

# REVIEW OF LABOUR MARKET PROGRAMMES

*Summary Report*



an roinn fiontar, trádála agus fostaíochta  
department of enterprise, trade and employment



## Foreword

I am pleased to introduce this review of labour market programmes, managed and undertaken by Forfás on behalf of the Department of Enterprise Trade and Employment.

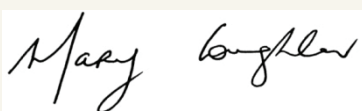
The analysis focused on the efficiency and effectiveness of FÁS and Skillnets programmes in 2007/2008, in light of current and future labour market policy challenges. The total cost of the programmes under review was €939m in 2007 and €966m in 2008, and the key performance metrics considered were: people obtaining employment, people progressing to further education and training and qualification awards received by individuals

This review makes several recommendations aimed at ensuring that our labour market programmes will better deliver on labour market objectives and achieve improved outcomes for clients. Never was this as important as it is now. The challenge now is to prepare those that have become unemployed to avail of opportunities when they arise, through training and education.

For the first time, a substantial amount of data is drawn together on the performance of individual labour market programmes including cost, activity, participant profiles and outcomes. A comprehensive multi-metric analysis ensures that outcomes are compared in a balanced way - taking into account differing client profiles. The National Employment Service, training and employment programmes for the unemployed, apprenticeship and training for the employed are analysed for effectiveness and efficiency in the 2007/8 period. Programmes are then considered in terms of how well aligned they are to the needs of the new labour market context, and proposals made on how they might be improved, to address our current labour market challenges.

This review, together with other initiatives, provides us with a realistic road-map for addressing current and future labour market challenges. It puts us in an excellent position for developing our strategy on unemployment, a priority for this Government. I am confident that FÁS and Skillnets will find it extremely valuable as they seek to maximise their use of resources and deal effectively with those challenges.

I would like to thank Forfás for their help and support in managing and undertaking the Review on behalf of the Department. I would also like to thank the Steering Group responsible for overseeing the review for their commitment and contribution.



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Mary Coughlan T.D.

Tánaiste and Minister for Enterprise Trade and Employment

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## Executive Summary

### E.1 Introduction

This Review was commissioned by the Department of Enterprise Trade and Employment and managed and undertaken by Forfás on behalf of the Department. The Terms of Reference for the Review (Appendix A) were agreed by the Department of Enterprise, Trade and Employment and the Department of Finance. A Steering Group was established to guide the Review comprising representatives from both of these Departments as well as the Department of Social & Family Affairs, Department of Education & Science, FÁS and Skillnets. The Steering Group was chaired by the Department of Enterprise, Trade and Employment.

The Review focuses on FÁS and Skillnets labour market programmes, funded by the Department of Enterprise, Trade and Employment, in terms of their efficiency and effectiveness to draw conclusions about where the balance of resources should be allocated in the context of current and future labour market challenges including the implementation of the National Skills Strategy. The specific programmes reviewed are those with a budget of more than €10 m per annum (excluding programmes aimed at persons with a disability) as follows:

- FÁS National Employment Service including FÁS Employment Services, Local Employment Services and the interaction with the Department of Social and Family Affairs.
- Training and Integration programmes for the Unemployed including FÁS Specific Skills Training, FÁS Traineeship, FÁS Bridging Foundation Programme, FÁS Local Training Initiative Programme and FÁS Community Training Centres.
- Employment programmes including FÁS Community Employment and FÁS Job Initiative.
- Training for those in Employment including FÁS Apprenticeship, FÁS Competency Development Programme and Skillnets Training Networks Programme.

It was agreed that the key performance metrics which would form the focus of this review would comprise Government, individual and enterprise benefits arising from:

