genuinely 'working' at job-search and conscious that the recession had increased the workload of the officials they met, they were also expectant of competent help and aware of where and how the services they had received could have been better. They pointed, in first place, to the quality and commitment of service personnel in the state system as core to whether a quality service is delivered or not ('the positive impact that good customer service can have on the motivation and job-seeking efforts of the young unemployed person was discussed, extensively' (*ibid*. p. 51). They believed that being able to deal with the same member of staff on each visit, for employment services and social welfare, would significantly improve the system's standards, co-ordination of services and the level of clients' understanding of and engagement with the system. Qualitative research of this kind underscores the extent to which unemployed jobseekers have experienced negatively the separation and limited co-ordination between FÁS and social welfare local offices to date and how much they stand to benefit from their successful integration, and the realisation of the DSP's current Transformation Agenda. The latter, for example, envisages an integrated service with 'skilled and knowledgeable case managers' empowered to work with a person through all their needs rather than to administer just the one scheme for which they have responsibility before passing them on to someone else (DSP, 2011: 12).

7.5.2 Monitoring and control

Independently of the NEAP, the DSP seeks to establish and verify that recipients of JB and JA are available for work and actively seeking work. Once a decision has been made to award payment, claims must be maintained by signing monthly at a local or branch social welfare office.[139] Signing-on is not for the purpose of monitoring job-search activity but in order that the claimant renew their declaration to comply with the obligations of receiving the payment and to establish their continuing presence in the state. Claimants are also liable to be summoned to availability interviews after seven months and again at twelve months of claiming. At the latest of these, claimants may be referred on for more intensive supports from the Department's Employment Services and Facilitators (see below). The OECD team observed: 'It is not clear how systematic availability interviews are, i.e., what proportion of long-term claimants [actually] have ... the required interviews near the [stipulated times]' (Grubb *et al*. 2009: 53).

In addition to the above, local control teams based in local social welfare officers gather intelligence and follow it up, and conduct spot-checks usually based on prior analysis and experience of the types of payment and claimant circumstances (e.g., sector of employment, location, etc.) associated with fraud.

138 For example, of ninety young jobseekers interviewed following their meeting with a social welfare jobs Facilitator, two out of three awarded a satisfaction rating below the 'mid-point' on a ten-point satisfaction scale (where 1 equals ' very dissatisfied' and 10 equals 'very satisfied').

139 Those who live more than six miles from such an office may post a claim form.

7.5.3 DSP employment services and facilitators

As already mentioned, the DSP has developed processes independently of the NEAP to facilitate all people of working age in receipt of welfare – i.e., people with disabilities and lone parents as well as recipients of JB and JA – to take up employment, education, training or development opportunities (through its Employment Support Services, participation in the High Supports Process, etc.). By the time the National Partnership Agreement was drawn up in 2006 (*Towards 2016*), it was envisaged that the Department would achieve, with investment funded under the NDP for 2007–2013, 'an active, outcome-focused, individual case-management service of all social welfare customers of working age who are not progressing into employment or accessing training or education opportunities', and that this would 'place activation on a level with service delivery and control as a central part of the core business of the Department' (*ibid*. pp 57, 51).

A key component of the Department's internal infrastructure for achieving this is slow but incremental progress in developing the requisite IT systems capable of handling the type of data traditionally collected by the Department to process social welfare payments *and* labour market-relevant data traditionally collected by FÁS, while also being able to draw on relevant information in other public data systems (revenue, health, housing, etc.) in ways fully compliant with Ireland's high standards of data protection.

A further key internal development supporting the DSP's relatively new activation role has been the role of the Facilitator. Facilitators have clients selected for them by the DSP's central Activation Unit from among those who have already been seen under the NEAP process but remain unemployed. Currently, a Faciliator sees about forty clients per month. In addition, they deal with drop-in clients and with referrals from other local organisations. The number of Facilitators is clearly small given the surge in the LR and the growing competition that recipients of long-term social welfare face not just for jobs but for places on training and educational programmes.

The work of Facilitators overlaps in a number of ways with that carried out by LES mediators, but there are key and revealing differences.

- *Advocacy and discretion:* Facilitators can advocate for an individual within the Department of Social Protection and have some latitude to 'bend' the rules so that, for example, an individual is deemed eligible to participate in a scheme on the basis of need and capacity to benefit, and despite marginally missing the qualifying criteria;[140]

- *Departmental experience/knowledge:* many Facilitators move to their role from previous positions within the DSP so have an in-depth knowledge of the social welfare system, its strengths and weaknesses;

- *Progression and obligation:* the fact that social welfare recipients are asked to meet Facilitators in a letter from the Department, which administers their payments, provides more of a motivation for clients to engage than, for example, a letter from FÁS;

140 They are also able to draw on the Activation and Family Support Programme (AFSP) fund, and the Technical Assistance and Training (TAT) fund, to allow them add tailored, once-off elements to support packages for individuals.

- *Culture:* the background and insertion of Facilitators in the DSP can make it more difficult for them to establish empathy with, and gain the trust of, their clients (e.g., NYCI, 2010), whereas a personal experience of unemployment on the part of many LESN mediators and their base within disadvantaged areas does the opposite.

7.6 How the Labour Market Authorities Currently Intend Proceeding

As seen, there was more success in widening the coverage of the NEAP than in deepening the process. The intention behind the process and obligatory first interview was that a meaningful dialogue would begin between claimants and the labour market authorities as to how the underlying reason for their remaining unemployed and on welfare could be effectively addressed. By the standards of the past, a lot began to happen under the NEAP. However, by the standards of best international practice and, more importantly, in the light of what was needed to make further inroads into the LR during a period of high aggregate labour demand, it was modest and had clear shortcomings.

The surge in the LR since 2008 has simultaneously made it difficult to continue providing services in the same way to hugely increased numbers, and imperative to act quickly on what has been learned since 1998 so as to give more people the opportunity to avoid drifting into long-term unemployment. The labour market authorities have resolved to 'upgrade' the NEAP in the following way.

