



# Chambers Ireland's Submission to the Department of Social Protection's Public Consultation on the Pathways to Work 2021 – 2025 Strategy

March 2023

## About Chambers Ireland

Chambers Ireland is an all-island business organisation with a unique geographical reach. Our members are the Chambers of Commerce in the cities and towns throughout the country – active in every constituency. Each of our member Chambers is central to their local business community and all seek to promote thriving local economies that can support sustainable cities and communities.

Our Network has pledged to advocate for and support the advancement of the United Nations Sustainable Development Goals (SDGs). Accordingly, we use the Goals as a framework to identify policy priorities and communicate our recommendations. We have a particular focus on five of the goals encompassing decent work and economic growth (SDG 8), sustainable cities and communities (SDG 11), gender equality (SDG 5), industry, innovation and infrastructure (SDG 9) and climate action (SDG 13).<sup>1</sup>

In the context of the current consultation, Ireland’s national employment services strategy has a crucial role to play in ensuring decent work and economic growth and equality in Gender Equality which are key to Chambers Ireland’s interest in this consultation.

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<sup>1</sup> The Chambers Ireland SDGs. Available at: <https://www.chambers.ie/policy/sustainable-development-goals/chambers-ireland-sdgs/>

## Chambers Ireland's Perspective

Chambers Ireland welcomes the open consultative process and the broad engagement with stakeholders on the mid-term review of Ireland's national employment services strategy, Pathways to Work 2021 – 2025.

There have been a number of significant milestones and improvements made since the strategy was published in July 2021 and we would like to commend the Department for their work in designing and executing a strategy that has had such an impact so far.

The strategy was developed at a time when Covid-19 was having a substantial impact on the labour market. At a time of uncertainty, the strategy provided a framework for the Department, and Government more broadly, to support businesses in the first instance and to then focus on getting people back to employment. This has been hugely beneficial for individuals and businesses, as it has kept people in jobs and businesses trading.

Chambers Ireland supports a more open, adaptable and inclusive employment system that encourages workforce engagement and participation across all levels of society. We need to move from a restrictive, one-size-fits-all approach to one that embraces flexibility and can be more reflective of the needs and abilities of different individuals.

This effect was pronounced in the female labour force with a broad based increase in the number of women at work and the labour force participation rate across all age groups.

## Questions:

### 1. What progress do you feel has been made in achieving the aims and commitments set out in Pathways to Work 2021-2025?

We welcome the significant progress that has been made since the introduction of Pathways to Work in 2021. At that point in time, and with Covid-19 continuing to impact individuals, businesses and society as a whole, it was difficult to conceive of the rapid recovery that would be made by the labour market.

The significance of the Pandemic Unemployment Payment, the Employment Wage Subsidy Scheme and other business supports cannot be undervalued. These schemes demonstrated the adaptability of Government during a period of unprecedented social and economic uncertainty. Chambers Ireland acknowledges the enormously positive outcomes derived from these supports during a very challenging time and, without these interventions, many more businesses may have struggled and succumbed to financial pressures. These initiatives were integral to maintaining jobs, keeping businesses trading and aiding the rapid recovery of the labour market. This is demonstrated in the most recent Labour Force Survey results, where total employment stands at 2.57 million, which is in excess of the 2.5 million target set in the Economic Recovery Plan for 2024.

This demonstrated the effectiveness of labour force policy when its delivery is simple. Often the delivery of social supports in Ireland involves complexity and cliff edges which inevitably result in deterring individuals from participating in the workforce.

The first annual progress report on Pathways to Work also shines a spotlight on the successes that have been achieved to date. Out of nineteen Key Performance Indicators, fourteen have

either been achieved or are on track to be achieved, while five have been deemed unlikely to meet their target. While there is still scope for improvement, there are achievements that indicate the strategy is working and providing value for the Irish labour market. Some of the successful outputs include increased numbers of Case Officers across the Public Employment Service, increased funding for training programme places, the establishment of a new Work Placement Experience Programme, and targeted national jobs/skills events. Successful outcomes include a reduction in the long-term unemployment rate, 54% of long-term unemployed showing evidence of employment over the sample period, a decrease in the youth unemployment rate, and improved labour market transitions.

