



JobPath – WHY IT HAS TO GO



SINN FÉIN
POLICY PAPER



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Introduction:

JobPath has failed. It has not succeeded in sourcing full-time employment that is in any way sustainable or meaningful for the long-term unemployed. It has caused huge difficulties for existing and reputable community based schemes. It has interfered with part-time workers who had been managing their working life with caring responsibilities or around childcare. And it has done all of this at a huge cost to the taxpayer. These are not the consequences of a poorly managed or poorly resourced job activation scheme but rather the unavoidable out-workings of failed Government policy.

Criticism of JobPath is not solely about the use of private companies to deliver the service. Minister Doherty regularly reminds us that private companies are already used in the delivery of job activation schemes through the Local Employment Service (LES). This is true however; there are two very obvious differences. Firstly, the JobPath tender was won by Turas Nua and Seetec, both with links to British companies which have been overshadowed with allegations of fraud leading to at the very least, a questionable reputation. We have also recently learned that Working Links (the British based company) which has a 50% share in Turas Nua here has gone into administration. And second, the LES is based on a not-for-profit model whereas the private companies in JobPath work on a payment by results model.

Aside from the numerous issues with JobPath itself, the actual need for introducing such a service to begin with deserves some consideration given the number of schemes such as Community Employment (CE), Tús, Job Clubs and the Local Employment Service (LES) that already existed. These schemes were already well established and integrated into the communities in which they served and were highly regarded with a proven track record in providing a pathway to work or training for participants.

In short, aside from the controversial nature of the companies involved, the issue with JobPath is twofold – the use of the payments by results model and the work-first approach which is their only aim for participants.

BACKGROUND:

JobPath was set up by the Department of Social Protection in July 2015. The aim of the scheme was to put a major focus on assisting the long-term unemployed (over 12 months) to find employment. This was at a time when despite unemployment falling, the number of people long-term unemployed was of concern. The JobPath scheme was put out to tender and two companies emerged successful - Turas Nua and Seetec. Both companies have entered into a contract with the Department up until 2021. Turas Nua operates in the South of Ireland and Seetec is based in the Midlands, West and East region. Both companies have links to Working Links and Seetec based in England.



Long-term unemployment in 2015 – was JobPath the only solution?

The sole purpose of establishing the JobPath service was always stated by the Department as a means to assist the long-term unemployed. At the start, that was its only target group. It is therefore, important to examine the actual levels of long-term unemployment at that time.

According to the CSO's Quarterly National Household Survey¹ from Q2, 2015:

"In the year to Q2 2015, the number of persons classified as long-term unemployed decreased by 28,000 (-19.1%), bringing total long-term unemployment to 118,600."

So, while we cannot and do not dismiss the huge levels of long-term unemployment at that time, it is important to note that it was dropping quite rapidly when JobPath was introduced. This is an important point when Minister Doherty insists that JobPath, along with other Government measures made a substantial contribution to reducing long-term unemployment at that time.

Duration of unemployment (ILO)	Q2 13	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15
Males							
Less than 1 year	63.9	53.3	56.4	52.8	45.8	45.5	47.1
1 year and over	123.3	107.6	101.8	94.9	86.3	88.0	81.0
Not stated	*	*	[3.2]	[2.6]	[3.5]	*	[3.4]
Total males	189.6	163.5	161.3	150.3	135.5	135.7	131.6
Females							
Less than 1 year	57.9	45.0	47.2	49.5	39.5	37.0	40.9
1 year and over	51.8	48.5	44.8	44.3	37.2	39.2	37.6
Not stated	*	*	*	*	*	*	*
Total females	111.2	94.6	93.2	95.2	78.1	77.1	79.7
All persons							
Less than 1 year	121.8	98.3	103.6	102.4	85.3	82.5	88.1
1 year and over	175.0	156.2	146.5	139.2	123.4	127.2	118.6
Not stated	[3.9]	[3.6]	4.4	[3.9]	4.9	[3.2]	4.8
Total persons	300.7	258.1	254.5	245.5	213.6	212.8	211.2
Long-term unemployment rate % (Persons aged 15-74)	8.1	7.3	6.8	6.4	5.8	6.0	5.5

Table 1: CSO: Persons aged 15 years and over by duration of unemployment (with 1 year and over classified as long-term unemployed)

¹ Central Statistics Office, Quarterly National Household Survey Quarter 2, 2015. Available here: <https://www.cso.ie/en/releasesandpublications/er/qnhs/quarterlynationalhouseoldsurveyquarter22015/>

Cost of JobPath:

To date JobPath has cost the taxpayer **€162.55m**

One of the most effective ways to measure the success of any Department scheme is to look at the money spent against the outcomes achieved. However, first we must examine the individual fees available to Turas Nua and Seetec for delivering JobPath. These figures are not only important to ensure transparency but also unique as no other activation scheme under the Department receives payments in this way.