They acknowledge that the manner of scheduling first interviews has led to much wasted time on the part of FÁS Employment Service Officers. The introduction of group appointments as well as one-to-one interviews will lessen the allocation of forty-minute interview slots to people who require much less. Group appointments will also allow greater numbers of customers to receive initial contact with the PES at an earlier opportunity. Normal reasons for missing an interview and having to reschedule it will be handled more effectively. The current practice of referring only people from the LR (passing a three-month threshold) will continue but, henceforth, each change is being 'proofed' for its applicability to all working-age recipients in receipt of social welfare (principally, lone parents and people with disabilities).

The breadth and quality of data captured when a claim for JB or JA is first made will be improved, such that a Customer Profile Rating is possible. This will ground the ability to identify the levels and types of intervention that people are likely to require (on the basis of their education and skill levels, family circumstances, caring responsibilities, age, etc.) and allow the level of attention (and resources) paid an individual to be increased in line with the level of need. Hitherto, individuals have been channelled in a uniform way regardless of their personal profiles.

On the basis of the Customer Profile Rating, people will, henceforth, be selected for referral and the type of referral most suited them identified. Some will be identified as requiring no further action at the time (thereby saving on staff time and resources); some will be referred to FÁS; some to the DSP's own Facilitators (or, at later stages in the process when more information has been acquired, to DSP

Local Area Control Teams). Eventually, it is envisaged that referrals will also be made directly to training and education providers and the organisers of special schemes (NGOs, employers).

Profiling, selection and referral will increasingly form part of an integrated case management system that records an individual's progress, allowing outcomes to be monitored and recorded, and enabling the different service providers (eventually the NEES and SOLAS) to pool their information and draw on it as required. This will strengthen the engagement of people with the suggestions and offers they receive from ESOs and enable social welfare officers to identify why, where and when benefit sanctions might be appropriate and do good rather than harm. To date, it has been clear that they lacked sufficient information to appropriately address customer non-engagement. The same person may, henceforth, be referred as often as their unfolding case history is seen to require and the curious constraint attached to the initial NEAP (one referral to the PES in a person's lifetime no matter how often they reappear on the LR) is being removed.

The implementation of this upgraded NEAP is expected to bring significant benefits to individuals on the LR and to the DSP. The former should find that dealings with the DSP and PES are easier and more to the point, that they get earlier and more tailored supports linked with their payments, and that the proportions of them who experience repeat unemployment or drift into long-term unemployment gets smaller. The Department anticipates being able to use its resources (principally the expertise of its social welfare officers and of the PES for which it is now responsible) more efficiently and effectively because they can concentrate them where the return (in the form of improved employability and shorter durations on welfare) is greatest. It also anticipates a rise in the professionalism and morale of its staff, improved control systems, and programme cost savings.

7.7 Conclusions and Directions for Further Change

The services that have been reassigned to the DSP – Employment Services and the Community Employment Programme from FÁS, the Rural Support Scheme and Community Services Programme from D/CE&GA[141] – and the establishment of the NEES provide a wholly new opportunity to integrate income support with the utilisation of employment services and the implementation of activation strategies.

It is particularly important that the potential benefits associated with this institutional reconfiguration are fully exploited. International research and good practice suggests that it cannot be assumed that the physical co-location, much less formal merger, of these services at ministerial level will necessarily result in a seamless, co-ordinated and ultimately improved level of service for unemployed clients (Lindsay and Mailand 2009; EU 2006). In the Irish context, achieving this will require producing synergies from two distinct organisational cultures, adopting a shared and comprehensive case management system, and providing the data-

141 The assumption of responsibility by the DSP for supplementary income support currently provided by Community Welfare Officers under the HSE, and for Redundancy and Insolvency Payments currently provided by the DETI will complete the picture.

sharing and IT systems that support it. Sweeping Danish reforms, as noted, brought employment services and benefit administration together but differences in approach which the integration hoped to lessen were carried into the new integrated organisation and still evident years later (Lindsay and Mailand, 2009). It will also be important to have optimal engagement between the NEES and SOLAS in order to facilitate entry into FET of more among the unemployed and help stem the drift into long-term unemployment.

A specific issue to be addressed is the appropriate role of employment services professionals in activation. There is concern that the client focus inherent in guidance and counselling activity will be weakened if these professionals are seen to be involved in policing conditionality, monitoring activation activity and enforcing appropriate sanctions. The recent introduction of the principle of financial sanctions for recipients of JB or JA who refuse to participate in designated activation initiatives has reinforced this concern that employment services professionals, now under the direction of the DSP, will be less able to act as honest brokers who make decisions in their clients' best interests. It is in the joint interest of benefit administrators and employment services officers, however, that the 'rules of the game', reasonableness of what is asked and reasons why it is asked are communicated clearly to DSP clients when individual action plans are drawn up. Noone is served, least of all the clients themselves, when contradictory messages are given by different parts of the public system. The real challenge, therefore, is that benefit administrators and employment service officers should have similar confidence in the reasonableness, feasibility and effectiveness of the individual action plans drawn up. Where this confidence is shared, a PES can embrace its appropriate share of responsibility for ensuring the effective monitoring and implementation of appropriate sanctions that are integral to effective and intensive activation measures (Madsen, 2007).

As outlined above, the changes to the administration and management of the LR that are underway are significant by Irish standards but modest by international standards. It is very much in the long-term interests of those whose unemployment spells are lengthening that the principal outcomes anticipated by these changes – i.e., to maintain their attachment to the workforce, improve their employability and ensure that their income security is not an impediment to taking available work – are allowed to guide their implementation. The Memorandum of Understanding between the Irish authorities and the EU/IMF has pledged to (*ibid*. p. 11):

- Improve the efficiency of the administration of unemployment benefits, social assistance and ALMPs, by exploiting synergies and reducing the overlapping of competencies across different departments;
- Enhance conditionality on work and training availability;
- Strengthen activation measures by (i) better profiling job-seekers' needs and increasing their engagement, (ii) better monitoring of job-seekers' activities with regular evidence-based reports, and (iii) applying sanction mechanisms that imply an effective loss of income without being perceived as excessively penalising.

