



European Employment Observatory

EEO Review: Youth Employment Measures, 2010

Ireland

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This article is the sole responsibility of the author(s)

1. Introduction

Recent trends in the youth labour market must be viewed in the context of the sharp deterioration in the Irish economy over recent years. Real GDP declined by more than 9 % in 2009 and while the position has stabilised in recent quarters, the economy remains flat and there is, as yet, little sign of any significant growth. The medium-term outlook is not favourable as it will be necessary to continue to reduce, within a relatively short period of time, the large Government budgetary deficit and provide very substantial funds to increase the capital component of the banking system.¹ This will leave little scope for the introduction of new Active Labour Market Policy (ALMP) measures, or the extension of existing ones. Where new measures have been initiated to counter the impact of the current crisis (as described in section 2.1), most of the costs have had to be met from reallocations of funds from within existing Departmental resources, or from resources that would otherwise have been required for social welfare payments.

The negative impact of the recession on the labour market for persons aged 15 to 29 years is illustrated by the series of indicators shown in Annex Table 1, which show data for the period from Q1 2008 to Q1 2010. While the overall employment rate for the entire labour force during this period fell from 68 % to 60 %, the decreases were noticeably greater in the younger age categories of the youth sector as defined. The rate for the youngest persons aged 15 to 19 years fell from 21 % to 11 %, and for those aged from 20 to 24 years it declined from 68 % to 49 %. The decline was somewhat slower in the 25 to 29 age category, decreasing from 81 % to just under 70 %.

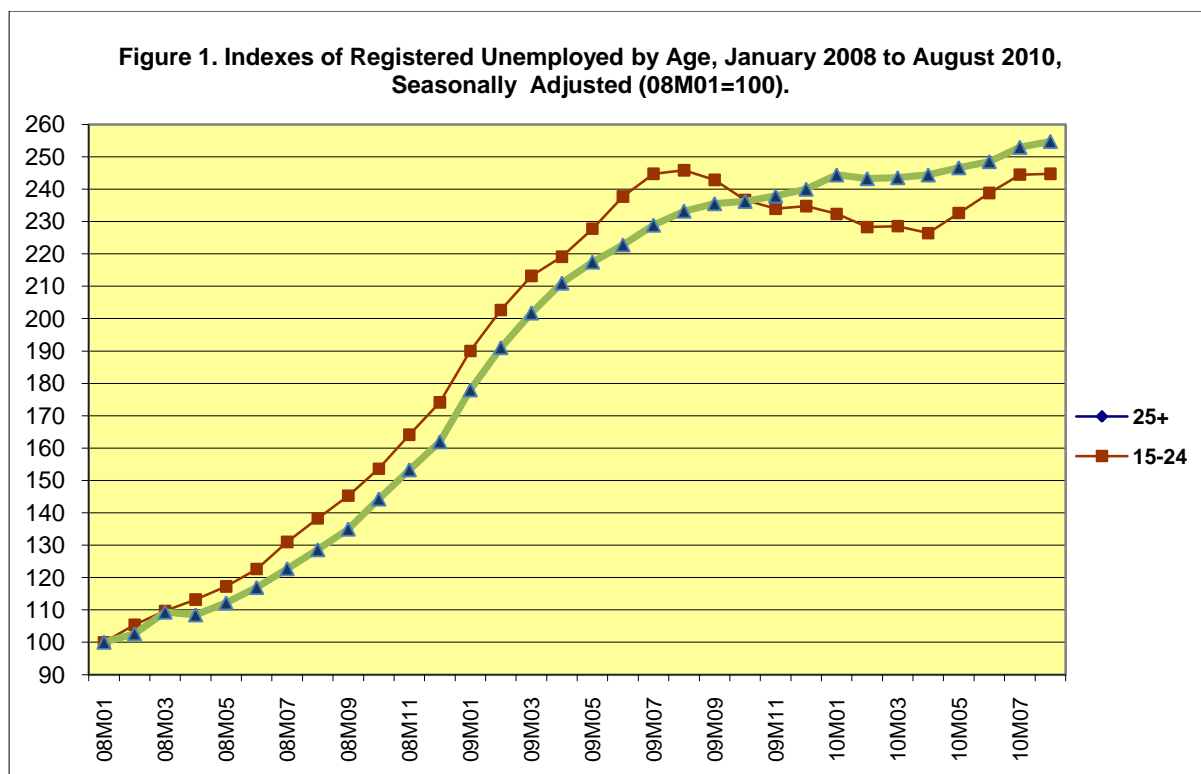
The unemployment rate for the entire labour force rose from 4.9 % to 12.9 % over the two year period in question, a rise of 8 percentage points. The second row in Table 1, which shows the trend in unemployment rates for individual age bands within the youth sector, indicates how the deepening recession impacted on different age categories. These data show that the younger age groups were more adversely affected. The unemployment rate for those aged 15 to 19 years rose from 12 % to over 30 %, while that for persons aged between 20 and 24 years increased from 8 % to nearly 25 %.