There are five payments available to both Turas Nua and Seetec paid by the Department at different stages of the JobPath programme. The first is an initial referral fee of **€311**. This is paid for every person referred to one of the two JobPath providers and is released once a participant signs the Personal Progression Plan with Turas Nua or Seetec. The next four payments are known as sustainment fees and are payable after each 13 week period in sustained employment. These are as follows:

- After 13 weeks: **€613**
- After 39 weeks: **€892**
- After 26 weeks: **€737**
- After 52 weeks: **€1,165**

This means that a total of **€3,718** is payable per person who secures employment that is sustained for at least one year.

It is also important to remember that the Department has referred over 21,000 people to JobPath for a second time. Minister Doherty has previously confirmed that this results in a second payment of the €311 referral fee to the JobPath companies. This means that the companies are being paid on the double for the same person.

From 2019, the Department have begun referring people to JobPath for a third time. This means a third initial referral fee of €311 paid in respect of the same person three times. That is a total of €933 in referral fees for the same person. So far, to date 25 people have been referred to JobPath for a third time² and we expect this number to rise continuously in the coming months.

²

PQ Reply from Minister Doherty PQ Ref. 10510/19





How many people have found work through JobPath?

In the Minister's own words³, "since 2015, 41,000 persons gained a full time job while engaged" with JobPath. To some, 41,000 out of 206,000 might sound like some improvement in levels of unemployment however, on requesting a breakdown of how long these jobs were sustained; the actual number of jobs sourced and sustained is actually nowhere near 41,000. In response to our request, Minister Doherty stated⁴:

"I can confirm that since the beginning of the JobPath programme, of the 206,000 participants to date, 40,869 have started full time employment while engaged with the programme, approx. 48,000 of the 206,000 are still engaged with the programme....Of those 40,869 job starts, 24,989 were over 12 months ago, of these 11,334 sustained in employment for over 12 months."

We can conclude the following as the actual reality of what JobPath has achieved:

- Of the 206,000 people referred, approximately 48,000 are still engaged with the service
- Out of 40,869 people who have started full time employment, only 11,334 people were sustained in employment for at least 12 months
- 117,131 people who have been through JobPath have not sourced employment or seemingly, anything at all

The bottom line is this - since 2015 JobPath has sourced employment that has lasted for at least one year for 11,334 people out of 206,000 referred and they have done so at a cost of €162.55m to the taxpayer.

³ Minister Doherty's speech at the Dáil debate of Sinn Féin Motion regarding JobPath on February 5th 2019
⁴ Written correspondence from Minister Doherty

Impact on existing schemes:

Minister Doherty insists that additional capacity was needed back in 2015 to deal with the number of people on the live register, particularly those who were on it for over twelve months, otherwise known as the long-term unemployed. When it comes to trying to deal with the unemployment levels at that time, Minister Doherty has only ever pointed to one action taken by her Department and that was to increase the number of Intreo case officers. She maintains that this was not sufficient to meet demand yet it does not appear that the Department tried anything else. This begs the question as to why other choices could not have been made such as increasing resources and staff to already existing schemes and services along with the increases in Intreo case officers.

It is difficult to comprehend that with proper resourcing and funding, existing schemes such as the LES, Job Clubs, CE, the Rural Social Scheme, and Tús along with educational and training schemes could not have managed the unemployment levels. Either way, it does not appear that this was considered in any meaningful way.

The emergence of JobPath in 2015 is seen as the single biggest reason for a lack of referrals to other schemes most notably, to CE and the LES. Since then, the Department's preference to refer people to JobPath over all other schemes has not been lost on CE and LES staff. This has led to huge difficulties in sustaining their own schemes. Referrals to the LES dropped across the State (see table below) and vacancies in CE continue to increase and cannot be filled.

Year	No. of referrals
2014	67,314
2015	N/A
2016	21,209
2017	18,498

Table 1: *Number of referrals to the Local Employment Service in 2014-2017*

COMMUNITY EMPLOYMENT (CE):

In 2018, there were 9,213 referrals to CE and 59,284 referrals to JobPath

Every day, there are over 1,800 vacancies advertised online for Community Employment schemes across the State. However, when it comes to the impact that JobPath is having on CE schemes, it is not simply the lack of referrals but the detrimental impact that this has on communities, local amenities and community projects. CE is unique as it not only provides training and upskilling to participants but it provides a service, which may be otherwise non-existent in towns and villages. Whether that is by providing Meals on Wheels to vulnerable and older members of the community, maintaining the local GAA grounds



or community centre, looking after children in childcare settings or after-school facilities, or providing care and attention to dementia patients in their homes and the list goes on. The value and benefit that these roles provide to people and communities cannot be underestimated.

