



# JOB ACTIVATION PROTECTING THE NOT-FOR-PROFIT MODEL



## Background

Local Employment Services and Job Clubs were established in 1995 as services contracted by the Department of Social Protection to deliver employment services. Currently, there are 26 Local Employment Services (LES) and 40 Job Clubs in existence. There are approximately 307 full time equivalent posts in the LES and 81 full time equivalent in Job Clubs, a total workforce of 388.

A Request for Tender (RfT) was introduced following an unpublished external review on behalf of the Department of Social Protection into all current contracted Public Employment Services (PES). The review was also to advise on the design and development of future contracted PES. The tender is being carried out in two phases – first, for a number of areas without a LES currently and secondly, for the remainder of the State.

The Minister has repeatedly referenced legal obligations under EU procurement legislation for the need to introduce a competitive tender. However, the tendering of Social Services is not a requirement of national Governments under EU legislation<sup>1</sup>. Public authorities are free to choose to outsource the provision of services, or to provide them themselves or by means other than public procurement. In circumstances where a national Government decides to spend public money to acquire a service and therefore, use a public contract, then it must comply with EU public procurement rules.

While we recognise the value of aligning with best practice regarding the tendering of public services, tender processes should not result in the reduction of quality of the service being provided. Furthermore, it is important to recognise that the proposal to dismantle the existing community-based model of employment services as set out in the RfT is the decision of the Government and not a legal requirement of any kind.

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<sup>1</sup> Recital (5) of Directive 2014/24/EU on public procurement.

## Local Employment Services (LES)

Local Employment Services (LES) are run mainly by Local Development Companies to deliver an employment advisory service to people furthest from the labour market (a drop-in service) and not just to those on the Live Register who are referred to them by the Department. The LES is pre-funded on an annual basis.

The LES provide the following services:

- Supporting persons referred by the Department to find employment through career guidance or the provision of placement services as well as referring persons to education and training programmes
- Assisting those furthest from the labour market by the provision of high quality, intensive specialist support and locally responsive services

The LES delivers an efficient and effective service to the unemployed and is well regarded by local Employers. Research into the service by Indecon<sup>2</sup> looked at both participant and Employer experience of the LES and 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

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<sup>2</sup> Department of Social Protection, 'Local Employment Service Reports', October 2020 - <https://www.gov.ie/en/publication/f1c31-local-employment-service-reports/>

## Job Clubs

Job Clubs also typically come under Local Development Companies and are funded by the Department annually. Like the LES, Job Clubs provide a drop-in service.

Job Clubs provide the following services:

- Assist Jobseekers to source employment in the open labour market through job search support, CV preparation and interview skills
- Provide workshops as well as individualised support allowing the Jobseeker to avail of practical and personal support on a one-to-one basis

Both the LES and Job Clubs have provided a long-standing model of contracted service on behalf of the Department for over 25 years with highly experienced staff across both services. They are well integrated into the communities they serve and both services are highly regarded, with a proven track record in providing a pathway to work or training for participants.

## The current context

On May 26th a tender was published on behalf of the Department of Social Protection for the provision of a Regional Employment Service. The purpose of this tender is to extend Local Employment Services to seven Counties where such a service does not currently exist. This extension would be welcome if it was based on the roll-out of the LES in its current form and under the existing model. However, instead, it proposes a very different model.

The tender signals the Government's clear intention to change the way in which employment services, specifically Job Clubs and the LES, are delivered. The tender puts forward a new model of contracted public employment service which threatens the community-based and not-for-profit ethos of existing services.

## What is being proposed

The tender proposes a very different model to the current way in which the LES and Job Clubs deliver their services. However, it is not unique and can be likened very much to the existing JobPath scheme. The new model is based on the following:

**Privatisation of employment services** – A shift to a ‘payment by results’ model will effectively see the further privatisation of employment services in the State. This type of model focuses only on profit, not the person seeking employment.

The commercialisation of employment services also threatens to price not-for-profit organisations currently involved in the LES and Job Clubs out of providing these essential employment services.

This is not the person-centred approach so successfully fostered by the LES and will, if progressed only result in a ruthless focus on profit which leaves those who need these services behind.

**Reduced quality and equity of services** – By shifting to a model which focuses on processing volumes of people returning to work, the quality of LES and Job Clubs will be significantly undermined and would potentially result in the reduction of the community based, wrap around services which are currently on offer to those seeking employment.

As well as this, quality over quantity will remove accessibility for many who currently access the LES and Job Clubs – including who are re-entering the workplace following a long absence or with additional responsibilities such as Lone Parents or Carers.

The current service provided is unique in not only supporting Jobseekers but also those who may have been unavailable to work for some time due to caring responsibilities such as Carers or Lone Parents, who can just walk in to the LES or their local Job Club (without being referred) to access assistance and supports. These walk-in services are not part of the new model proposed in the tender which will mean the end of walk-ins across employment services.