For all workers across the entire labour force the overall incidence of long-term unemployment (LTU) when compared with total unemployment rose during the two years in question from 27 % to 41 %. However, the increases were much greater in the younger age categories. This percentage almost doubled (from 24 % to about 45 %) for those in both the 20 to 24, and 25 to 29 year age groups.

An interesting feature of the indicators linking skills levels and unemployment is that for some age categories the relative rise in the unemployment rate for high skilled workers is greater than that for the low skilled, over the period covered. This is particularly noticeable in the 20 to 24 year age group – a particularly important age class in analysing skill enhancement. It is true, of course that the actual unemployment rates for the more skilled workers are much smaller, but in some instances they have increased more rapidly.

¹Information on the areas in which the expenditure reductions which will apply are set out in the “National Recovery Plan 2011-2014”, which was published by the Government on 24 November 2010.

One can obtain further and more up-to-date insights into the trends in youth and adult unemployment by observing the monthly changes in the numbers for the different age groups on the Unemployment Register.² Between January 2008 and August 2010 the number of persons aged 15 to 24 years on this register rose from 37 100 to 90 800, an increase of 145%. The relative rise in the number of older workers (i.e. aged 25 years or over) was slightly greater at 155 %, the actual number increasing from 143 000 to 364 300.



However, the most interesting feature is not so much the overall increases, but the differences in the trend movements within this period. Figure 1 shows index numbers of the registered unemployed for the two age groups. These show that between September 2009 and April 2010 the level of unemployment for those in the younger age group fell significantly, but began to increase again (rapidly) thereafter. In contrast, the unemployment trend for older workers was continuously upward for the entire period shown.

It is likely that the main reason for these differences was the introduction of supports for young unemployed persons designed to attract them into the education/training system. These measures (which are described in section 2.1) commenced in the autumn of 2009. For the most part, these supports would have been suspended in the early summer of 2010 at the end of the academic year, which would explain the renewed rise in youth unemployment at that time. These programmes are, therefore, essentially seasonal, especially those that relate directly to the educational sector.

² While the Unemployment Register (Live Register) is not regarded as an appropriate measure of the absolute level of unemployment (for example it contains sizeable numbers of part-time workers who receive partial benefit), it can be interpreted as a reasonable indicator of trends, especially in the short-term.

2. Measures taken to promote youth employment

This section of the paper draws significantly from a labour market report entitled ‘Review of Labour Market Programmes’ which was published by the Department of Enterprise Trade and Employment (DETE) in February 2010. It was commissioned in 2007 and undertaken by Forfás³ on behalf of the Department and made extensive use of a Follow-Up Survey of FAS programme participants, for which the field work was carried out by the ESRI in 2007 on behalf of FAS. This is the most recent substantive evaluation of ALMPs in Ireland.

The 2010 Review covered all the major FAS programmes (excluding schemes aimed at persons with a disability). A notable aspect of the Review is that it draws together for the first time a substantial amount of data on the performance of labour market measures, including costs, activities, outcomes and participant profiles.

Among the issues raised in the Review which are of particular relevance to the youth labour market are:

- (i) the need to realign certain measures to reflect the objectives originally set (particularly regarding age groups and social classes),
- (ii) the need for more evaluation and monitoring of ALMPs,
- (iii) a more strict view of the obligations arising from receipt of social welfare benefits (including in relation to participation in training programmes), and
- (iv) further reform of the apprenticeship system.