A feature of the pandemic that surprised us in Chambers Ireland, and which may be attributable to the increased workplace flexibility resulting from remote and hybrid working arrangements, was that the number of women in Ireland participating in the workforce reached a record level of 72%. This flexibility of working conditions opened up opportunities for many that may have previously disengaged from the workforce and is demonstrative of how important it is to introduce diverse and dynamic workplace solutions that can promote labour force activation across all levels of society.

It has also been positive to witness the significant growth that has occurred across the Irish apprenticeship sector over the last number of years. The diversification of apprenticeship programmes, the introduction of employer apprenticeship grants, the growing number of women apprentices, the roll out of the *One More Job* pilot initiative, and the fact that there was over 26,300 apprentices training in Ireland as of January 2023, compared to less than 15,000 five years ago, are all positive indicators that the sector is moving in the right direction, although more is still to be achieved in relation to improving retention rates and encouraging further diversity and inclusivity.

Finally, we welcome the strategic focus on developing a lifelong guidance framework, which will be integral in ensuring that job-seekers across the country can access relevant, personal and targeted advice that can assist them in making important decisions about job opportunities that are open to them.

## **2. What are the key challenges facing the Irish labour market that Pathways to Work 2021 – 2025 will need to address over the remaining lifetime of the strategy?**

The Irish labour market faces a number of key challenges over the remaining years covered by Pathways to Work.

Geopolitical instability arising from the Russian invasion of Ukraine has created further turbulence for businesses and individuals right across the country. Supply chain disruption, inflation, soaring energy costs, increased costs for raw materials, manufacturing and distribution concerns are all issues that are directly impacting businesses of all sectors and from all regions in Ireland. Business growth is crucial in creating and maintaining jobs, which is central to our national employment strategy. We need to see further collaboration and integration between the Department of Social Protection and the Department of Enterprise, Trade and Employment to support new entrepreneurs and existing businesses to capitalize on potential growth opportunities and to create new jobs. Any economic downturn is likely to result in a slower pace of job creation but, this is central to our domestic growth and crucial in ensuring the aims and objectives of Pathways to Work can be met.

We need to see enhanced supports for more vulnerable and marginalized members of society. In 2020, the employment rate of lone parents stood at 64% – the lowest in the EU. In addition, the

disability employment gap in Ireland was the largest in the EU, at 38.6%.<sup>2</sup> While targets are in place to improve these rates through both Pathways to Work and the Roadmap for Social Inclusion, the results will not be known until more detailed Census data is published later this year. While the indicative rates of increased participation by women in the workforce may correlate with increases in the employment rate of lone parents, these statistics are still very stark and we should be more ambitious in offering more enhanced supports to these groups, which will allow them to participate more fully in the labour market.

With Ireland consistently having one of the highest growth rates in the EU, full employment, and Britain leaving the European Union, we ought to have one of the most attractive economies in Europe for people seeking opportunities. However, we are consistently hearing from our network that finding and employing suitably skilled employees is harder than ever and that skills gaps in many sectors are widening, not shrinking. This should be a key focus of Pathways to Work over the next few years. According to the most recent Recruitment Agency Survey conducted by the Skills and Labour Market Research Unit in SOLAS, the demand for skills in sectors such as life sciences, ICT, construction, health and finance is a continuing trend that is recurring year on year. This information should be filtering through all levels of employment supports, which includes young people planning for their future, job seekers looking to take a meaningful step towards secure employment, individuals weighing up a career change, and anyone else interested in a new employment journey. There will be a more pressing need to address skills gaps through purposeful, targeted and high-quality education and training programmes that are accessible to all. We note the commitment of supporting 50,000 long-term unemployed people to commence in Further Education and Training provision by 2025 and the fact that there has been 16,650 commencements as of June 2022, but more can and should be done in this space to encourage uptake.

