

Minister Varadkar seeks more ambitious joblessness targets in tandem with Labour Market Council

Minister for Social Protection Leo Varadkar has today (Monday, 13 June, 2016) agreed to seek more ambitious targets for reducing unemployment in conjunction with the Labour Market Council.

The Minister met the Labour Market Council for the first time to discuss its response to the *Pathways to Work Strategy 2016-2020*, which aims to tackle unemployment and ensure that as many new jobs as possible go to people on the Live Register.

He will now seek approval for the more ambitious targets from the Cabinet Sub-Committee on the Economy, Trade & Jobs.

The proposed new targets include:

- Reducing the unemployment rate to between 5% and 6% by 2020
- Increasing the employment rate (i.e. the percentage of adults in the workforce) target to more than 73% by 2020 (existing target 69%-71%)
- Bringing youth unemployment to 12% or less by 2020 in the context of an overall unemployment rate of 6% or less;
- Decreasing long-term unemployment to 2.5% (a new target);

"The new Government has already reached its goal to reduce unemployment to below 8% this year, with the rate falling to 7.8% in May. The original target was to breach 8% by the end of 2016," Minister Varadkar said.

"Having met with the Labour Market Council today I see every reason to set more ambitious targets in many other areas. I will now seek approval from the Cabinet Sub-Committee on the Economy, Trade & Jobs to formally endorse the new, more ambitious targets.

"The proposed new targets discussed with the Labour Council aim to bring unemployment to below 6% by 2020, reducing it to between 5% and 6%, to increase the target for employment to 73%, and decrease long-term unemployment to at least 2.5%, with the aim of reducing it further if possible.

"I have also asked the Labour Market Council to work with my Department on two initiatives. The first is to develop a replacement for JobBridge, and the second is to develop the Pathways to Work for Jobless Households action plan as committed to in the Programme for Government. Although the level of household joblessness is falling as the economy gets back to work and is trending in the right direction we can't afford to be complacent. People from families where no adult is working face higher barriers in accessing employment. As a result, joblessness can be inter-generational. I want to work with the Labour Market Council to develop a plan to break this cycle and improve outcomes for families and hope to bring this plan to Government by the end of the year."

The Department is already pursuing a number of other recommendations from the Labour Market Council, including:

- Developing the capacity and skills of case officers in 'back to work' counselling, not just for unemployed jobseekers but for other currently inactive working age adults with the capacity and desire to work;
- Ensuring active labour market programmes are stepping stones to decent sustainable jobs, while also recognising that certain schemes have multiple purposes;
- Implementing protocols between State agencies to ensure consistent, integrated and high quality services, to both jobseekers and to employers;
- Progressing the timely evaluations of programmes and processes, including Intreo, JobBridge and JobPath, to inform policy reviews;
- Continuing to provide in-work supports and working to developing in-work guidance/counselling as part of JobPath;
- Holding a national conference to share best practice by the end of 2016.

In closing, the Minister said, "**I want to thank the Labour Market Council for preparing this Response to the Pathways to Work Strategy 2016-2020 and for their ongoing support and advice in respect of labour market and employment policy. I look forward to working closely with the Council in future.**"

ENDS

Note to Editors:

The report, *Response of the Labour Market Council to Pathways to Work 2016-2020*, can be found at www.labourmarketcouncil.ie.

Pathways to Work 2016-2020 was published in January 2016 and is the latest Government labour market activation policy document. It can be seen at <http://www.welfare.ie/en/Pages/LMC-Pathways-to-Work-Publications.aspx>

The Labour Market Council

The Labour Market Council (LMC) is an independent group of industry leaders and labour market experts, appointed by the Minister for Social Protection to oversee the effective delivery of the Government's Pathways to Work (PtW) strategy. It was convened in 2013. It is supported in its work by the Department of Social Protection and other relevant Government Departments with responsibilities for Pathways to Work actions (including the Department of Education and Skills; SOLAS; and the Department of Jobs, Enterprise and Innovation).

Pathways to Work

The Pathways to Work Strategy 2012-2015 delivered substantial reforms to how the State approaches helping unemployed jobseekers return to work and ensuring that as many as possible of the jobs that arise in the economy are filled by unemployed jobseekers. The reform programme contributed to a reduction of circa 38% in the numbers of people unemployed over that period.

Pathways to Work 2016-2020 follows the format of previous strategies by assigning actions to the following strands:

- Strand 1: Enhance engagement with unemployed people of working age;
- Strand 2: Increase the employment focus of activation programmes and opportunities;
- Strand 3: Making work pay - Incentivise the take-up of opportunities;
- Strand 4: Incentivise employers to offer jobs and opportunities to unemployed people;
- Strand 5: Build organisation capability to deliver enhanced services to people who are unemployed.

In addition, reflecting significant changes underway in the education sector and recognising the importance of education and training in developing the existing workforce and in giving unemployed people the skills, knowledge and competencies required for employment, a new strand is added:

- Strand 6: Building Workforce Skills.

Jobless Households

Eurostat, the EU statistics agency, reports that:

- The percentage of adults in Ireland living in households where no one works has fallen from 15.9% in 2012 to 12.4% a reduction of 22%. Over the same period the EU average figure has fallen from 10.9% to 10.6% a reduction of 2.8%
- The number of children in Ireland living in jobless households has fallen over the same period from 20.2% to 14.5% a reduction of 28%. Over the same period the EU average rate has fallen from 11.2% to 10.7%, a reduction of 4.5%

Youth and Long-Term Unemployment

- The Youth Unemployment Rate for Q1 2016 stood at 16.9% down from over 30% at peak. The new target proposed by the LMC equates to reducing the rate of youth unemployment by about 30%.
- The Long-term Unemployment Rate for Q1 2016 stood at 4.7% down from 9.5% at peak. The new target equates to reducing the long-term unemployment rate by about 45%.