While, there are no current plans by Government to make any changes to CE that would cause concern for its future, the greatest threat to this is the lack of referrals to fill vacancies. This difficulty has been put to the Minister on several occasions however; she blames the issues around filling vacancies on the fact that levels of unemployment are low. So there are enough people for JobPath but not for Community Employment.

LOCAL EMPLOYMENT SERVICE (LES):

The LES is delivered by 22 local development or community companies across the State. They hold an annual contract with the Department which is regularly reviewed. The LES was set up in 1991 and prides itself on being community based and not for profit. It delivers an efficient and effective service to the unemployed and is well regarded by local employers. Recent research into the service by Indecon which looked at both participant and employer experience of the LES concluded the following:

- Over 75% of LES clients report they were motivated by LES staff
- 74% reported positive help with education, training or other development opportunities
- 89% of employers reported help received from LES finding suitable candidates for vacancies
- 83% of employers believe LES were efficient recruitment services for their company
- 82% of employers have established an effective ongoing relationship with the LES

Despite positive findings by Indecon in this recently published report, concerns about the future of the service are growing amongst the LES staff. While, they acknowledge the changing unemployment landscape and the need to evolve to cater for it, they are anxious to maintain their not for profit model which the LES prides itself on. This will be their number one priority if and when any changes to the current way in which the LES operates are proposed. Those involved in the LES do not want to see any moves to a payment by results model.



Proposals:

Sinn Féin recently brought forward a Dáil Motion regarding JobPath which was passed by the majority of the Dáil despite opposition from the Government. The Motion as passed calls on the Government and the Department of Employment Affairs & Social Protection to:

- immediately cease all referrals to the JobPath service and end the mandatory nature of the scheme
- end the contract with the JobPath providers as soon as possible without any extension
- properly resource and expand existing job activation schemes which are community-based including the Local Employment Service, Adult Guidance Services, Community Employment, Rural Social Scheme, Tús, and Job Clubs
- invest in the Back to Education Allowance scheme, Vocational Training Opportunities Scheme, and any other available training and education schemes
- end the use of 'payment by results' models in job activation schemes
- examine the significant international research on the consequences of sanctioning, including the short-term impacts, such as poverty, and the long-term impacts on health and well-being
- focus on an 'individual first' approach rather than the 'work first' approach pursued by JobPath, acknowledging that one size does not fit all and some jobseekers would benefit more from upskilling through apprenticeships, education, training and work experience rather than an 'any job will do' attitude

The passing of this Motion is significant and has sent a clear message to Government – the majority of TDs in the Dáil do not support JobPath or the payment by results model on which it is based. This certainly does not put any faith into exploring replicating the use of this model in other job activation schemes.

Minister Doherty insists that the contract entered into by her Department with the JobPath companies prevent her from walking away from the JobPath service. The Minister went on to list out what the "immediate cancellation of the JobPath service" would mean - impacting on JobPath staff, the long-term unemployed, and exposing the State to financial liability. Yet, no-where in our Motion did we call for the cancellation of JobPath. We purposely avoided this because of the contract in place and in order to avoid the Minister being able to use the contract as an excuse to do nothing.

Instead what we want to see is an end to any further referrals and an end to the mandatory nature of the service. It could be argued that if participants are as happy on JobPath as the Minister seems to think they are then there should be no issue in ending the mandatory nature of the service.



As stated in the Motion we want to see an emphasis on existing community-based schemes which we believe if properly resourced and staffed can manage any levels of unemployment. The positive findings of the Indecon report in to the LES show that the service is effective and therefore, should be maintained in keeping with its not for profit model. We also want to see CE vacancies filled by those who want to work in and contribute to their communities. In particular, when it comes to the three year rule for those aged over 55 years, we would like to see this relaxed to facilitate those approaching pensionable age to remain on, if they are willing and able. We are also conscious that the three year rule is leading to services being lost to people and to communities when CE staff are not permitted to remain on.



Conclusion:

Job activation should be about supporting and assisting the unemployed onto the best pathway that will lead them to what they want to do whether that's education, training, or employment. That is what job activation is supposed to be about. It is person-centred and acknowledges that no two people who are unemployed are the same. JobPath does not represent this and instead, focuses solely on finding a person a job, any job, because that is what pays them. We cannot be naïve to this reality – the sole objective of private companies is to make money and the Department are using taxpayers' money to assist them in meeting this objective. Even on putting ideology aside, there is no denying the fact that JobPath has failed.



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