These steps would have had to be taken anyway, were already in process and, if implemented in the context of a broadly embraced understanding of activation, will bring net benefits to unemployed job-seekers.The goals and procedures of activation require adequate staff/client ratios in order to be effective. Quality individualised support for large numbers of people cannot be provided without having an adequate supply of well-trained and motivated personal advisers. The supply of such personnel cannot be ramped up quickly. Redeployment and retraining within the DES and the DSP can make a significant contribution but the resources and commitment of the community and voluntary sector, and of the private sector, must also be harnessed.

The labour market authorities, before all else, need to exercise an authoritative leadership that will transform the current situation, in which different types of provider operate parallel systems for providing services to unemployed job-seekers, into one in which the same national system is delivered across a range of different providers, whose special expertise in each case is used to best effect.

The authority in question should rest on knowing 'what works' as well as on responsibility for the use of public funds. The interlinking of all the current bodies providing employment supports should be based on their common commitment to ensuring transparency and accountability in how they use public funds to support unemployed job-seekers. There should be agreed metrics for measuring each organisation's performance and clear procedures for identifying and disseminating what is seen to work most effectively. While the acquired experience and capacity of large, established providers to work with the same individuals over long periods of time is to be valued, scale or progeny should be no guarantee of indefinite funding. The exit of old providers and the entry of new ones is an integral part of driving standards upwards.

The balance achieved, therefore, between services provided directly by public bodies and those procured through service agreements drawn up between government bodies and NGOs or the private sector should be based on what works (effectively and efficiently) and the appropriately interpreted endorsement of service end-users (unemployed people themselves). Service delivery units and even individual professionals should have the same willingness to be assessed on outcomes and guided by performance management, whether they belong to the public sector, private sector or an NGO.

It is vitally important that activation should succeed, and that the ambitions of government and society in its regard do not to prove beyond the public system's capabilities and level of resources to deliver on, either directly or through the stimulation and guidance of sub-contracted parties. To this end, it is vital that local government, the social partners and the community and voluntary sector understand what is in train, are allowed to influence it, engage with it and are incentivised to contribute to its success.

Strong arguments can be made that the level of public funds channelled to the community and voluntary sector to combat unemployment should, minimally, be protected and, ideally, be increased in order that recipient organisations can continue to address social exclusion in its multiple aspects and long-term unemployment in its wider community context. The core reason is that social exclusion and community disadvantage will, inevitably and relentlessly, increase the longer that unemployment remains high. However, here also, 'doing more of the same' may be neither possible (because of revenue constraints) nor desirable (because of doubtful efficacy) and a major but collaborative tightening of the focus on actual unemployed jobseekers should be actively considered. Employment services and the multiple other specific supports, which help people remain attached to the workforce and able to bid for employment when economic conditions eventually improve, become greater priorities, not lesser ones, in the current crisis. The voices of unemployed people themselves and, to the greatest extent possible, evidence about what works and what does not should guide both statutory bodies and NGOs in adopting and implementing such a tighter focus.

8

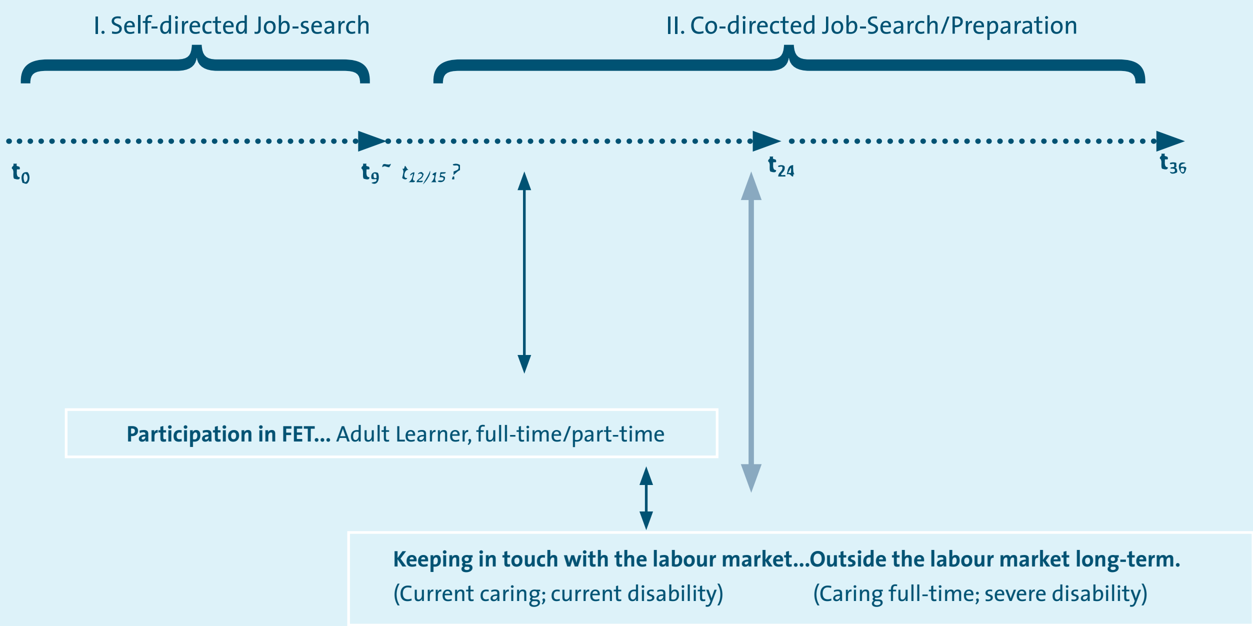
Temporary Measures

8.1 Introduction

The activation challenge discussed in Chapter 7 was evident before the current crisis broke. A significant proportion of the population of working age had been unable to get and hold jobs even in a booming economy, and policy was insufficiently effective in helping them do so. Learning from what failed to occur then, and ensuring the same does not happen again when the economy recovers, requires the deep changes to Ireland's public employment services, social welfare code, active labour market policies and statutory-voluntary relationships that have been discussed in the previous chapters. These are summarised in Section 8.2.