2.1. School education and training policies

This section of the paper involves two types of measure. In the first instance it describes a series of programmes which were introduced in mid 2009 to counter the impact of the current economic downturn. These measures, which required a considerable degree of cooperation between the Government Departments responsible for the labour market, education and welfare, involve the use of the education and training systems to further enhance the skills of unemployed persons. Whilst these measures are not specifically restricted to young people, it is clear that they will be taken up primarily by such persons, or at least by those who have recently exited from the education system. A further objective is to prevent the drift into long-term unemployment. In this context a number of the measures involve a shortening of the unemployment periods necessary to establish eligibility for training and other supports.

This section also deals with the statutory apprenticeship system and a ‘traineeship’ programme. The apprenticeship system, which is clearly important in facilitating the movement of young persons from education to the labour market, has been adversely affected by the current crisis.

The following are brief descriptions of all the measures referred to.

- (a) Measure to Expand Provision of Third Level and Further Education.** This measure, which commenced in the autumn of 2009, provides over 6 000 additional places for unemployed people in the further and higher education sectors. Participants can retain their unemployment benefits while attending the courses in question.

³ The State Development Agency

In the third level (or tertiary) education sector, 2 300 additional full-time course places were set aside for unemployed persons. These were supplemented by over 900 places on short part-time transition courses designed to facilitate entry to third level courses. Furthermore 1 500 part-time third level places were provided to enable persons who were unemployed, or who were on short-time working, to pursue third level diploma or primary degree programmes. These programmes would be classified in Levels 5A and 5B of the UNESCO International Standard Classification of Education, ISCED 1997.

In terms of further education (i.e. ISCED Level 4), Post Leaving Certificate (PLC) courses were expanded by 1 500 places. For the most part, these would not be designed to provide access to third level courses.

(b) Reorganisation of the Back to Education Allowance (BTEA). This measure enables unemployed persons to receive a weekly rate of payment equivalent to their social welfare payment if they re-enter either second or third level education. The main thrust of the changes made as part of the 2009 initiative was to reduce the duration of the unemployment periods necessary for qualification. In the case of the Second Level Option this duration was reduced from six to three months and for the Third Level Option from 12 to 9 months.

In fact at an earlier point (in July 2008) the Minister for Social and Family Affairs announced the launch of a special initiative over the summer period whereby regional Departmental officials would contact eligible young people who had been signing on the Unemployment Register to encourage them to gain additional skills and qualifications through BTEA opportunities. This involved entering appropriate education or training courses in the autumn of that year.

In order to accommodate the increased numbers the financial allocations for this measure have been significantly increased in recent years. The estimated expenditure for the BTEA in 2010 is about EUR110 million, up by about 45 % compared with 2008.

(c) Apprenticeships. The Statutory Apprenticeship system is the principal means by which people are trained to become craftspeople in Ireland. The system is operated by FÁS in co-operation with the Department of Education and Skills (DES), employers and trade unions. It is a modular standards-based system, generally comprising seven alternating phases of on-the-job and off-the-job training and development over a minimum period of four years. Currently there are 30 occupations/trades designated under the broad headings of construction, electrical, motor engineering, general engineering and printing.

The work-based training takes place on the premises of the sponsoring employer, who would normally retain the apprentice in employment subsequent to qualification. On completion, apprentices receive a qualification at Level 6 in the National Qualifications Framework (NQF), which is recognised in Ireland and in other EU and non-EU countries.

The majority of apprentices who enter the system are relatively young. Over 80 % of 2008 new registrants were aged between 16 and 20 years. It is estimated that over 60 % of new apprentices now have educational qualifications at upper secondary level (i.e. Leaving Certificate), even though the minimum entry standard is the completion of lower secondary education. There are few female apprentices – less than 0.5 %.

There were 3 800 new apprentice registrations in 2008. However, this represents a 55 % decrease on 2007, when the corresponding number was nearly 8 300, the sharp decline being a result of the recession. The total stock of apprentices at the end of 2008 was just over 26 100, of which over 3 000 had been made redundant by their sponsoring employers. By September 2009 the latter figure had risen to nearly 6 000.

This prompted the introduction of special measures to help unemployed apprentices progress within the system. In the autumn of 2009 the Government introduced an annual 11 week certified training programme for up to 700 redundant apprentices. These would have completed Phase 4 of the Apprenticeship Programme in an Institute of Technology, but would no longer have an off-the-job employer based training place available to them. The programme will facilitate participants progressing to higher education/training phases with a view to completing their apprenticeship at a later stage, if on-the-job placements can be found for them.