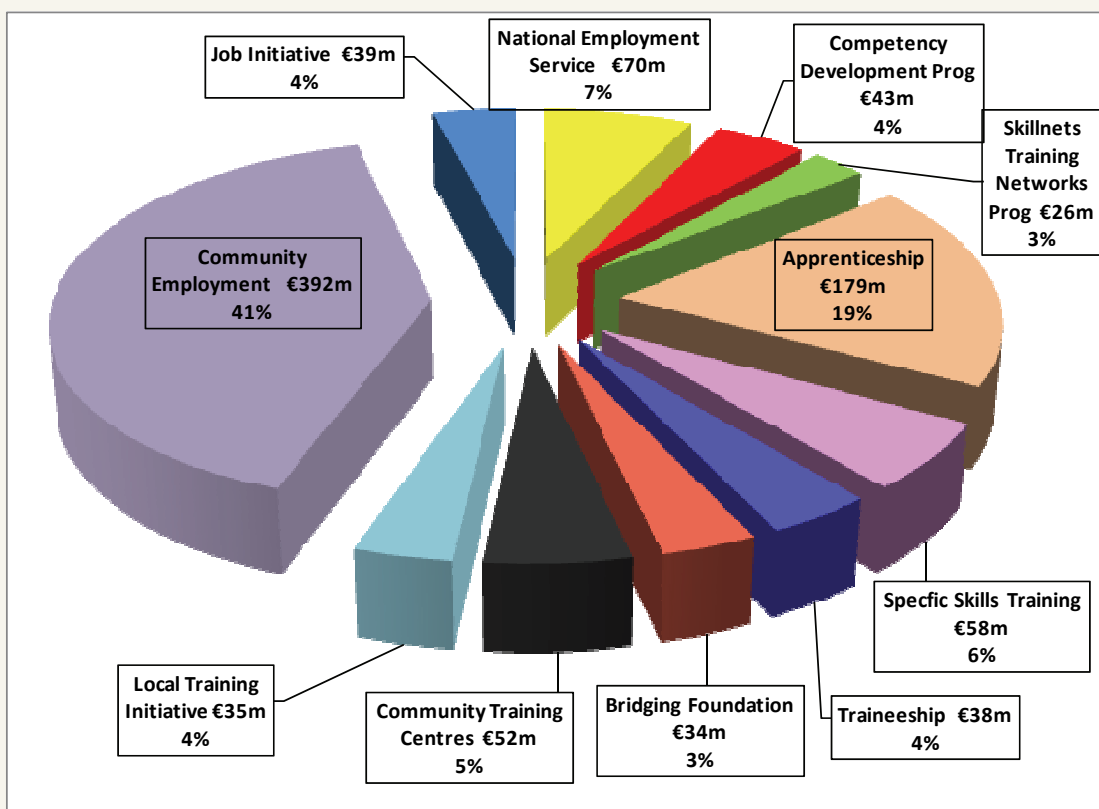
- People obtaining employment on completion of a programme;
- People progressing to further training/education; and
- Qualifications Awards received by Individuals.

The Review draws a substantial amount of data together (for the first time) on the performance of labour market programmes, including cost, activity and outcomes of programmes as well as participant profiles. This allows for a multi metric analysis of individual programmes to be conducted to ensure that outcomes of programmes are compared in a balanced way - taking account of different client profiles. There was a significant information deficit in relation to the availability of some key programme data.

The Review makes proposals around how this information deficit can be addressed to enable an improved monitoring of programmes performance. The Review also draws upon relevant Irish and international analysis. Current and emerging labour market trends are analysed.

The analysis in the report is based upon 2007 and 2008 data. The total cost of the programmes being reviewed was €939m in 2007 and €966m in 2008. Figure E.1 provides an overview of the cost of specific labour market programmes in 2008. As can be seen, the greatest cost is for Community Employment at €392m. This comprises 41 percent of the combined cost of all labour market programmes reviewed. Apprenticeship which costs €179m has the second highest total cost comprising 19 percent of the total budget. (It should be noted that there is also an additional cost of circa €57 m per annum to Institutes of Technology incurred for apprenticeship activity).

**Figure E.1: Cost of Labour Market Programmes (2008)**



Source: FÁS and Skillnets

## E.2 New Policy Challenges for Ireland in Changed Labour Market Context

The decade up to 2007 was a period of high economic growth which led to a reduction in unemployment and dramatic increase in employment to over two million by 2007. Over that period there was an increase in labour force participation rates and significant inward migration. The focus of labour market policies was on helping fill the recruitment needs of firms in a tight labour market with labour shortages. Migration policy was framed around helping firms fill high skilled positions that could not be filled domestically. Certain labour market problems persisted such as for early school leaving and higher unemployment rates in a number of urban and rural areas.

The labour market context has changed significantly over the last two years. Unemployment has risen sharply from 4.5 % in 2007 to 12% by mid 2009 and is forecast to reach close to 14%<sup>1</sup> in latter half of 2010. Young people under 25 years, lower skilled workers and craftpersons have been particularly affected by unemployment. An anticipated fall in unemployment thereafter is dependent on the timing of international recovery and improvement in domestic competitiveness. Compared to other EU countries it is forecast that Ireland could have relatively high labour force and working age population growth over the next ten years due to favourable demographics. Potentially this could increase the level of labour supply over a period when labour demand is likely to recover only slowly. However, the economic downturn is likely to have a negative effect on labour supply projections for Ireland - as more young people may decide to remain in full time education, 'discouraged' workers leave the labour force, older workers retire earlier and more people may emigrate. Positively, by 2020, Ireland is expected to have a greater proportion of the labour force with high level qualifications compared to most other EU countries. Ireland is expected to remain around the EU average for the proportion of the labour force at the low skills level.