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<sup>2</sup> 2022 European Semester: Country Report – Ireland - [https://commission.europa.eu/publications/2022-european-semester-country-reports\\_en](https://commission.europa.eu/publications/2022-european-semester-country-reports_en)

**3. Are there any changes that you would suggest to the current ambitions and commitments in Pathways to Work 2021 – 2025, in light of the changed economic circumstances? This can include suggestions to change the high-level ambitions, strands of action or specific commitments.**

In the opening statement of the Pathways to Work strategy, it describes the impact that Covid-19 has had on the labour market, both in terms of people temporarily laid-off and those that permanently lost their jobs, and the purpose of the strategy is “to help these people prepare for and secure employment”. However, the context of this commitment has now changed.

As mentioned, total employment is in excess of the targets set in the Economic Recovery Plan. Future employment is likely to face more significant challenges up to the end point of the strategy in 2025. Therefore, we should be moving from a focus on the impact of Covid-19 on employment to future-proofing the workforce for different eventualities.

In the last year, we have witnessed turbulence across the labour force from a number of factors. As mentioned above, the Russian invasion of Ukraine has impacted businesses right across the country, both directly and indirectly through inflation and increased costs. The impact on Ukrainians who have been forced to leave their home country to seek safety is a pronounced and unprecedented factor that should be addressed in any updates to the Pathways to Work strategy going forward. The most recent figures from the CSO, dated 12 February, estimate that almost 75,000 refugees have come to Ireland since the onset of the invasion. The successful integration of any individual seeking international protection that is eligible and able to work in the Irish labour force should be a key focus of an updated employment services strategy. The employment services system needs to reflect the unique set of circumstances that someone faces in this situation and needs to offer more tailored and specific supports that enable and facilitate community engagement and integration. Far from seeing people who seek international



protection as a drain on our national resources we ought to see their potential as an opportunity for our country.

There is a strong alignment between the needs of these displaced people, the needs of the country, and the needs of Ukraine. It is government policy<sup>3</sup> to promote Modern Methods of Construction which can support fast and efficient building. Simultaneously, there is a significant increase in demand for housing in Ireland which is exacerbating the already critical strain on our insufficient supply of housing stock, meanwhile after the war there will need to be an enormous rebuilding of Ukraine. The factory model, offsite-construction methodology used in Modern Methods of Construction is far more friendly to women than traditional methods of construction. Should we be effective in upskilling people who are from Ukraine in this area, we can accelerate the building of social housing stock that will alleviate some of the stresses in the housing sector, they can in the short run find better accommodation, and when they return home will have the resources and aptitudes to rebuild their country.

**4. Do you have any suggested actions to help improve the employment prospects and outcomes of people underrepresented in the labour market? This can include, for example, actions in relation to the Public Employment Services, training and employment supports, the social welfare system, and/or engagement with employers.**

Chambers Ireland would like to see the increased engagement of employers and associated stakeholders being prioritized as part of Pathways to Work in support of people underrepresented in the labour market. Employers are essential conduits to government in relation to identifying skills gaps and highlighting key sectors and skills that will have increased demand over time. Employers also have an important role to play in encouraging the uptake of apprenticeships and being involved in the modelling and development of future apprenticeship programmes. Finally, one of the KPI's that is significantly behind schedule relates to work experience placement targets. By the end of 2022, the goal was to have 10,000 enrolments in the

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<sup>3</sup> Project Ireland: Build 2022 Construction Sector Performance and Capacity, available at: <https://assets.gov.ie/229941/676ef592-29b8-4dd0-84b3-bfb0aa375ec7.pdf>



scheme but the Annual Progress Report recorded only 356 enrolments. The successful engagement of employers and related stakeholders has the potential to make work experience opportunities a more meaningful and impactful medium for individuals of all backgrounds and abilities to explore new career opportunities.