An additional activation challenge of an essentially temporary nature, however, is posed by the sheer scale and duration of unemployment caused by the economy's recent contraction. This other activation challenge is to provide opportunities for unemployed jobseekers to use their skills, time and talents in ways other than by job searching, studying or training, ways that are yet beneficial to them, Irish society and the future economy and for which they would receive at least the same levels of public support as they would if they remained on the LR. As this challenge is specific to the circumstances of the current crisis, specific measures adopted to address it can and should be temporary and be phased out as the labour market recovers. Section 8.3, accordingly, discusses internships and work placement programmes, while Section 8.4 discusses direct employment projects. Section 8.5 concludes.

Figure 8.1 Framework and Time-Line Guiding Supports and Services to Unemployed Jobseekers



8.2 Regimes for Short-Term and Long-Term Unemployment

Some distinctions have emerged as fundamental in this report: (i) between people in the early months of an unemployment spell and people whose spells have lasted for a year or more; (ii) between people of working age who should be expected to engage in job-search or prepare for employment and those who should not.

8.2.1 Different needs early and late in an unemployment spell

The first distinction, between the early months and second year or later in an unemployment spell, corresponds broadly to that between short-term and long-term unemployment, insurance-based and means-tested entitlement to unemployment compensation, and the transition from passive to proactive approaches in administering unemployment payments (Table 8.1). For reasons made clear in Chapter 5, this distinction, though core, is particularly blurred in Ireland. Traditionally, the challenge of how to support the long-term unemployed was focused on, primarily, containing the poverty associated with the status rather than ending the status. Rates of primary payments, secondary benefits and access to services were increased significantly for people still seeking work after three, four, five or more years. In fact, it is relatively unusual in the EU and OECD to be entitled to claim income compensation for years on end as someone who is unemployed and unable to find suitable work. Before unemployment spells go into a third year or longer, most countries insist more strongly than in Ireland on claimants' participation in programmes that enhance their employability or they identify the underlying cause of prolonged joblessness more accurately and transfer claimants to long-term social assistance for a status outside the labour market.

Table 8.1 Unemployment Regimes: Short-Term and Long-Term

	Regime for Short-Term Unemployment	Regime for Long-Term Unemployment
Unemployment spell:	Months 0 to 9 (or 12/15?)	Months 9 (or 12/15?) to 36
Objective:	Self-directed job-search	Co-directed job-search and preparation for work
Assumptions:	Employable Motivated	Up-skilling required Incentives needed (carrots, sticks)
Obligations:	Register with PES	Draw up personal action plan with PES, adhere to it
Income:	JB, contribution-based	Individualised
Conditionality:	Light	Steadily intensifying
Services entitlement:	Information, advice Profiling Job-search assistance (self-help) Job clubs Career guidance Counselling	Job-focussed interviews Monitored job-search Job-search skills Short skills courses Bridging/foundation courses Mainstream FET for re-skilling (part-time and full-time) Tailored HEI courses Participation in ALMPs Obligatory period in direct employment

At the heart of how unemployed jobseekers are supported in the early months of an unemployment spell should be the assumptions that, generally, they are employable, have methods of informal job-search from which they should not lightly be diverted, know with reasonable accuracy the types and terms of employment they are capable of justifying with their performance, and can identify and choose what is best suited to them from among the supports that are available. The ability to design services for them on the basis of these assumptions is strengthened by profiling – it serves to identify those individuals of whom the assumptions are least apt and to fast-track them to other services designed for people job-seeking without success for twelve months or more. Immediately an unemployment spell begins, and whether or not a person has an underlying entitlement to JB/JA, they should be required to register with the PES. Ideally, the Social Insurance Fund should be structured and in a position to make some acknowledgement, in the form of a higher JB payment in the first months, of those who have contributed significant amounts to the Fund (through long employment records and/or high earnings). The typical sequence in which services would be availed of could look as follows. On first registering with the PES (m0), each unemployed person would be offered access to its information and advice or referred to more specialised sources appropriate to them. As the three-month threshold passes (m3), they would be offered advice on their search strategies; as the six-month threshold passes (m6), the opportunity in to take part in Job Clubs; and at the nine-month threshold (m9), they would be required to attend a one-to-one meeting with a PES professional at which they would be helped assess their progress and options and made aware of the changed nature of support going into a second year.

Once an unemployment spell lasts longer than twelve months (a threshold that could incorporate a counter-cyclical element, i.e., come sooner under conditions of sustained low unemployment or later during a prolonged recession), the assumption should become that unemployed job-seekers now need the Public Employment Service to work more strongly with them to identify why re-employment is proving difficult and to draw up individual action plans that chart a realistic course as to how they will eventually re-enter employment. Both sides should make commitments and assume responsibilities. On the part of the PES, the responsibilities are to ensure the availability and quality of the services 'prescribed' for the individual in the action plan and the secure and courteous administration of adequate income support (in the form of a single payment for people of working age, a training allowance or whatever), while the action plan is unfolding. On the part of the individual, the responsibilities are to use the services that have been prescribed, to co-operate fully with the PES and other parties supporting the action plan and to attain the outcome (enhanced employability) that, ultimately, rests on her or him more than on anyone else. Respect for the taxpayer who funds the entire system requires that both parties embrace the need to have and use sanctions where an individual's wilful and repeated non-compliance is clearly established (initially, a reduction in the amount of their payment escalating to its suspension for a period if necessary).