The cost of the apprenticeship system is substantial. If expenditure by FAS and the Department of Education and Skills is included, it was of the order of EUR 200 million in 2009. It is generally regarded as an expensive programme and has been criticised as being too inflexible, particularly regarding the fixed duration period of four years for all trades, irrespective of levels of complexity. In effect, it retains some of its traditional features which relate back to a time when progress was measured on the basis of time served rather than qualifications acquired.

d) FAS Traineeship Programme. These are occupational-specific and industry endorsed training programmes for unemployed jobseekers which combine centre-based training and on-the-job components with a specific employer. The programmes commenced in the 1990s. The duration of courses varies, but is generally between 20 and 43 weeks. They are designed to lead to NFQ awards mostly at levels 5 and 6, as well as industry-recognised certification providing access to specific occupations in designated sectors. The programmes are targeted at occupations which are not designated as apprenticeships. They cover activities such as childcare practitioner, leisure facility instructor, software developer, forestry operative, medical secretary, etc.

The 2010 DETE/Forfas Review considered traineeships to be a good alternative to apprenticeships, providing on-the-job training for specialist skills, but over a shorter period of time, and in a more cost-effective manner. Nearly 2 950 training places were made available in 2008, at a total exchequer cost of more than EUR 38.2 million. Some 43 % of participants were aged less than 25 years and 65 % were women. Virtually all were previously unemployed for less than one year.

Given the direct involvement of employers, it is not surprising that the post-programme experience of participants is favourable. The 2007 FAS Follow Up Survey indicated that over 70 % were in employment 18 months subsequent to completion, and 10 % in training.

2.2. Labour market and employment related programmes: access to benefits

This section describes support measures for young persons which are provided outside of the conventional education and training systems. The stated objective of the actual measures described (of which there are two) is to target disadvantaged young people. This section also

contains a brief description of recent changes to the unemployment payments system which affect young people.

The support measures are as follows:

(a) Community Training Centres (CTCs). These centres (of which there are 41 throughout the country) are supported and funded by FÁS to deliver services to early school leavers aged 16-21 years as part of the national YOUTHREACH programme. Early school leavers are defined as those who have left school with neither formal nor complete qualifications. CTCs have a national capacity of 2 300 places and are a key community resource support mechanism for early school leavers in providing additional training /education and assisting labour market integration. Currently the annual cost of the scheme is about EUR 52 million.

For the target group in question the unemployment rate is estimated at nearly 50 %, compared with less than 10 % for those who leave school with a higher secondary level award. Early school leavers have thus long been identified as a priority target group in EU and Government policy. When defined in terms of EU definitions, the incidence of early school leaving in Ireland has decreased substantially over the years – from 19 % in the 1990s to 11 % in 2009.⁴

Within CTCs the delivery of training and related services focuses on supporting the learner to achieve a National Framework of Qualifications (NFQ) award. Training provision is determined on the basis of an Individual Learning Plan. There is no specific duration for programmes in CTCs as these are adapted to meet the needs of a variety of individual learners with different levels of competence. Duration can vary from six months to two years.

Virtually all (97 %) of CTC participants are aged under 25 years and nearly three quarters have educational qualifications which are at most lower secondary level.

There is a high level of ‘drop out’ from CTCs. Figures for 2008 reveal that this is equivalent to almost 25 % of all starters. In addition to having left school early, the reasons indicated were that many participants have other difficulties (e.g. family dysfunction, substance abuse). There are also high levels of literacy problems (35 %) among CTC participants.

With regard to those who completed the programmes, the 2007 FÁS Follow Up Survey indicated that some 41 % were at work 18 months after leaving, 18 % were in training and over 30 % were unemployed.

(b) Local Training Initiatives (LTI). This measure, which is also a FÁS funded programme, was established to focus on responding to the training needs of socially excluded clients, primarily aged between 16 and 25 years, who are unable to access other FÁS interventions for social, personal or geographical reasons. These were to include, for example, disadvantaged unemployed, travellers, people with disabilities, ex-offenders, those recovering from substance misuse, etc.

⁴ The percentage of the population aged 18 to 24 with at most lower secondary education and not in further education or training. The EU 2020 target rate is 10.

The training, which is tailored to meet locally identified needs, takes place in community settings in partnership with community and voluntary organisations. Qualifications are offered at a range of levels across a variety of sectors. For example, programmes are provided in areas such as primary health care, personal care, sports and leisure, horticulture skills etc., with certification offered up to Level 5 of the NFQ.

