

NERI Research inBrief

April 2013

Reforming Community Employment

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ISSN 2009-5848

SUMMARY¹

Five years into Ireland's unemployment crisis the nature of our policy response has been slow. In general attention has been focused on employment creation, a worthy and necessary goal, but with limited attention on the nature of the unemployment crisis and the likely long-term impediments to resolving it.

This paper focuses on the role of active labour market policies (ALMPs) and in particular the role of the largest ALMP Community Employment (CE).

It proposes a restructuring of that programme, into two streams, which would retain the longstanding dual role of CE: helping the long-term unemployed return to the active labour market and the provision of local services. Such an approach would offer a more sustainable structure for CE and ensure than it continues to target those furthest from the active labour market.

KEY POINTS

- There has been limited attention to the nature of Ireland's unemployment crisis and the likely long-term impediments to resolving it.
- Activation policies should not only target the unemployed who are closest to the active labour market.
- CE has a key role in retraining those furthest from the labour market.
- CE should be restructured into two streams.
- Stream 1 should provide specific skill (re)training to the long-term unemployed.
- Stream 2 should be focused on the provision of local services.
- CE participation should remain voluntary, but Government should retain some form of mandatory ALMP.

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Research for new economic policies

Introduction

Five years into Ireland's unemployment crisis, from 2008 when the unemployed first increased above 100,000 and 5% of the labour force and doubled over that year, the nature of our policy response has been slow. In general attention has been focused on employment creation, a worthy and necessary goal, but with limited attention on the nature of the unemployment crisis and the likely long-term impediments to resolving it.

While the various policy measures adopted by Government have been profiled and critiqued elsewhereⁱⁱ, this paper focuses on the role of active labour market policies (ALMPs) and in particular the role of the largest ALMP Community Employment (CE).

Activation, policy and the 'distant unemployed'

Government's labour market policy has recently shifted to give greater, if not paramount, importance to 'activation' rather than retraining, skill enhancement or service provision. Such a shift reflects much of the recent international labour market literatureⁱⁱⁱ and reflecting this, the emphasis of reports on Irish labour market policy from NESC (2011, 2012) and the OECD (2011).

While there is merit in a shift towards activation, in particular given the passive nature of much labour market interventions over recent decades and to avoid what the Government's *Pathways to Work* describes as the 'mistakes of the 1980s' (2012:5), there is a danger that policy becomes overly, or exclusively, focused on activation.

In particular, there is a danger of solely adopting output measures of ALMPs which measure throughput and placements/employment/ activation only and calculate economic efficiency measures based on short-term expenditure and outcomes. Such schemes, while highly relevant, would by themselves bias the policy response to the unemployment crisis towards the easiest to activate, of whom there are many with up-to-date skills and abilities, who are unemployed due to domestic demand

problems rather than skill deficits or structural issues. The losers in such a policy would be those most distant from the active labour market, who may need longer and more personal intervention to facilitate their return to the active labour force; cases where throughput and outputs will be smaller and more difficult. An inappropriately framed policy would activate the easiest to activate and defer the hard work to the future at a cost of trapping many in successive years of long term unemployment and welfare dependency.

Restructuring CE

Focusing on CE, NESC (2011:166 and 2012:78-79), Halpin and Hill (2007) among others, have highlighted, some aspects of the development of CE over the recent period of full-employment which underscores the need for the scheme to be reshaped so that it can continue to play a role in responding to the current crisis.

While there have been some suggestions that it should abandon its longstanding dual role, of helping the long-term unemployed return to the active labour market and the provision of local services (NESC 2011:166-167; Forfas, 2010:11; and Kelly et al, 2012:9), there would seem to be a benefit from retaining both of these objectives but more clearly differentiating between them. In that regard, the future structure of a sustainable CE programme might comprise two streams:

Stream 1: Specific Skill (Re)Training focused on the Long-Term Unemployed

This aspect of CE would typify the highest standards in ALMP interventions and only differ from other existing programmes in that it would retain its traditional focus on the long-term unemployed and those most distant from the active labour market. Its features would include:

- Provision of training focused on areas of employment which are expected to grow in demand in the years to come. While the identification of future labour market needs can be hard to predict, as noted by NESC (2012:70), there are some clues given by demographics and

“the use of labour-market intelligence could be augmented by a greater focus on the potential novel solutions to complex social problems and needs. For example, demographic trends means that a growing number of older people will require more care, medical support and therapies in their home or in senior citizens residences” (NESC, 2012:70). Similarly, childcare needs are a possible area.