The typical sequence in which services would be availed of on the far side of the twelve-month threshold would look as follows. A first job-focused interview would agree how job-search activity is to be gauged and monitored (m12); short courses on improving search skills and/or other basic competencies (including to study) could then be required of some (m15 to m18) before entrance to tailored or mainstream further education and training programmes would be widely encouraged; and, finally, a person would be asked – assuming all these prior steps had been tried – to 'do something' other than job-search for a period, i.e., participate in a direct employment project or work placement. In this sequence, the current recession has added a relatively new type of unemployed person for FET providers and HEIs in particular to support: a significant group of those now unemployed already have good levels of educational attainment but acquired skills for jobs that will not return. They need the opportunity to substantially re-skill in order to target jobs that will be there. In many instances, this requires part-time programmes of long duration that enable people to simultaneously engage in substantial reskilling and continue job-searching.

8.2.2 Exemption from the requirement to seek or prepare for work

The second distinction is between people of working age for whom participation in activation strategies should be a condition of continuing to receive income support as unemployed and those who validly receive income support for a status outside the labour force altogether. This distinction becomes increasingly important as activation strategies intensify. Little is gained from increasing efforts to move long-term claimants of JA into employment if there are underlying circumstances (poor health, caring responsibilities, addiction problems, etc.) that make it near to impossible for them to retain a job. Little is gained, also, if claimants who least want to co-operate with the PES (and with whom PES frontline staff may least want to engage) are able to transfer in significant numbers to more lightly policed and passive welfare programmes (principally, disability payments). As policy becomes clearer that an indefinite status as an unemployed jobseeker is simply no longer to be an option, it also has to monitor more closely the entry routes to alternative welfare programmes.

As noted, the current recession has notably increased withdrawal from the workforce and lowered the participation rate. This is largely because more people of working age have returned to further education or training, but also because some are concentrating on unpaid caring, domestic duties, other private matters or have transferred to other welfare programmes.

People of working age engaged full-time in education or training on courses lasting a year or longer can properly be regarded as 'working' at their studies and exempt from having to be available for and actively seeking work (part-time work that supports their studies does not contradict this position). Unemployed people are more likely to opt for the status of student and leave the workforce once their unemployment spells have begun to lengthen and they decide that long courses offer the best prospect of an eventual return to satisfying work (Figure 8.1). As Chapter 7 made clear, however, the international and national evidence is that it is the better-educated among the unemployed who are more likely to return to education rather than persist into a second year or longer with fruitless job-searching.

People for whom returning to education or long-term training is not a particularly attractive or viable option (frequently because of their poor experience of the formal educational system when young) may also seek to exit the workforce rather than remain under the obligation to seek or prepare for employment or take part in activation strategies as their unemployment spells lengthen. For many of them, withdrawal from the labour force is only feasible if they thereby become eligible for other forms of welfare receipt (disability allowance, carer's allowance, the one parent family payment, etc). The discussion of activation (Chapter 7) concluded that judgement and not rules must have the final say, in many instances, in determining who is exempt from participation in the paid workforce (and, thus, from activation) on the grounds of poor health, a disability or the degree of their caring responsibilities. It also emphasised that return routes, even from a status outside the labour force that has lasted a long time, must be kept open and that there should be a huge reluctance to accept that anyone of working age has no future in the paid workforce. One of the central challenges in designing and delivering a single payment for people of working age is that it should be able to accommodate with tailored and flexible supplementary supports peoples' changing roles within their families and communities without their being forced to distance themselves irretrievably from the paid workforce.

8.3 Temporary Measures for Extraordinary Times

Apart from the need and opportunities presented by the current crisis to modernise and reshape how unemployed jobseekers are supported on an ongoing basis, there is an immediate need to provide opportunities on a temporary basis for a significant number of those now unemployed to use their skills, time and talents in ways that are more beneficial to them, Irish society and the future economy than by remaining engaged full-time in job-search. Unemployed people who 'turn aside' from full-time job-search in this way to engage in activities (work placements, internships, voluntary work, learning a language, etc.), for a defined period of time, which provide valuable work experience, are important to others and contribute to retaining their future employability, should receive at least the same level of public support as they would get if they remained on the LR.

This approach does not 'sell people short'. It is not a substitute for measures that improve unemployed people's job-search, ensure they secure a fairer share of replacement jobs and improve their employability and attractiveness to employers. The last three years (2008–2010), however, have shown just how comatose the Irish labour market is: it is now possible that the level of employment may register no net increase until 2013. Only emigration and labour market withdrawal appear to have had significant roles in containing the rise in unemployment, while nothing has been able to stop the proportion of it that is long-term growing inexorably. Whatever the actual impacts of the many and diverse responses taken to the labour market crisis to date and discussed in previous chapters (progamme evaluation – this report has noted several times – continues to be underdeveloped and underused in Ireland), two conclusions must be drawn: (i) their cumulative impact has been wholly insufficient; and (ii) further, more bold and imaginative responses must still be undertaken.

The diversion of public money from supporting unemployed people to be more effective job-seekers or engage in FET to support them in activities that quite deliberately divert or exempt them from job-search or FET would, in more normal labour market conditions, raise justifiable concerns. It might be feared that the people in question were being further 'locked out' from mainstream employment and, in effect, being sold a message that they are 'surplus to requirements' as far as the national economy was concerned. But normal labour market conditions do not currently apply (2011) and are not likely to in 2012. Imaginatively creating alternatives to the dole at the present time will not harm individuals' more long-term employment prospects, mainly because a significant proportion of those made unemployed by the crisis present no particular difficulty to employment services other than that they do not have jobs. They have sufficient educational attainment to ensure their ability to learn and adapt, and they have recent work experience and a developed work ethic. In short, they are eminently employable. To use the familiar analogy, their boats would rise with an incoming tide but, due to nothing that is within their power, no tide is expected for a considerable length of time. Their availability for, and commitment to, work cannot be doubted and little is gained by devoting scarce public resources to monitoring and testing their job-search and availability for work. They have skills and competencies that need to be exercised if they are not to deteriorate and, in many instances, public resources will bring a better return if used to help them exercise the skills they have rather than to acquire new ones. They also have a high propensity to emigrate rather than remain on social welfare in Ireland. In this respect, they challenge public policy to be clearer in acknowledging that emigration is a waste and not a safety valve. This would entail actively marketing alternatives to the dole (such as those discussed below) as also alternatives to emigration. Where people yet choose to emigrate to protect their skills and careers, it would entail that Ireland's Public Employment Service would be imaginative, and determined in ensuring that, while employed in other economies, emigrants abroad continue, nonetheless, to feel valued and recognised members of Ireland's workforce.