This much changed labour market context requires a reshaping and mobilisation of labour market programmes and services to meet the needs of enterprises and individuals. Main challenges for Ireland over the period up to 2015 will be to:

- Raise the skills levels of the labour force (both employed and unemployed) to improve employability and maintain / secure employment - in line with the objectives of the National Skills Strategy and Building Ireland's Smart Economy: A Framework for Sustainable Economic Renewal (2009).
- Avoid potential skills mismatch by ensuring that unemployed persons receive training in skills relevant to the needs of enterprises for jobs opportunities that will arise from replacement needs / start ups / expansions.
- Provide work experience placements / learning opportunities with certification for young people leaving education who become unemployed - as new recruitment by employers is much reduced. The level of early school leaving will need to be addressed.

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<sup>1</sup> ESRI Quarterly Economic Commentary Winter 2010

- Facilitate improved access to training, education and employment service provision for groups most affected by unemployment - and those in communities experiencing higher unemployment. Growth in long term unemployment should be minimised through active measures providing progression onto relevant training and education opportunities.
- Ensure that any disincentives in the interaction between the social welfare payment system and moving into employment are removed. Also that the mutual obligations and responsibilities of unemployed persons who are able to take up relevant training / education and employment opportunities are made clear and that necessary sanctions are in place to enhance activation.

### E.3 Strategic Policy Objectives for Consideration

To meet these challenges there will need to be a focus on the efficiency, quality and effectiveness of programmes for the unemployed and those at work to ensure the best use of the education and training budgets. This will require collaboration and co-ordination between training and education providers and enterprise. Working from a shared view of the future skills needs of the economy, an innovative and integrated approach can be followed to determine agreed education and training priorities.

The focus of labour market programmes should be on three main areas:

**Activation** - Activation measures aimed at improving the employability of unemployed persons by providing 'progression pathways' of relevant job search, training, education and employment opportunities for different target groups. This includes the need to ensure that the responsibilities and mutual obligations of individuals able to take up opportunities are made clear and that any disincentives to participation are minimised.

- **Upskilling** - boosting our human capital by enhancing education and skills levels in line with the National Skills Strategy and the needs of the 'Smart Economy'. Notwithstanding our current economic difficulties, other countries are also upskilling and we must do so to compete - and take advantage of the economic upswing when it comes.
- **Participation** - ensuring that the training and education needs of target groups such as young unemployed, those previously employed in sectors most affected by restructuring, long term unemployed, older workers and women returners are provided for on the most relevant programmes and that the objectives and practice of programmes reflect this.

## E.4 Key Findings

In the first instance, labour market programmes are examined in terms of how well they performed in the period 2007 and 2008. Programmes are then considered in terms of how well aligned they are to the needs of the new labour market context. Findings are presented by main programme measure for (a) Training Programmes for Unemployed (b) Employment Programmes (c) Apprenticeship and Training for Employed (d) National Employment Service. Findings on the adequacy and availability of data to measure the efficiency and effectiveness of programmes are then outlined.

### E.4.1 Training Programmes for the Unemployed

It was considered that the most effective programmes for the unemployed were those training programmes closest to the labour market and with employer involvement, including the Specific Skills Training and Traineeship programmes. These had the best employment outcomes of all the programmes reviewed. The Local Training Initiative, Community Training Centres and Bridging Training Programme had progression as a main objective given that their target cohorts were low-skilled and distant from the labour market. However, it was found that the participant profile did not fully match those criteria. Instead, participants were relatively better educated and shorter-term unemployed than might have been expected. There were low levels of participants receiving qualification awards on these programmes. Dropout rates<sup>2</sup> from the Community Training Centres and Local Training Initiatives (both geared at young people) are high - at 31 percent and 18 percent respectively of those who left the programmes in 2007.

#### Specific Skills Training Programme

The objective of the Specific Skills Training programme is to provide job seekers with employment-led training opportunities that lead to recognised certification, thus providing a pool of skilled labour that is close to labour market needs. The outcomes of the programme are among the best of all the FÁS programmes, with 58 percent of participants going into employment and ten percent progressing on to education/training. This partly reflects participants' higher skill levels and ability. The programme has been less successful in delivering certification to participants, with just 28 percent of completers receiving certification in 2007. However, that figure rose to 47 percent in 2008, suggesting that this is being addressed.

Participants are generally well educated, short-term unemployed and younger than those on employment programmes. As with other training programmes, there are a relatively high number of participants with no social welfare status (31 percent). The 2006/7 FÁS Follow-Up Survey shows that a high percentage of these were working prior to joining the programme. In the new labour market context, with rising unemployment and given available capacity, priority will need to be given to those that are unemployed.

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<sup>2</sup> The dropout rate refers to the number of non-completers as a percentage of those that left the programme (completers and non-completers) in that year.



The Specific Skills Training Programme is generally well-aligned with the labour market and has kept abreast of current and future trends. Nonetheless, it would benefit from greater employer participation. There will need to be a continuing emphasis on ensuring that the programme is aligned with labour market demand.

**Proposals:** Greater employer involvement would help in ensuring continued alignment with labour market demand and avoiding skills mismatching. Replacement demand, emerging skills requirements and programme outcomes should be closely monitored and adjustments made if necessary. Consideration should be given to having a higher proportion of older, long term unemployed, lower educational attainment participants. The high percentage of participants with no social welfare status could be examined.

### Traineeship Programme

Traineeships are occupational specific and industry endorsed training programmes that contain FÁS and on-the-job components. There is a high level of involvement with employers and programmes are well aligned with labour market trends. The core objective is to help jobseekers to acquire specific skills relevant to particular occupations in the labour market. Outcomes are the highest of all the programmes reviewed, with 72 percent of participants entering employment after the programme and nine percent progressing onto training/education. Sixty-seven percent of those that complete the programme are certified. Traineeships provide a good alternative to apprenticeships, having on-the-job training for specialist skills but over a less lengthy period of time, and in a cost-effective manner. The participant profile is mainly short-term unemployed with 70 percent having Leaving Certificate or higher. There is scope to increase the male intake. In 2008, forty-two percent of participants had no social welfare status. The 2006/7 FÁS Follow-Up Survey shows that a high percentage of these were working prior to joining the Programme. As with the Specific Skills Training Programme, in the current labour market environment, with rising unemployment and given available capacity, priority will need to be given to those that are the unemployed.

**Proposals:** Consideration should be given to widening the scope of occupations covered under the programme, informed by enterprise skills demand. Replacement demand, emerging skills requirements and programme outcomes should be closely monitored and adjustments made if necessary. A higher proportion of older, long term unemployed, lower educational attainment participants could be considered. More male participation could be encouraged. The high percentage of participants with no social welfare status could be examined.

### Community Training Centres

Community Training Centres are part of the national YOUTHREACH programme - an interdepartmental initiative between the Department of Enterprise, Trade and Employment and Department of Education and Science. The programme is aimed at early school leavers who have left school with no formal or incomplete qualifications. However, the participant profile shows that a relatively high number of participants are classified at Leaving Certificate level - 25% in 2008.

An estimate of the labour market status of comparable school leaver profile (to those participating on Community Training Centres) was derived from the ESRI 2007 School Leaver Survey. There were no estimated additional progression outcomes from participation on Community Training Centres (at least in the short term). A main concern is the high number of those who drop out of the programme before completion- at 31 percent of those who left the programme in 2008. A relatively high proportion of participants had never/only a little used the skills acquired on the programme in their first job after training.

**Proposals:** There should be a greater focus on the target group for the programme. There needs to be a greater focus on the training and development relevant to the skills required in the labour market. There should be an improved system of notification of early school leavers to FÁS. The reasons for the high level of dropout from the programme should be examined and addressed. Training Costs should be reviewed.

### Local Training Initiative

While the Local Training Initiative programme was established to focus on the training needs of socially excluded, marginalised clients, primarily aged between 16 and 25 years, the participant profile shows that the majority had been unemployed for less than one year. Only 39 percent were in the target age cohort, and educational attainment levels were relatively high. Forty-seven percent of participants are classified as having Leaving Certificate or higher in 2008. In the case of the target age cohort, this appears to be due to local demand with greater demand for those with an older age profile. Thirty-two percent of participants had no social welfare status prior to the programme. The rate of non-completion is relatively high - representing 18% of those who left the programme in 2008 and needs to be examined. Progression outcomes are higher for this programme than would be expected from the Live Register. This may be due to local links with employers and educational/training institutions. In particular, there is a 30 percent progression to further training /education with participants across a wide range of providers, including VEC's and Institutes of Technology. Consideration could be given to availing of appropriate existing courses in communities, rather than devising new courses in the Local Training Initiative Programme that may already be available in the wider community. This would allow even greater flexibility with learners availing of education or training suitable to their needs across a wider range of providers.

**Proposals:** There should be improved focus on the target group as well as a focus on the skills needs of the labour market. The high level of dropout from the programme should be reduced. Training Costs should be reviewed.

### Bridging Foundation Programme

Despite being geared at clients who are most disadvantaged in terms of accessing employment, the participant profile shows that 96 percent of participants had been unemployed for less than one year, with a medium educational attainment level. Thirty percent of participants were not in receipt of social welfare payments prior to the programme. Overall, progression outcomes are similar to that expected when compared to

the Live Register estimated comparator. While a key objective for participants is progression to further training/education, only 16 percent went onto further training/education. Certification of competencies gained on the programme is another key objective. Yet, only ten percent of completers received Major Awards. Participants also received 5,000 Minor Awards that are building blocks for Major Awards. The objectives of this programme will need to be reviewed to ensure that outcomes and participant profiles are aligned with those objectives. Rigorous evaluation will need to be conducted on an annual basis, similar to the FÁS follow-up survey that is usually conducted biannually. The current system of evaluating outcomes which contains a category of 'placed/type unknown' should be discontinued.

**Proposals:** There should be a focus on the target cohort. Certification and progression levels should be improved. Ensure that training is relevant to the skills needs of the labour market. Indirect costs should be reviewed.

## **E.4.2 Employment Programmes**

### **Community Employment**

Community Employment (CE) comprises 41 percent of the combined budget for all labour market programmes and has more participants than any other programme. Because participants spend three years on average on the programme it represents only 30 percent of the total numbers completing programmes for the unemployed.

Community Employment activity provides economic and social benefits to communities around the country in terms of providing services that would otherwise be lacking - especially those in disadvantaged areas. It provides support for several hundred community organisations, local councils, VEC's, Drug Task Forces, the HSE, Semi-State bodies and national charitable organisations. The measurement of the output of these services were not however the subject of this Review.

Comparing the actual outcomes of CE to Live Register comparator estimates there is a three percent improvement in employment outcomes. Combined with exit rates onto further education/training this gives an estimated one percent improvement in progression outcomes from participation on CE. The unemployment outcome figure from CE at 42 percent in 2007 is relatively higher (compared to estimated Live Register outcomes) than might be expected.

The number of persons on Disability related payments and One Parent Family Payment have increased significantly over the decade. Individuals from both these groups receive income from participation on CE and may retain all or a proportion of their social welfare payment. This may have the effect of reducing the incentive to enter lower wage full-time work. Compared to other labour market programmes CE has an older, less well educated, long term unemployed profile. Despite improvements in personal development supports it remains mainly a work experience programme with a small development element. However, it is recognised that there has been a significant increase in the number of certification awards in 2008 - albeit from a low base. Given the lower educational profile of participants, literacy/numeracy is a key issue which should continue to be addressed. A greater number of long-term unemployed people need to be accommodated on mainline training programmes with closer links to the labour market.

**Proposals:** Consideration should be given to determining whether CE is primarily a labour market activation programme or a programme providing mainly social and community benefits. The scale of Community Employment needs to be examined versus other relevant provision, particularly training programmes, to meet participants' needs. There could be a one year participation norm for the majority of places - versus the three years average period as at present. Enhancement of the training/education element of the programme could be considered to make it more relevant to labour market needs and improve participant outcomes. This could also include an increased focus on certification with training supports tied to achievement of NFQ awards. The payment levels for participants could be examined to ensure that they do not act as a disincentive to taking jobs on the open market.

### Job Initiative Programme

Job Initiative has an older, less qualified and long term unemployed participant profile. It is not currently operating as an effective active labour market programme. There are relatively few people completing the programme and no recruitment. The programme is more costly than mainline training programmes. There were no records for certification made available for the programme. It is not clear therefore the extent to which participants may be benefiting from the programme in terms of improving their qualifications.

**Proposals:** Consideration should be given to concluding Job Initiative as an active labour market programme as soon as possible

## E.4.3 Apprenticeship and Training for the Employed

### Apprenticeship Programme

Apprenticeship training is provided in close collaboration between FÁS and the Institutes of Technology. In the decade up to 2007 the apprenticeship system worked well in terms of developing the skills of apprentices for the twenty-six designated trades, although the length of apprenticeship is relatively long and the cost is high. The most recent survey (2007) indicated that a majority of companies (82%) that had used apprenticeship were either very or fairly satisfied. 100 percent of apprentices receive a Level 6 Advanced Certificate Craft Qualification Award. Since 2007 the Apprenticeship system has run into difficulties particularly reflecting the greatly reduced level of activity in the construction sector. The numbers of new apprenticeship registrations has fallen to a low of 3,760 - representing a 55 percent drop over the period 2006-2008. Construction sector trades have experienced a 73 percent drop. There are currently 5,800 redundant apprentices (Sept 2009) with measures introduced to help redundant apprentices progress within the system. The cyclical nature of apprenticeship registration needs to be addressed especially for construction trades. One option could be to apply a lower and higher limit for apprenticeship registration- including through an external assessment of future supply and demand. At the lower limit the State could ensure an ongoing stock of craftspersons to meet the future needs of the economy. At the higher limit the State could moderate the number of apprentices being registered.

**Proposals:** The current average duration of an apprenticeship which is a minimum of four years (except for print media which is three years) could be examined. The length could be based upon when apprentices attain the competency level required, so that some individuals could complete their training faster if they reached the required skill level as in other countries, such as Australia and the UK. The programme should continue to be demand led but a moderating mechanism should be considered to avoid under and over supply.

### Training for the Employed

On training programmes for the employed, it was considered that there is a need for rigorous evaluation of these programmes to quantify the benefits to enterprise, individuals and Government. In particular, there is a need to focus on training for results, in terms of applicability of skills learned, increased productivity and performance for enterprise or career progression for individuals. A high level of employer involvement is also required, to ensure that provision is demand-led. Skillnets Training Networks Programme uses the Kirkpatrick/Philips model of evaluation and it was considered that this would be advantageous for all in-employment programmes.

### FÁS Competency Development Programme

The objective of the programme is to increase the number of employed persons acquiring certified training qualifications, increasing their employability and companies' productivity and competitiveness. The emphasis of the programme is on the 'one-step-up' approach, in keeping with the National Skills Strategy, and in upskilling low-skilled workers. As there is no evaluation of the programme, it is difficult to comment on its effectiveness or efficiency. The only means of tracking the effectiveness of the programme is through the number of activity days and levels of certification. While certification appears to be high (88 percent), it refers to participants attending certified courses, rather than certification outcomes which are not recorded. International best practice favours evaluating training for results as opposed to training for activity, with many organisations using the Kirkpatrick and Philips models of evaluation that have a stepped approach to evaluation. This approach should be considered for the programme.

While there is industry involvement through the Strategic Alliance approach, and local involvement of FÁS staff with Chambers of Commerce and regional development groups, there does not appear to be an emphasis on increasing industry's competitiveness and productivity. This is a part of the core objectives of the Programme. Regular surveys of participating companies would help to ascertain if these issues are being addressed.

**Proposals:** A greater focus on demand led provision is required. There is a need to evaluate training for results as opposed to activity with more emphasis on measuring benefits to firms in terms of productivity and performance. Individual certification awards should be recorded. Emphasis of focus to continue to be on the lower skilled.

### Skillnets Training Networks Programme

The objective of the Skillnets Training Networks Programme is to support private sector companies and their employees with the provision of tailored training and upskilling programmes, particularly for the lower-skilled. This Review found that it is demand-led training, with groups of companies coming together based on an identified common need. There is a high degree of evaluation with each network having an external evaluator and an annual Member Company Satisfaction Survey. Overall, the Skillnets Training Networks Programme is highly rated by participant companies and delivers training at a relatively low cost, according to 92 percent of companies surveyed. This Review found that there is some measurement of benefits to enterprise, with 21% of networks measuring those outcomes, but that this could be improved.

**Proposals:** Certification for individuals should be recorded as opposed to the numbers of awards as at present. There should be increased measurement of benefits to firms in terms of productivity and performance, and to employees, particularly lower skilled workers. Member Company Satisfaction Survey conducted annually could include questions to be answered by employees - particularly with regard to certification, use of skills, and career progression. Direct input from trainees on outcomes for employees such as promotion or increased pay would benefit the evaluation system. Emphasis of focus to continue to be on the lower skilled.

### The National Employment Service

The National Employment Service (comprising FÁS Employment Services and the Local Employment Service) is playing a key role as the 'gateway' to services for unemployed persons seeking to return to work and in helping fill employer job vacancies. There have been significant improvements over recent years in the range of services and supports for job seekers and employers. Employment Services are currently provided across three Departments (Department of Enterprise, Trade and Employment, Department of Social and Family Affairs and Department of Community, Rural and Gaeltacht Affairs). There appears to be scope for further integration to ensure a more efficient and effective service.

Given the rapid increase in the level of unemployment there is a need to intensify activation measures for the unemployed. Also, for DSFA to ensure a stronger connection between receipt of social welfare benefits and mutual obligations and responsibilities for job search and development. More systematic follow-up is required by Employment Services and DSFA of those who do not present themselves for interview when requested. Consideration should be given to the linking of engagement with the 'profiling' of newly registered clients - as a means of identifying those at risk of becoming long term unemployed and the training and education supports that would best support them.

Careers and progression opportunity information on all relevant job search, training, education and employment opportunities needs to be provided - from all providers including FÁS, Skillnets, VEC's, Institutes of Technology and Universities.

**Proposals:** Public Employment Services which are currently provided across three Departments, could be further integrated to ensure a more efficient and effective service. There needs to be an increase in the frequency of face-to-face contact interviews between those on unemployment payments with employment counsellors. This engagement could be linked with the profiling of clients to identify those at risk of becoming long term unemployed and to refer them to the most appropriate supports. More systematic follow up is required by Employment Services and DSFA of those who do not present themselves for interview when requested. The National Employment Service should avail of all job search, education, training and employment supports from whatever provider, including VEC's, and Institutes of Technology - to provide the best 'progression pathway' of supports to help unemployed people get back to work. There needs to be greater investment in the IT system to improve the exchange of data between the National Employment Service and DSFA particularly in relation to providing up to date information on client status and the follow up. Consideration could be given to outsourcing additional capacity where required.

### Summary of Key Performance Metrics across Labour Market Programmes

Table E.1 below provides a comparison of key performance metrics for the programmes under review (excepting the National Employment Service which had a budget of €70 m in 2008). The figures for budgets, numbers completing; percentage of participant's long term unemployed; and cost per day for a participant on the programme are for 2008. The figures for the percentage of participants progressing onto training, education and employment programmes, cost per participant progressing, and estimated additional progression outcomes - compared to Live Register estimates and ESRI School Leaver Survey in 2007 ( the latter in relation to Community Training Centres) are based on both 2007 and 2008 material - dependent upon the availability of data per programme.

The figure in the 'Cost per participant progressing /completing' column for Community Employment, Job Initiative, Specific Skills Training, Traineeship, Bridging Foundation, Local Training Initiative and Community Training Centres is the cost per participant progressing onto employment /training/education in 2007.

The figure in the 'Cost per participant progressing /completing' column for (i) Apprenticeship, (ii) FÁS Competency Development Programme and (iii) Skillnets Training Networks Programme is the cost per participant completing the programme in 2008.

Table E1: Labour Market Programmes Performance Metrics

Programme	Annual Budget 2008	Numbers completing 2008	% LTU 2008	Cost per Day 2008	% Progressing onto Employment, Training & Education	Cost per participant progressing /completing	Estimated additional Progression outcomes
Community Employment	€392m	7,736	92%	€132	44%	€126,938	+1%
Job Initiative	€39m	46	100%	€97	-	€889,000	0
Specific Skills Training	€58m	5,700	3%	€88	68%	€13,640	+5%
Traineeship	€38m	2,235	5%	€88	81%	€20,630	+18%
Bridging Foundation	€34m	6,050	4%	€85	54%	€10,408	0
Local Training Initiative	€35m	2,511	0%	€60	69%	€17,621	+13%
Community Training Centres	€52m	1,510	2%	€91	59%	€53,271	0
Apprenticeship	€179m <sup>3</sup>	5,057	0%	€142	employee	€35,396 <sup>4</sup>	employee
FÁS Competency Development Programme	€43m	32,390	0%	€174	employee	€1,315	employee
Skillnets Training Networks	€26m	53,317	0%	€130	employee	€487	employee

Certification award outcomes information was also examined. The proportion of participants who received a major award was highest for Apprenticeship (100 percent), Traineeship (67 percent), and Specific Skills Training (28 percent). It was low and / or not available for other programmes.

## E.5 Information Deficit

There is currently a significant information deficit in terms of being able to measure the efficiency and effectiveness of labour market programmes. Main improvements suggested are as follows:

### (a) Need for national longitudinal data on labour market activity

National longitudinal data is required to identify unemployed individuals and their participation (or non-participation) over time in active labour market programmes, and their interactions with public employment services as well as transitions from unemployment into

<sup>3</sup> Combined FÁS and Education Costs for Apprenticeship in 2008 comes to €236 m

<sup>4</sup> Combined FÁS and Education Cost Per day in 2008 comes to €46,667



employment. It is proposed that a question be inserted in a special module of QNHS survey - perhaps on a two year cycle to collect information on unemployed individual's job search activities and their transitions.

#### **(b) Improvements in FÁS Internal Management Information Systems**

Alot of information on different FÁS programmes is not integrated. Some, including for certification, is mainly done manually. Collection of information should be computerised. FÁS management information systems should be improved including integration, standardisation and automation. This would improve the comprehensiveness of data available and also enhance the efficient and effective management and use of resources.

Registration of incoming participants' educational attainment levels should be recorded by NFQ level. Information on certification should also be recorded by NFQ Award type by individual on completion of training so as to be able to measure the level of upskilling.

An outcomes category of 'placed - type unknown' is used to monitor employment outcomes. It is not clear what this category means and it is not informative in terms of measuring the results of outcomes from programmes. This approach should be discontinued and consideration be given to replacing it with an annual external survey showing progression to (i) employment, (ii) education/training, (iii) unemployment, (iv) Other/Inactivity. Data from the Department of Social and Family Affairs and the Revenue Commissioners may also assist in establishing outcomes.

#### **(c) Need for Follow - Up on Outcomes from labour market programmes**

Follow-up Surveys on programmes for the unemployed are currently conducted biannually. The survey should be conducted annually by an external evaluator. Data from the Department of Social and Family Affairs and the Revenue Commissioners may also assist. Information on individual earnings before participation (for those that had a job) is required to determine whether participants benefited in terms of improved earnings. Revenue Commissioners data may also assist in this. Participant outcomes should be broken down by their Social Welfare status to allow analysis of outcomes for different social welfare payment groups.

Case studies should be conducted to inform on the benefits of training to enterprises. As with the programmes for the unemployed, an annual follow-up survey of the FÁS Competency Development Programme should be conducted. An annual employers' satisfaction survey tailored to programmes used by companies surveyed should be introduced.

## E.6 Conclusion

In a climate of tighter resources, priority will need to be given to those programmes that are capable of delivering on labour market objectives. An efficient and effective use of resources is required to ensure the achievement of programme objectives and improved outcomes for clients of services. The outcomes of labour market programmes should be fully evaluated and monitored to ensure they are delivering value for money.

There has been an increased demand for employment services as unemployment has risen. It is suggested that resources be redirected towards the delivery of front-line employment services. There may be efficiencies in integrating the Public Employment Services, currently provided across three Departments to help offset the need for additional resource requirements.

In terms of efficiency and effectiveness, the Traineeship and Specific Skills programmes were the best performing labour market programmes. It is suggested that resources continue to be allocated to those programmes and consideration be given to increasing the number of Traineeships to cover a wider range of occupations.

Activation specifically geared towards young people will be particularly important as there will be significantly fewer job opportunities compared to recent years. Participation of young people should be encouraged across all suitable training and education programmes, dependent on individual need. The number of Traineeship places for young unemployed people could be increased.

It is suggested that the Community Training Centres and the Local Training Initiative be re-modelled to bring them closer to the labour market and improve their focus on the target cohort. The high dropout level should also be addressed. Bridging training programmes will continue to be required to help persons to progress to mainline training and education. It is suggested that resources could continue to be allocated, but that the current programme be re-modelled to reflect labour market demand and with more emphasis on progression and certification.

It is considered that the employment programmes - Job Initiative and Community Employment are not well aligned to deliver the strategic policy response required for the new labour market environment. Consideration should be given to concluding Job Initiative as soon as is possible. The scale of Community Employment needs to be examined versus other relevant provision, particularly training programmes, to meet participants' needs. Consideration should be given to determining whether CE is primarily a labour market activation programme or a programme mainly providing social and community benefits. If CE is to continue to function as an activation programme, enhancement of the training/education element could be considered to improve its alignment with labour market demand and improve participant outcomes. Participant payment levels should be examined to ensure they do not act as a disincentive to taking jobs on the open market.

The Apprenticeship programme is valuable but is lengthy, costly and cyclical. Consideration should be given to other means of developing training programmes with employers' involvement that are more flexible, less expensive and of a shorter time duration.

The allocation of resources to workplace training will continue to be important in the challenges ahead to ensure that the labour force is continually upskilled, thereby ensuring employment retention. Optimal programmes are those that are demand led, based on employer and employee identified training needs and aligned with national labour market policy objectives, with a focus on training for results.

## Appendix A: Terms of Reference

“To review the Labour Market Programmes funded by the Department of Enterprise, Trade and Employment (including programmes provided by both FÁS and Skillnets) in terms of efficiency and effectiveness and to draw conclusions about the adequacy and balance of resources in the context of current and future labour market policy challenges including the National Skills Strategy”.

### Scope of work

1. Identify current labour market policy challenges including:
  - Implementation of National Skills Strategy
  - Ensure that the labour and skill needs of enterprise are met.
  - Increased labour market participation of older workers and women
  - Clarifying the ‘market failure’ rationale for Government investment in labour market programmes.
  
2. Evaluate and draw conclusions about the following Labour Market Programmes in terms of their performance outcomes, efficiency and effectiveness and possible implications for their future funding:
  - FÁS National Employment Service including FÁS Employment Services and Local Employment. Services and the interaction with the Department of Social and Family Affairs.
  - Training for those in Employment including FÁS One Step Up and Skillnets programmes.
  - Training for the Unemployed including Local Training Initiative Programmes.
  - Employment Programmes including Community Employment and Job Initiative.
  
3. In doing 2 above, utilise completed studies (set out below) and update and supplement where necessary.
  - Cross-Departmental Expenditure Review of Supports for the Long-Term Unemployed (Susan McKiernan) 2005
  - What types of programmes work for the long-term unemployed and those most distant from the labour market? (Nina Brennan) 2007
  - Value for Money Review of Programmes funded by FÁS for Training People in Employment - forthcoming.
  - OECD VET Review- forthcoming.
  - Indecon Report on the National Employment Action Plan 2003
  - Review of NES/LES (Fitzpatrick & Associates) 2003

4. The Steering Group will be chaired by DETE and will include representatives of the Departments of Finance, Social & Family Affairs and Education & Science, FAS and Skillnets and will be supported by Forfás.
  
5. Review to be completed by mid - 2009

## Appendix B: Steering Group Membership

Mr	Dermot Mulligan	Department of Enterprise, Trade and Employment (Chair)
Mr	Padraig O Conaill	Department of Enterprise, Trade and Employment
Mr	Niall Monks	Department of Enterprise, Trade and Employment
Mr	Barry O'Brien	Department of Finance
Ms	Anne Forde	Department of Education and Science
Ms	Deirdre Shanley	Department of Social and Family Affairs
Ms	Patricia Curtin	FÁS
Mr	Alan Nuzum	Skillnets

<b><i>Forfás managed and undertook the research for this study</i></b>		
Ms	Marie Bourke	Department Manager
Mr	Gerard Walker	Senior Policy Analyst
Ms	Ailish Forde	Senior Policy Analyst
Mr	Martin Shanahan	Divisional Manager, Science, Technology, Innovation and Human Capital Policy









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