Now more than ever, as we emerge from Covid-19 a holistic approach to employment services will be vital, especially around mental health. There is little emphasis on such supports in the proposed new model.

**Costs** – Introducing a fully privatised employment service does not guarantee monetary savings – JobPath has cost the Government close to €300m<sup>3</sup> since 2015 and presents as an example of a volume-based approach which did not provide value for money. Of the 283,826 people referred to JobPath between July 2015 and October 2020, just 22,581<sup>4</sup> had sourced employment that had been sustained for over 12 months – representing a success rate of 7.9%.

### What we are advocating for

As we emerge from Covid-19, we know there is a risk of further deepening inequalities in access to education and employment. It is important that we comprehensively address the economic and social impacts of the Covid-19 crisis, both in the short-, medium- and long term.

Sinn Féin have long campaigned against privatisation of job activation services through schemes such as JobPath and we remain strongly opposed to the Government's move to a commercialised and commodified model of employment service provision.

Dismantling and undermining Local Employment Services and Job Clubs is not the answer to addressing the challenges ahead. The availability of a holistic model, which benefits jobseekers and communities will be key as we move forward.

With this in mind, we are calling for the following:

#### Protection of the existing community-based model

A big part of the success of the LES and Job Clubs is down to their standing in the community which they serve. This was evident in the Indecon review which showed a positive relationship between the LES and local Employers, for example. It is clear that local Employers have confidence in the LES and these relationships should be maintained rather than eroded. We must also acknowledge that there is a level of comfort for those seeking assistance in dealing with a well-known and reputable service that is part of the community, as many LES and Job Club offices have been for over twenty years.

<sup>3</sup> Data from Parliamentary Question 37988/20

<sup>4</sup> PQ Ref. No. 37987/20 – 37993/20 here: <https://www.oireachtas.ie/en/debates/question/2020-11-24/549/?highlight%5B0%5D=jobpath>

### **Availability of employment services for all**

The integration of a Local Employment Service with existing rural employment and inclusion services offers jobseekers a comprehensive wrap-around service under one roof. This also enable Local Development Companies to offer a free-to-user employment service that is inclusive of all who find themselves outside of labour market participation and inclusive of both those who qualify for social welfare payments and those who do not – including but not limited to Lone Parents; People with Disabilities; Carers; Early School Leavers; Partners of those in receipt of social welfare payments, etc. The inclusion of all such groups is necessary to ensure that there is a comprehensive national employment service.

It is also important to acknowledge that those furthest from the labour market may not be ready to be placed in just any available job and might require additional supports or benefit from training or education courses. We know that payment-by-results models like JobPath put an emphasis on job placement with little regard for the individual and their needs. This focus on individuals who are most easily placed in jobs could leave an entire cohort of people behind.

### **Continuation of wrap around services**

LES and Job Clubs are unique in that they not only take referrals from the Department but also walk-ins, which may be persons who have just ceased a caring role or may be parenting alone and therefore, have other responsibilities and may seek a job alongside that.

Both services promote 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.

### **Affordability**

The impact of JobPath has shown us that a privatised model of employment service fails both the person seeking support to access the labour market and the public purse.

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We propose the scaling-up of the existing model, which would harness the expertise of LES and Job Club Employees and utilise already implemented systems currently in place.

The Irish Local Development Network estimate that Local Development Companies (LDCs) have the capacity to provide services in areas which do not have employment services immediately. In addition, by integrating Job Clubs into the current model of LES, these important supports can be continued in the locations they currently operate in whilst maintaining affordability and complementing the work of the LES.

Along with existing contracts with Local Development Companies, this would deliver a State-wide employment service at a total cost of €36,250,000, representing a savings of €33 million per year to the exchequer<sup>5</sup>. This is a far cry from the almost €300 million spent on JobPath.

not for profit community based  
wraparound services  
drop-in service person centred  
**community based**  
not for profit wraparound services  
drop-in service  
person centred  
**community based**  
wraparound services  
not for profit  
drop-in service  
person centred  
**community based**  
wraparound services

## Conclusion

We know that existing models of employment services like the LES and Job Clubs work. These schemes provide valuable and comprehensive employment services, which are based on supporting both individuals and communities.

Shifting to an employment service model which is profit-focused, has no proven results and quite literally places quantity over quality, is unacceptable and will not support sustained employment in the State.

Instead, we support scaling up the existing model of LES through established organisations, extending the service to areas where it does not currently exist and merging it with Job Clubs who would continue to work alongside the LES to ensure continued quality of these services for more people seeking employment.

Sinn Féin will oppose any attempt to profit from the exploitation of people seeking employment. By incorporating our recommendations above, we can ensure quality employment services for all.



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