As this challenge is specific to the circumstances of the current crisis, specific measures adopted to address it should be temporary and phased out as the labour market recovers. Two principal types of measures can be adopted:

i) Internships and work placement programmes. These open up existing workplaces and projects to utilise the skills, time and talents of unemployed people, on terms and conditions that ensure they are not cheaper labour than employers can otherwise source and that they are accorded equal respect to existing workers;

ii) Direct employment or public works projects. These should be projects that provide services genuinely valued by their users (even while they do not pay the cost of their provision) or which genuinely enhance existing infrastructure, i.e., the projects must produce valued end-products, a condition essential to protecting the status of those temporarily employed on them.

The following two sections offer brief and general reflections on what constitute, respectively, good internships and work placement programmes and good direct employment programmes. Actual programmes and projects are best developed through intense collaboration between the actors who have a role in making them happen. Schemes designed and announced at the national level frequently fail to deliver on expectations because operational difficulties were not sufficiently identified, while schemes advanced by single organisations may not address the concerns of all core constituencies and easily reflect partial interpretations of the unemployment crisis. NESC is not the body or the place to adjudicate the competing merits of individual schemes, much less to advance schemes or projects of its own. The more appropriate NESC contribution is made in the last section (8.1.3). Even three years into this unemployment crisis, a forum or clearing house is still lacking where the many actors who are in positions to identify, manage and deliver valuable projects and ensure that people on the LR are employed on them in a satisfactory way, has not been established. Ad-hoc consultations, totally at the discretion of central government, continue to provide the principal opportunity for advancing this agenda.

8.3.1 Internships and work placement programmes

As described in Chapter 2, new work placement programmes and forms of internship have been among the measures introduced in response to the current crisis. The rationale behind them is particularly clear where well-educated young people are concerned. Despite young people's best efforts, a large number will not be offered a job in the Irish economy for some time. By the time economic recovery sets in, their lack of workplace and professional experience, the ‘gap’ in their CVs and the suspicion that unemployment of itself will have negatively affected them (hysteresis) may lessen their attractiveness to employers. Incorporating them as interns into ‘blue chip’ workplace settings and workplace teams for a period of time can provide first-hand experience of real work environments, opportunities to exercise their skills or acquire new ones, and entrance to networks that will be of value to their future job-search. Internships also serve, of course, to overcome the isolation and tedium of unremitting job-search and reduce the recourse to emigration. Sponsoring employers and existing employees, in turn, can benefit from the presence, eyes and ears of the young interns, and relationships begin that may lead to job-offers in the future. It is clear that much can be gained whenever the equivalent of people’s JA continues to be paid to them when, instead of being available for and actively seeking work on a full-time basis, they work without pay in real workplace settings where they are getting valuable experience.

There are potential downsides. The unpaid work activities may not, in fact, provide valuable experience or improve human capital; the sponsoring organisations may merely be lowering their aggregate labour costs (substituting the young people’s hours for paid hours they would otherwise have asked existing employees to work); the young people may, without meaning to, in fact, give up on job-search and forfeit job opportunities by being involved in unpaid work. Yet the upsides mentioned are stronger still. Research done for the NYCI makes clear that young people believe strongly that unpaid participation in the workplaces of decent organisations can help them break out of the Catch 22 situation in which advertised vacancies insist on suitable experience in applicants. Some even rate an unpaid workplace placement above returning to further or higher education for the contribution it would make to their future (NYCI, 2010).

On balance, it is imperative to consolidate and expand these workplace placement programmes. Much greater encouragement should be placed on successful employers with established reputations to multiply opportunities at the current time. Guidelines or criteria for gauging the quality of the experience provided to young people should be collaboratively but speedily developed by employers’ bodies and those representing young people. A large programme, in which young people have confidence, will mean that job-matching proceeds more efficiently when the economy recovers, contribute in a major way to protecting young people’s health and well-being and retain in the country some who will otherwise be lost to emigration (‘If each major company committed to engaging ten graduates in work placements annual and each SME to two, we would minimise the possibility of emigration for up to 10,000 graduates’, Blueprint, 2011). Box 8.1 gives an example of the type of extension and expansion of internship programmes that might yet be considered.

Box 8.1 Facilitating Young Unemployed in Acquiring Fluency in a Foreign Lanugage

An example of the boldness and imagination that need to be brought to the challenge of providing temporary interruptions in unemployment spells is suggested by recent data showing just how poor are the language skills of Irish graduates.

It has been known for some time that the advantage of being native English-speakers and, to a lesser extent, the absence of land frontiers with neighbouring countries where different languages are spoken, have contributed to Irish students being poor in language proficiency compared with their European counterparts. Factoring out that learning English as a foreign language is a core concern of almost all school systems and graduates across Europe, the linguistic 'effort' of Ireland's educational system and the attained language proficiency of its twenty-year-olds are still stunningly poor: exposure to a foreign language – uniquely across the EU 27 – is virtually absent in primary education and, at lower-secondary level, Ireland is also on the bottom rung (Eurostat, 2010c).[142] By the time Irish young people are in third level, they are among least proficient in languages of students at their level across Europe. For example, in more than two-thirds of twenty European countries studied, the share of third-level students with very good proficiency in at least two foreign languages was above 20 per cent but, in Ireland, it was 5 per cent (Orr *et al*. 2011.)[143]. Not surprisingly, the international mobility of Irish students (meaning the numbers who enrol abroad for a course, undertake a work placement or internship abroad, or do a language course abroad) is low by the standards of their European peers and the proportion from a higher educational background who have not enrolled abroad and consider their lack of language competency a 'big' obstacle is Europe's highest (*ibid*.).

This low mobility and poor language proficiency of Irish students puts them at a disadvantage in competing for many of the jobs in those sectors of their own economy that are still recruiting (e.g., internationally traded services). The weaknesses are deep-seated and will require a thorough, comprehensive and sustained drive to be fully addressed. However, they should also motivate specific, temporary interventions designed to facilitate and incentivise many more of the young who are now unemployed, to target acquiring fluency in a major foreign language as a core personal objective to be achieved during the current unemployment crisis. For most people in their twenties, and for most foreign languages, a twelve-month period abroad would guarantee fluency. Incentives might even be tailored to encourage acquisition of languages for which no preparation was provided in the Irish educational system but which are important to Ireland's trade and investment (Mandarin, Russian, Urdu, etc.).

142 The data are for 2008.

143 The reference period for the Irish data is the academic year 2009/10. The UK does not participate in this particular compilation of indicators (Orr *et al*. 2011).

8.3.2 Direct employment programmes

Direct employment or public works projects can either provide services genuinely valued by their users (even while they do not pay the cost of their provision), or genuinely enhance existing infrastructures. In either case, flexibility in how the working day, working week and duration of employment is determined should be welcomed in order to respect the specific tasks entailed in different projects, and uniform templates should be a secondary consideration. Diversity should also characterise different projects' answers to how participants are guaranteed at least the equivalent of their LR payment. For example, sponsors of projects (who, presumably, stand to benefit directly from their completion) could be expected to cover expenses and/or provide a supplement; the maximum hours participants work could be based on dividing the amount of their weekly social payments by an agreed going rate for the job (as in the Part Time Job Opportunities Pilot Programme, see Social Justice Ireland, 2010); sponsors could commit to ensuring that an accredited training award would result from satisfactory participation in the project as a major 'benefit in kind'; etc.

Given the value of what the projects deliver and that they divert people from the LR to employment, the real constraint may not be so much financial as the ability to identity and bring on stream sufficient projects that meet the necessary criteria. It should not lightly be assumed, for example, that the community and voluntary sector, already heavily involved in this way, has substantial spare capacity to develop and implement projects of the required volume. A vital, even leadership, role should be assumed by local government.

The case is clear for bringing forward, to the greatest extent possible, capital investment projects that have already been planned and decided on as necessary for the country's economic and social infrastructure. This has been recognised in the programme of the new government, which commits to frontload investments in 'school building, non-national roads, healthcare and in job-creation', i.e., projects that are 'shovel ready' and labour intensive (*ibid*. pp. 14, 8).

The principal justification for such projects as school building, insulating the housing stock for greater energy conservation, replacing aged water piping to reduce wastage, installation of water meters, etc., remains that the infrastructural improvement itself is needed and has not been placed in doubt by the recession. Indeed, the fall in construction costs occasioned by the recession will only have further improved cost-benefit analyses in their favour. That the projects are, also, labour-intensive and have strong domestic multipliers (i.e., source most of their inputs from elsewhere in the economy) are major secondary benefits but should not be their primary justification. The quality of the employment provided rests, to a significant degree, on workers being sourced and paid in the normal way (hired by contractors and subcontractors who have successfully tendered for public sector contracts) and could be jeopardised by requirements to source workers from the LR or specified groups.

This said, the boosts such projects can impart to labour demand and domestic demand – in the context of an unemployment crisis whose epicentre has been the construction industry and where recovery is dogged by sluggish domestic demand – make the pace at which projects have been brought forward and work commenced unacceptably slow (e.g., new school building and replacement of aged water pipes). The principal constraint here has *not* been resources[144] but organisations and procedures that have failed to innovate sufficiently in response to the huge additional value that earlier starts to projects have now acquired. The list of infrastructural enhancements that would be supported by cost-benefit analysis and constitute a valuable legacy from these otherwise distressed times should be boldly and more imaginatively extended, and local government and state bodies, in particular, required to identify more candidate projects for fast-forwarding.[145] In many instances, local authorities have a particularly important role to play in identifying infrastructural improvements that would enhance the business attractiveness, tourism product and quality of life in an area (e.g., cycle lanes, including routes to urban schools that obviate the need for road transport; out-of-school childcare facilities in school grounds; etc.)

Procedures and an institutional forum are urgently needed through which projects can be speedily identified and assessed against such criteria as (i) value of final infrastructural enhancement, (ii) their once-off, time-limited nature, (iii) their employment intensity, skill mix required and proportion of workers likely to be sourced from the LR (confining employment *only* to people on the LR and/or to the low-skilled risks the value of the project and status of those employed on it), (iv) domestic economy expenditures associated with them, (v) the contribution of employment on the project to participants' longer-term employability, and (v) overall cost-benefit analysis.

It is a further step to advance from identifying and delivering improvements to infrastructure in the normal way (cost-benefit analysis, tendering etc.) to undertaking projects whose principal raison d'être is the temporary employment they provide. As noted above, the epicentre of the unemployment crisis has been the construction sector. Other things being equal, this suggests that temporary direct work projects of a construction nature could make a significant contribution to interrupting otherwise long unemployment spells for a large number of those now unemployed. Several caveats attend this approach, however. In the first place, it might not, in fact, be good for the individuals concerned. International and Ireland's own experience (with CE) underline how occupying unemployed people for long periods on alternatives to preparing and competing for employment in the mainstream economy may ultimately reinforce their status as outsiders. This risk could be further reduced by ensuring that recruitment into direct employment projects did not 'lock' participants out of job-search or from taking steps to prepare for new careers but, rather, that such efforts increase as projects near completion. It is also clear, however, that construction skills in Ireland have been in over-supply and that many former workers in the sector are better served by re-skilling for other sectors than by being given temporary employment in construction.

A second ground for caution is that the capacity to identify and deliver on a significant volume of projects that would, simultaneously, deliver value for money in enhancing infrastructural assets, and maintain and enhance the skills

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145 As an example, a national network of cycle lanes (including safe routes to school) is cited by the UK's National Endowment for Science, Technology and the Arts (NESTA) as a key example of a 'hidden' innovation that produced major economic and social benefits (NESTA, 2006: 32–34).

of the individuals employed cannot easily be assumed in either the non-profit or the public sector. The former played a large role as sponsors in the special labour market programmes that were devised in the late 1980s/early 1990s and continue to identify and manage activities funded under the Community Employment and Rural Support schemes. Much was and is achieved through these schemes, and significant improvements to them are underway, but they do not provide the template for what is now needed: the capacity of the sector is already significantly taken up with their current levels of utilisation, progression outcomes for participants have been poor and significant 'lock in' has occurred; significant 'producer interests' have been created in defending the programmes as not primarily labour market measures but subsidies for needed local services. Above all, however, the educational profile and work experience of a large number of those now unemployed make it inappropriate to confuse the case for a demand stimulus with the different need to, at times, test people's availability and willingness to work, require some work 'in exchange for' the dole, or support voluntary work and community development.

Other potential drawbacks to having recourse on a large scale to direct employment measures that temporarily occupy unemployed people include that temporary measures easily create producer interests that lead to their indefinite retention, and that targeting direct employment programmes at the most socially disadvantaged may create a stigma around participation that damages participants' future employment prospects (while not targeting means money is spent on some participants with less need than many non-participants). Once the potential downsides to bringing onstream a large volume of direct employment projects are identified and acknowledged by employers, trade unions and the labour market authorities, however, it is much more possible to anticipate and avoid them.

Box 8.2 Social Clauses

Internships, work placements and direct employment on once-off, specific projects all serve to interrupt individuals' unemployment spells. Such interruptions, despite being temporary, can help to maintain or enhance skills, provide work experience and prevent social isolation; they serve to stem the erosion of employability and keep people connected to the labour market. The heightened value of interrupting unemployment spells at the current time suggests that social clauses should be considered as a temporary expedient for increasing the supply of internships and work experience placements and to divert more labour market demand towards people on the Live Register. Social clauses are legal stipulations in invitations to tender for public contracts, which require those tendering to contribute in a specified way to a clear national social objective. In this instance, this would be the need to interrupt lengthening unemployment spells for a greater proportion of those on the LR.

Social clauses have been closely monitored and, more recently promoted, by the European Commission within the context of developing the Single Market. The Commission estimates that public procurement accounts for approximately 17 per cent of EU GDP, a scale that affords national governments considerable scope to use their purchasing power to leverage social policy objectives. While the European legal framework for public procurements is primarily designed to open up the public procurement market to competition, outlaw 'buy national' policies and promote the free movement of goods and services (Brammer and Walker, 2007), it is also supportive of using procurement to achieve wider social and environmental requirements, provided it complies with EU procurement rules and general EU law (COM, 2008b, 2008c; McCrudden, 2007). In 2010, the EU reinforced the case for linking social objectives and public procurement and the compatibility of doing so with Single Market rules in its *Guide to Taking Account of Social Considerations in Public Procurement* (COM, 2010).

In general, interest in Ireland in the use of social clauses in public performance contracts to provide employment and/or training opportunities for disadvantaged groups within the labour market has been limited to date. Concerns over the potential additional costs associated with such social clauses allied to an overly economic interpretation of the provisions of the EU Directives appear to be the key reasons. However, the stronger signal from the Commission that taking account of social considerations in the public procurement process is not only permissible but also potentially beneficial (EU, 2010) suggests public purchasing power should now be used to support the strategy of minimising the erosion of employability and drift into long-term unemployment. Social clauses have a potential to increase the supply of employment, training and/or work placement opportunities that would serve to interrupt or even break an individual's unemployment spell.

8.4 Conclusion: Process is Pivotal

The pivotal need now is for greater clarity on how temporary measures should be speedily identified, prepared and implemented, i.e., for a more transparent, inclusive and rapid process. The interaction to date has been strongest between central government and the mainline departments and state bodies directly under its control. The thrust of this report is that it needs to extend to include, in a stronger and more systematic way, the inputs of local government, private enterprise and professional associations, regional bodies and local communities. It seems imperative that a 'Board for Temporary Projects' (or some such name) should be established for a limited time period, its membership composed of people at the appropriate level in organisations that, collectively, could guarantee (i) a sufficient volume of projects valuable of themselves and sure to be well managed and delivered on, and (ii) participation/employment on terms and conditions that are fair and feasible for unemployed people while occasioning no additional Exchequer spending (other than the 'transformation' of what otherwise would have been spent on JA or other social welfare). The core criterion for Board membership should be that each member's organisation has an indispensable contribution to make to the Board's work and is committed to doing so, and members should be the plenipotentiaries of their organisations for delivering those contributions. The Board, therefore, would contain the necessary capability and competence for assessing and making operational proposals put forward by different organisations, such as local authorities, semi-state bodies, enterprises, the social partners and other NGOs. Its work should be guided by the criteria set out above (among others) and include consideration of, and learning from, past temporary employment projects. The Board would have to meet with whatever frequency 'got the job done' and be serviced by the secondment of staff with the requisite expertise sourced from across the public system. It should be established by end September 2011 and not be envisaged as needed beyond December 2012 (after which net employment growth is expected to resume in the Irish labour market).