The average duration of an LTI project is 52 weeks (260 days) to enable participants who are most distant from the labour market to achieve an award as a route to sustainable employment. The total number of participants who commenced training in 2008 was 3 100, but 18 % of these subsequently dropped out prior to completion. The total cost of the programme in the same year was just under EUR 35 million.

While the Local Training Initiative Programme was established to focus on the training needs of socially excluded young persons, in recent years the participant profile appears to have diverged significantly from what was originally envisaged. Only 40 % of participants are now in the target age cohort, and virtually all have been unemployed for less than one year. Furthermore, educational attainment levels are relatively high – the 2007 FÁS Survey indicated that nearly half of participants had attained higher second level standard or higher in 2008. On the basis of these results the 2010 DETE/Forfas Review concluded that there is every possibility that those assisted may have displaced more disadvantaged clients, whose inclusion would be more in keeping with the stated objectives of the measure.

Given the situation as described, it is hardly surprising the post-programme outcomes from this measure are relatively favourable. The 2007 FÁS Follow-Up Survey indicated that nearly 70 % of participants were either employed or in training 18 months after completing the programme.

(c) Access to Social Security Benefits. As in most other European countries, the Irish social support involves two streams. One is based on weekly contributions paid by employees and employers into the state social insurance system (PRSI), the other stream involves ‘assistance’ based supports for those without PRSI contributions or whose contribution levels are insufficient to qualify for insurance based benefits. Regarding unemployment payments, there are two types of supports – ‘Jobseekers Benefit’ (JB) for persons with adequate PRSI contributions, and an assistance based ‘Jobseekers Allowance’ (JA), which is means tested. With regard to unemployed young people, in the cases of the youngest (i.e. in the immediate post-education phase) most would be receiving JA, as they would not have accumulated sufficient PRSI contributions to qualify for JB.

Until recently there was little difference between young and older persons with regard to eligibility for unemployment payments. However, as from May 2009, Jobseeker Allowance (JA) payments for persons aged between 18 and 24 years have been substantially reduced. The decreases, which apply to new jobseekers, are of the order of 50 % for those between 18 and 21 and somewhat less than this for persons in the 22 to 24 year age category. The reductions do not apply to those who receive training/education supports (for example, as described in section 2.1), who will continue to receive amounts equivalent to the previous JA payments. Clearly the main objective of the adjustments is to induce unemployed young persons to take up training opportunities and thus introduce a degree of conditionality to unemployment payments, which does not apply to older workers.

2.3. Coordinated youth policies: role of labour market actors

(a) Youth Policies. Currently there is not a separate or dedicated youth policy approach in Ireland. Issues relating to employment, unemployment etc., insofar as young people are concerned, tend to be addressed in the context of labour market policy as a whole. However, as the measures described in the preceding commentary indicate, this does not imply that youth matters receive less than adequate attention.

Interestingly, a separate State funded Youth Employment Agency was set up in 1981 when youth unemployment was very high, but it was subsumed into the wider State labour market agency (FÁS) later in the decade. Subsequently, during the years of high economic growth, youth unemployment fell to very low levels, and there was little incentive to introduce special measures. The most significant youth policy intervention in this period was the introduction of a Statutory Minimum Wage in 2000. It applies to workers of all ages, but it is obviously of greater importance in the context of supporting younger workers, and immigrant workers generally. Up to the present, the standard hourly rate has been EUR 8.65, which is one of the highest in the EU. It should be noted that the Government, in its recently published National Recovery Plan, has indicated that the Minimum Wage will be reduced by EUR 1 (or 12 %), as it considers that, at its current level, it constitutes a barrier to employment creation.

(b) The Role of Labour Market Actors. When viewed from an historical perspective, employers and trade unions have long been formally involved with the Government in individual training initiatives such as the Statutory Apprenticeship system and, more recently, the FÁS Traineeship Programmes described earlier. However, in regard to youth issues in general, the social partners have not been involved in policy formulation on a formal basis. They have, however, been active participants in the series of wider national Social Partnership Agreements, the provisions of which would have benefitted young people. However, the Social Partnership is currently in suspension due to the impact of the current economic crisis.

3. Summary and conclusions

In parallel with developments in the economy generally, the youth labour market in Ireland has deteriorated rapidly over the course of the current recession, – particularly in the 20-24 year age group.