- Delivery of this training within a supported learning and work environment where each participant is mentored by a qualified and experienced CE supervisor.
- Delivery of this training in accordance with a tailored Individual Learning Plan compiled by the CE supervisor and the trainee given the participants training requirement and employment goal.
- Structured delivery of this training so that it leads to the participants achieving formal qualifications (FETAC or its equivalent) as they move from levels 1-3 to levels 4-5 on the National Qualifications Framework.
- A time limit on a participant's involvement in the CE scheme which is set reflecting the time required to achieve formal qualifications and relevant in-work experience. These limits would need to balance the flexibility many CE participants will need in undertaking such training given their personal, psychological and family circumstances. It should also take account of the starting skills/ education/ literacy position of the participant. In many cases the structure of the FETAC programmes, for example in Childcare, will necessitate training and the accumulation of relevant work experience across a number of years. However, a time limit is important so that there remains a flow of long-term unemployed people through the CE programme and that openings appear for others to access these opportunities and skills.

Stream 2: The Provision of Local Services

This aspect of CE would reflect both the scale and likely duration of the current unemployment crisis including its concentration on many low-skilled and middle aged workers, and the role which CE has already built for itself as a cost-effective means of the state supporting the provision of local social services. Its features would include:

- A focus on assisting CE participants to retain/rebuild or establish an active association with the labour market. Given the profile of CE participants, and those who are long-term unemployed, such assistance is likely to cover formal and informal learning, mentoring and supporting participants in adjusting to a work environment.
- Provision of local services as determined by the needs of local CE host organisations and approved by the DSP. These would encompass a broad range of social enhancing roles from combatting education disadvantage, improving the local physical environment, fostering local services, assisting statutory bodies such as Drug Task Forces, the HSE and VECs and voluntary/ charitable organisations among others. While the nature and composition of these local services should emanate from local communities (as has been the case with many CE schemes), they should be subject to initial approval and regular review by the DSP. It would seem appropriate that such programmes should not be regarded as of indefinite duration and that most should carry time-limits (probably of a number of years) to reflect their counter-cyclical nature and the need to maintain the distribution of participation and throughput in these schemes.
- The incorporation of some formal training and skills enhancement within the programme, where this might range from basic literacy to the accumulation of specific skills relevant to the service being provided.

- Participation in the provision of these services should be guided by a tailored Individual Learning Plan compiled by the CE supervisor and the scheme participant given the nature of the service and the participant's training/skill requirements. While such programmes would be mainly a work experience programme, the incorporation of a development/training element is essential.
- A time limit on a participant's involvement in the CE scheme which is set reflecting the individuals distance from being able to access the active labour market. These limits (some exist already) would need to balance the flexibility many CE participants will need given their personal, psychological and family circumstances. However, a time limit is important so that there remains a flow of long-term unemployed people through the CE programme and that openings appear for others to access these opportunities.

While both these streams are not mutually exclusive the latter would be more focused on those furthest from the active labour market. The distribution of the overall number of CE places between these two streams would be a matter for both policy and be reflective of the nature of CE host applications received.

However, constructed in this way, there would seem to be merit in retaining the overall number of CE places at a figure of between 22,000 and 23,000 as it has been for much of the past decade. The approach would also allow the retention of the voluntary aspect of participant's engagement with CE, reflecting a desire from them to achieve additional skills or build links to the active labour market, but similarly necessitate that Government retain some other form of mandatory ALMP engagement to minimise discouragement and permanent disengagement with the labour market (e.g. as with Tús).

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ⁱ This paper draws on more detailed assessments of the Unemployment Crisis and ALMPs responses to it by Collins (2012, 2013).

ⁱⁱ See for example Collins, 2012.

ⁱⁱⁱ See NESC (2011:150-158) and Kelly et al (2011) for a good overview.