Interestingly, in some instances unemployment among high skilled young people (even though starting from a much smaller base) has increased more rapidly than among those with low skills. One can mainly attribute this to the rapid decline in the numbers employed in manufacturing, and in private sector professional and administrative services. One might have expected that the large contraction in the building industry would have caused a substantial rise in the number of unskilled redundancies. Indeed this did happen, but many such persons were immigrant workers who have returned to their home countries over the period since the recession commenced – and contributed to keeping unemployment levels in Ireland below what they would otherwise be.

As for the range of new labour market measures announced by the Government in mid-2009, these do appear to have had an impact on the youth unemployment level, even if of a temporary or seasonal nature. However, the measures do convey significant skills and should

have a beneficial effect in the longer term, both for the individuals concerned and eventually in the wider economy. The immediate objective is to prevent the drift into long-term unemployment, and to maintain or enhance skills levels pending economic recovery. The potential long-term benefits would imply that these programmes are consistent with the Europe 2020 objectives.

The programmes introduced in 2009 were not specifically designed to provide significant assistance to disadvantaged young people. For this one must rely on a number of targeted existing programmes which have been described in section 2.2. However, as noted in the 2010 DETE/Forfas Review of ALMPs, while these measures are substantial, the focus of some of their activities has deviated from the original objectives. The participants now contain considerable numbers of persons who are not necessarily young and (on the basis of their education/skill levels) do not appear to be disadvantaged. This is an issue that needs to be reviewed, especially in the light of current labour market circumstances.

In view of the severe financial constraints which will apply in the Irish economy, is unlikely that further labour market support measures will be introduced in the years immediately ahead. Indeed, it may be difficult to prioritise the existing programmes and maintain the supports at their current levels. If new initiatives are put in place, it can only be done through the reallocation of resources from elsewhere in the economy.

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Annex

Table 1: YOUTH EMPLOYMENT / UNEMPLOYMENT TRENDS (Q1 data)									
Data	Age group 15-19			Age group 20-24			Age group 25-29		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Employment rate (%)	21.2	14.6	10.6	68.3	57.9	48.9	81.2	72.6	69.6
Unemployment rate (%)	12.1	25.7	30.1	8.1	17.8	24.8	5.1	13.4	16.0
Long-term unemployment as a % of unemployed	-	-	(29.8)	24.5	22.2	46.6	(23.5)	20.1	43.9
Youth unemployment to population ratio	2.9	5.0	4.6	6.0	12.5	16.1	4.4	11.2	13.3

Source: Eurostat, Labour Force Survey

- : Data not available

Data in brackets not reliable due to small sample size.

Table 2: YOUTH UNEMPLOYMENT TRENDS (Q1 data, %)						
Data	Age group 15-24		Age group 20-24		Age group 25-29	
	2009	2010	2009	2010	2009	2010
Unemployment for the low-skilled (ISCED 0-2)	32.8	42.6	43.7	49.1	27.9	38.9
Unemployment for the medium-skilled (ISCED 3-4)	18.8	25.0	17.6	24.2	16.2	19.3
Unemployment for the high skilled (ISCED 5-6)	11.9	16.3	11.8	16.3	7.8	9.4

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted

Table 3: YOUTH TEMPORARY CONTRACTS (% OF EMPLOYEES) (Annual data)			
Data	Age group 15-19	Age group 20-24	Age group 25-29
	2009	2009	2009
Temporary work as a % of employment	41.7	19.8	8.7

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted

Table 4: NEITHER IN EMPLOYMENT NOR IN ANY EDUCATION OR TRAINING (NEET) (Annual data)		
Data	Age group 15-19	Age group 20-24
	2008	2008
NEET rate (% of the age group) (annual averages)	11.0	18.2

Source: Eurostat, EU Labour Force Survey, Annual averages

Table 5: EARLY SCHOOL LEAVERS* (Annual data)		
Data	Age group 18-24	
	2008	2009
Early school leavers (% of the age group)	11.4	11.3

Source: Eurostat, Labour Force Survey

* Percentage of the population aged 18-24 having attained at most lower secondary education and not being involved in further education or training.

Table 6: DIFFERENCE IN YOUTH UNEMPLOYMENT RATE BETWEEN Q4-2009 AND Q4-2007		
Data	Age group 15-19	Age group 15-24
Difference in youth unemployment rate between Q4-2009 and Q4-2007	20.6	17.1

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted