

European Research Series

# Ireland and the Europe 2020 Strategy

A review of the social inclusion aspects of Ireland's National Reform Programme in the context of the Europe 2020 Strategy

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**Social Justice Ireland**



*Social Justice Ireland 2019*

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# Overview

This report was compiled by *Social Justice Ireland* in light of the Europe 2020 Strategy and its high-level targets, and of Ireland's National Reform Programme, which sets out Ireland's response to achieving those targets. It is the latest in a series that has tracked Ireland's performance for many years.

The report covers three of the five headline targets established in the Europe 2020 Strategy and addressed in the Irish National Reform Programme, namely, employment, education and 'poverty and social exclusion'. In each of these areas the report identifies the Europe 2020 target and Ireland's corresponding headline target, and then:

- Analyses the current context;
- Assesses progress (or otherwise) in achieving the Irish headline target;
- Reviews recent policy decisions and assesses their contribution (or otherwise) to Ireland achieving its targets;
- Identifies a number of issues relevant to the achievement of the targets; and
- Makes recommendations on adjusting the targets that Government has set in particular areas.

A partnership approach to the development of National Reform Programmes is envisaged in the Europe 2020 Strategy, involving a range of stakeholders, including those from civil society. The report, therefore, also addresses the issue of governance relating to the consultation process on the framing and development of the Irish National Reform Programme. Suggestions are made on how that process may be improved.

This report has been prepared by *Social Justice Ireland* drawing on data available from the EU and from Ireland's Central Statistics Office (CSO) as well as on on-going work *Social Justice Ireland* is doing on European and global issues. As mentioned, it builds on our previous series of reports (from 2011 on) on this same topic. Our findings include that policies pursued over many years resulted in the exclusion of people who were already on the margins of society and in many cases policies pursued continue to fail to reach many of Ireland's national targets set under the Europe 2020 Strategy. Furthermore, since the economy and the employment situation have begun to improve in Ireland, new challenges – such as precarious and low-paid employment – are highlighted as issues that must be addressed to achieve the vision of inclusivity of the Europe 2020 Strategy. These issues are of major concern to *Social Justice Ireland*.

Implicit in the approach taken in the Europe 2020 Strategy is that economic development, social development and environmental protection are complementary and interdependent – three sides of the same reality. Overall, current trends in Irish public policy are running counter to the promotion of 'inclusive growth,' which is one of the three key priorities which underlie the Europe 2020 Strategy. Inclusive growth is not just about fostering a high-employment economy, it also aims to deliver social cohesion – it is integral to the Europe 2020 strategy and needs to be integral to the response of the Irish Government. This is acknowledged by the European Commission in the 2019 Country Report for Ireland which notes that policy should ensure that growth is broad-based and socially and environmentally sustainable (European Commission, 2019).

Social Justice Ireland would like to thank Dr Ann Leahy in particular for her work in preparing and producing the research for this publication. She brought a great deal of experience, research, knowledge and wisdom to this work and contributed long hours and her obvious talent to ensuring that this publication is a worthwhile contribution to the important ongoing review of the social inclusion aspects of Ireland's National Reform Programme in the context of the Europe 2020 Strategy.

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# 1 Introduction and Context

The Europe 2020 Strategy was designed to develop a more balanced and sustainable approach for the future. It was adopted in 2010. While not without its critics, the Strategy is seen as a significant development in social policy within the EU. In particular, its inclusion of targets aimed at increasing employment, improving education and reducing poverty and social exclusion are considered potentially significant because they highlight the importance of social policy goals to a vision for Europe's future well-being. In this report we look at key aspects of Ireland's performance in response to the Europe 2020 Strategy in the areas of employment, education and poverty.

## The Europe 2020 Strategy

The Europe 2020 strategy aims to turn the EU into a 'smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion' (European Commission, 2010, p. 5). It increased the potential visibility and importance of social issues and made the possibility of 'a much more integrated and coordinated approach to economic, social, employment and also environmental governance' a possibility (Frazer et al, 2010, p.3). As Frazer and colleagues put it:

*'The Lisbon Treaty and the Europe 2020 Strategy provide a significant, if far from perfect, opportunity to move towards a better and more mutually reinforcing balance between economic, employment and social objectives – and thus towards a stronger Social EU' (Frazer et al, 2010, p 34).*

While there has been criticism of aspects of the Europe 2020 strategy<sup>1</sup>, the existence of targets aimed at reducing poverty and social exclusion would, it was argued, create a new dynamic and impose pressure on politicians and policy-makers to deliver against those targets (Walker, 2011, p.1).

Following on from State of the Union address by President Juncker in September 2015, the European Commission launched a public consultation of a European Pillar of Social Rights intended to identify a number of essential principles common to euro area Member States, focusing on their needs and challenges in the field of employment and social policies. Like the Europe 2020 strategy, this initiative is founded in a recognition that in advanced economies, which base their prosperity on productivity growth and their capacity to innovate recognises that social and economic performance are two sides of the same coin (European Commission 2016a, p.4). A further consultation on the future of Europe launched in 2017 by way of a White Paper that recognised that trust in the union has been eroded (European Commission 2017c).

<sup>1</sup> There has, for example, been criticism of the way indicators were combined to determine the target for 'poverty and social exclusion' (see Nolan & Whelan, 2011). That has also been criticised by *Social Justice Ireland*. Another area sometimes considered problematic is the fit between the governance architecture of the Europe 2020 Strategy and EU social policy coordination as it had developed over a decade through the Social Open Method of Coordination (OMC) (Zeitlin, 2010).

### Priorities, Targets & 'Flagship Initiatives'

The Strategy articulates three priorities, five headline targets for 2020 intended to be representative of the three priorities, as well as a number of actions at national, EU and international levels to underpin them (European Commission, 2010).

The three **priorities** are:

- Smart growth: developing an economy based on knowledge and innovation,
- Sustainable growth: promoting a more resource efficient, greener and more competitive economy,
- Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.

The **headline targets** for 2020 were intended to steer progress toward achieving the priorities. They are:

- Employment – 75% of the 20-64 year-olds to be employed,
- R&D – 3% of the EU's GDP to be invested in R&D (includes public and private investment),
- Climate change/energy –
  - greenhouse gas emissions 20% lower than 1990 (or 30% if the conditions are right)
  - 20% of energy from renewables
  - 20% increase in energy efficiency
- Education –
  - Reducing school drop-out rates below 10%
  - at least 40% of 30-34 year-olds completing third level education

- Poverty /social exclusion –
  - The number of Europeans living in or at risk of poverty and social exclusion should be reduced by 20 million (this target is based on a combination of three indicators<sup>2</sup> - people are counted if they come under any of the three)

It is recognised that the targets are interrelated – for example, that better educational levels help employability, which in turn will help to reduce poverty. Targets were to be translated into national targets to reflect the current situation of each Member State (European Commission, 2010).

Seven **flagship initiatives** were proposed to underpin the priorities with actions at European and national levels. Amongst the flagship initiatives, the European Platform against Poverty (EPAP) is of particular relevance in the context of this report, with its recognition that the vulnerable in our societies have borne much of the impact of the economic crisis, and

- that fighting poverty requires a response that cuts across all policy domains and that is mainstreamed into all policy development
- of the need for greater and more effective use of the EU Funds to support social inclusion (European Commission, 2010a, p. 5,6).

<sup>2</sup> This indicator corresponds to the sum of persons who are: at risk of poverty or severely materially deprived or living in households with very low work intensity. Persons are only counted once even if they are present in several sub-indicators. At risk-of-poverty are persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers). Material deprivation covers indicators relating to economic strain and durables. Severely materially deprived persons have living conditions severely constrained by a lack of resources, they experience at least 4 out of 9 following deprivations items: cannot afford i) to pay rent or utility bills, ii) keep home adequately warm, iii) face unexpected expenses, iv) eat meat, fish or a protein equivalent every second day, v) a week holiday away from home, vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone. People living in households with very low work intensity are those aged 0-59 living in households where the adults (aged 18-59) work less than 20% of their total work potential during the past year. (Eurostat online database: t2020\_50)

### Integrated Guidelines

Ten integrated Guidelines for implementing the Europe 2020 Strategy were adopted by the Council in October 2010. See **Table 1**. The Guidelines aim to provide guidance to Member States in defining their National Reform Programmes (see below) and in implementing reforms. Guideline 10 underlines

the importance of labour market participation for those furthest away from the labour market and of preventing in-work poverty, as well as the role of pensions, healthcare, and public services in maintaining social cohesion.

**Table 1** Integrated Guidelines: Employment (including Social Inclusion and combating Poverty)

Extract from Integrated Guidelines for Europe 2020	
Guideline 7	Increasing labour market participation of women and men, reducing structural unemployment and promoting job quality
Guideline 8	Developing a skilled workforce responding to labour market needs and promoting lifelong learning
Guideline 9	Improving the quality and performance of education and training systems at all levels and increasing participation in tertiary or equivalent education
Guideline 10	Promoting social inclusion and combating poverty

**Source:** EU Council of Ministers, 2010

### Monitoring and the European Semester

In order to monitor progress towards the achievement of its targets, the Europe 2020 Strategy envisaged country reporting in the form of National Reform Programmes. These are intended to help Member States to develop strategies for sustainable growth and sustainable public finances and to track progress toward targets. The Europe 2020 Strategy envisages a partnership approach to the elaboration of National Reform Programmes and to the implementation of the Strategy – one that includes EU Committees, national parliaments, regional and local authorities as well as social partners and stakeholders in civil society (European Commission, 2010).

In light of the Europe 2020 Strategy, the Social Protection Committee examined the pre-existing Social Open Method of Coordination (OMC)<sup>3</sup>, concluding that OMC (across its three strands of social inclusion, pensions, health care and long-

term care) would be essential to assessing the social dimension of the 2020 Strategy.

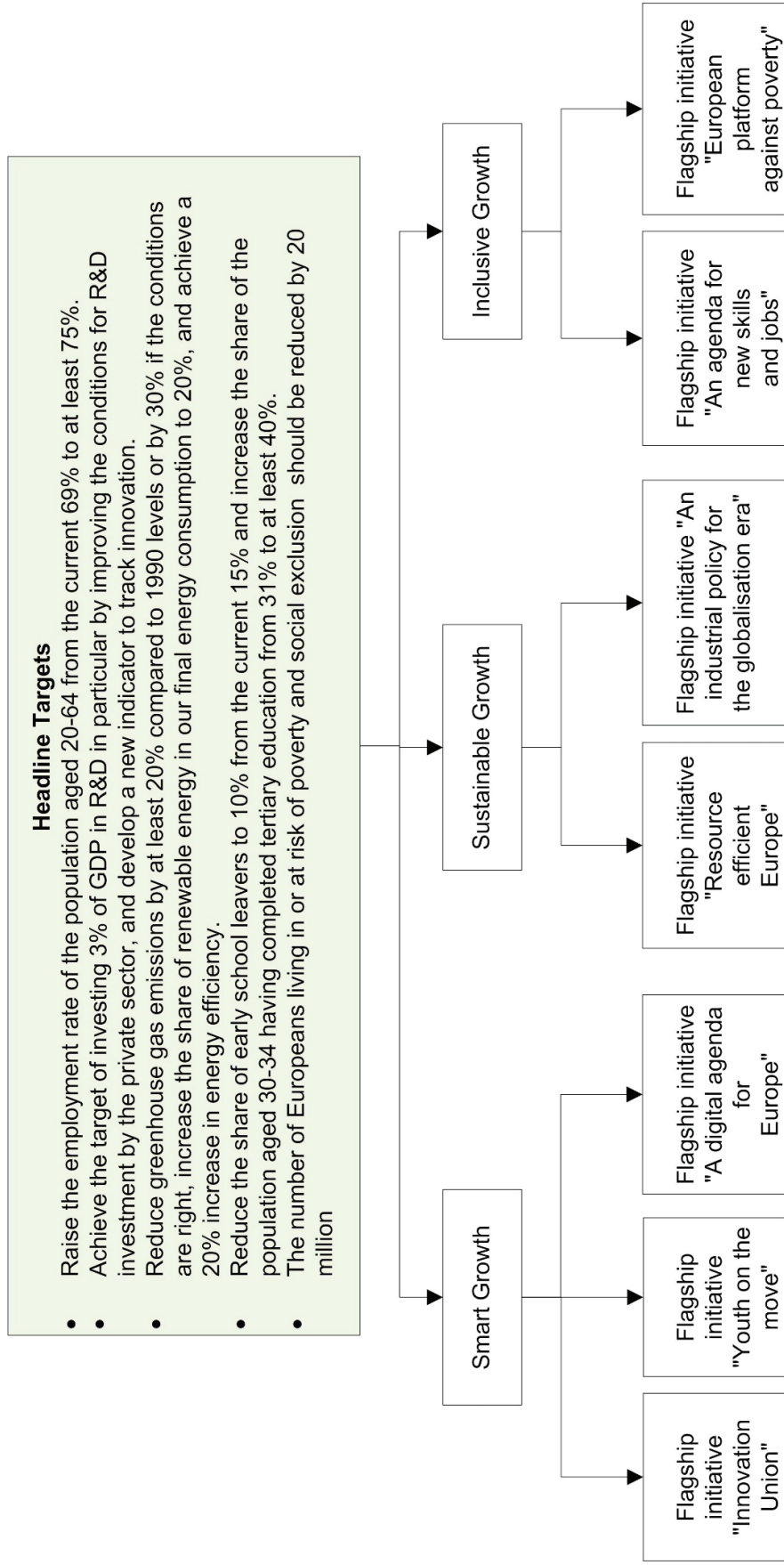
It was recommended that, at the same time as reporting under their National Reform Programmes, Member States would annually be invited to report on progress in National Social Reports from 2012.

A key feature of governance relative to the Europe 2020 strategy was the introduction of a new annual reporting cycle, the ‘European semester,’ which commenced in January 2011. One of the aims of the new framework is to align the way the EU’s Stability and Growth Pact is implemented with coordination of the 2020 Strategy. Each year, the Commission undertakes a detailed analysis of EU Member States’ plans of budgetary, macroeconomic and structural reforms and provides them with recommendations for the next 12-18 months.

<sup>3</sup> The ‘OMC’ or Open Method of Coordination was initiated by the 2000 Lisbon Strategy, and was succeeded by the development of social indicators agreed in Laeken in 2001 (and consequently often called the Laeken process) and subsequently developed and refined on an ongoing basis. It involves a peer review process developed to assist policy learning. The OMC process includes agreement on common objectives, commonly defined social indicators, development and peer reviewing of national strategic reports along with recommendations for policy change (Walker, 2011).



Figure 1 Europe 2020 Strategy Framework



During 2014, a consultation process took place on the Europe 2020 Strategy toward development of the strategy for the 2015-2020 period. The results of the review are intended to feed into discussions on the Strategy's future direction by the new Commission appointed in the wake of the June

2014 European Parliament elections. One of the findings from the consultation was that there is a need to improve the delivery of the strategy through enhanced ownership and involvement on the ground (European Commission 2015).

### The European Semester

The European Commission operates a yearly cycle of economic policy coordination called the European Semester. Each year the European Commission makes recommendations for the next 12-18 months to member states. The European semester starts when the Commission adopts its Annual Growth Survey, usually towards the end of the year, stating priorities for the coming year.

<b>November</b>	Annual Growth Survey and Alert Mechanism Report. Assessment also issued by the Commission of draft budgetary plans (Euro area)
<b>February</b>	Commission issues a single analytical economic assessment per Member State
<b>March</b>	EU Heads of State and Government issue guidance for national policies on the basis of the Annual Growth Survey.
<b>April:</b>	Member States submit their plans for public finances (Stability or Convergence Programmes) and their National Reform Programmes with reforms and measures to make progress towards smart, sustainable and inclusive growth, in areas such as employment, research, innovation, energy or social inclusion.
<b>May/June</b>	the Commission assesses these programmes and proposes country-specific recommendations. The Council discusses and the European Council endorses the recommendations.
<b>June/July</b>	the Council formally adopts the country-specific recommendations.
<b>October</b> (Euro Area)	Submission of Draft Annual Budgets to the Commission for its opinion.

Where recommendations are not acted on within the given time-frame, policy warnings can be issued. There is also an option for enforcement through incentives and sanctions in the case of excessive macroeconomic and budgetary imbalances.

## Irish National Reform Programme - Targets

The Irish Government submitted a National Reform Programme in 2011 and shorter Up-dates in 2012 and 2013. Since exiting the financial assistance programme in 2013, National Reform Programmes have been submitted again in subsequent years. Below are the Europe 2020 Strategy targets for employment, education and poverty reduction as well as the Irish targets. The following sections of this report will consider each in more detail.

### Employment

**EU Headline Target:** To raise to 75% the employment rate for women and men aged 20-64, including through the greater participation of young people, older workers and low-skilled workers, and the better integration of legal migrants.

**Irish Target:** To raise to 69-71% the employment rate for women and men aged 20-64, including through the greater participation of young people, older workers and low-skilled workers, and the better integration of legal migrants, and to review the target level of ambition in 2014, in the context of a proposed mid-term review of the Europe 2020 Strategy.

### Education

**EU Headline Target:** Improving education levels, in particular by aiming to reduce school drop-out rates to less than 10% and by increasing the share of 30-34 years old having completed tertiary or equivalent education to at least 40%.

**Irish Target:** To reduce the percentage of 18-24 year olds with at most lower secondary education and not in further education and training to 8%; to increase the share of 30-34 year olds who have completed tertiary or equivalent education to at least 60%

### Poverty

**EU Headline Target:** To promote social inclusion, in particular through the reduction of poverty, by aiming to lift at least 20 million people out of the risk of poverty and exclusion

**Irish Target:** To reduce the number experiencing consistent poverty to 4% by 2016 (interim target) and to 2% by 2020, from the 2010 baseline rate of 6.3%<sup>4</sup>. The Irish contribution to the Europe 2020 poverty target is to reduce by a minimum of 200,000 the population in combined poverty (either consistent poverty, at risk-of-poverty or basic deprivation) (Revised target<sup>5</sup>).

**Sub-target, Children:** A sub-target for child poverty has been set in the National Policy Framework for Children and Young People (2014-2020):

- To lift over 70,000 children out of consistent poverty by 2020 (a reduction of at least two-thirds on the 2011 level)
- This target will include reducing the higher consistent poverty rate for households with children as compared to non-child households (8.8% compared with 4.2%) and for children as compared to adults (9.3% compared with 6%).

While recognising the interdependence of economic, environmental and social sustainability, it is not within the intended scope of this report to address all components of the Europe 2020 Strategy targets or the Irish National Reform Programme. Each of the above targets will be considered in the next three Sections of this Report, which will focus on employment, education and poverty, respectively. The issue of governance will be considered in the fifth Section.

<sup>4</sup> This is based on a slightly revised figure released by the CSO in 2011

<sup>5</sup> In 2012, the target in respect of poverty contained in Ireland's National Reform Programme Update was revised. Previously it targeted a consistent poverty rate of between 2-4% by 2012, the elimination of consistent poverty by 2016, and at least 186,000 people lifted out of the risk of poverty and exclusion.

# 2 Employment

**EU Headline Target:** *The employment rate of the population aged 20-64 should increase from the current 69% to at least 75%, including through the greater involvement of women, older workers and the better integration of migrants in the work force (European Commission, 2010).*

**Ireland Headline Target:** *To raise to 69-71% the employment rate for women and men aged 20-64, including through the greater participation of young people, older workers and low-skilled workers, and the better integration of legal migrants, and to review the target level of ambition in 2014, in the context of a proposed mid-term review of the Europe 2020 Strategy (Government of Ireland, 2018).*

## European Context

The Europe 2020 Strategy envisaged a high-employment economy delivering economic, social and territorial cohesion. Challenges identified at the time included high unemployment, low skills, those working who were not earning enough to get out of poverty (that is, the 'working poor'). The Strategy referenced the following facts about Europe (based on the data available when the Strategy was adopted in 2010):

- Only two-thirds of the working-age population was employed
- About 80 million people had low or basic skills
- 8 per cent of those at work did not earn enough to reach the poverty threshold
- At 21 per cent, the unemployment rate for young people was particularly high
- There was a strong risk that those away from the labour market or those poorly connected with it would lose ground (European Commission 2010, p.17-18)

The need to integrate social and employment policy solutions was recognised especially in light of the fact that so many people with jobs were at risk of poverty. As well as including a major focus on employment, the 2020 Strategy emphasised education, training and lifelong learning (European Commission, 2010). The economic crisis led to the EU unemployment rate increasing from under 7 per cent in spring 2008 to 10.8 per cent in spring 2013, representing an increase of 9 million in the number of people who were out of work (European Commission 2016).

Coming up to date, the Annual Growth Survey from the European Commission for 2019 acknowledges that some Member States are still experiencing high unemployment rates and household income below pre-crisis levels while others suffer from underemployment or skill shortages, while also highlighting positive developments of recent years such as the fact that Europe's economy is set to continue expanding, providing jobs to a record number of people (European Commission 2018a). A report from the European Social Protection Committee notes that despite recent improvements, labour market exclusion, especially for young people, increased income inequality, depth of poverty, and challenges related to housing access remain areas of great concern (Social Protection Committee 2017). The OECD employment outlook for 2018 notes that employment rates are now high in most OECD countries, but the report also signals problems with how the employment picture is developing. For example, nominal wage growth remains significantly lower than before the crisis, low paying jobs have increased and there is a rise in involuntary part-time employment in several countries.

**Figure 2** shows the position of EU States relative to the high-level employment target (75 per cent) set out in

the Europe 2020 Strategy for 2015 to 2017 for people aged 20-64<sup>6</sup>. As shown, the European average rate of employment stood at 72.2 per cent in 2017 up from 71.1 per cent in 2016 (EU28) (Eurostat t2020\_10). Across the EU, there is great variation in the rate – with the highest levels of employment in Sweden, Germany, Estonia, Czechia (or Czech Republic), the U.K, Netherlands and Denmark, and the lowest in Greece, Italy, Croatia and Spain. There is a gap of 24 percentage points between Sweden’s rate and that of Greece.

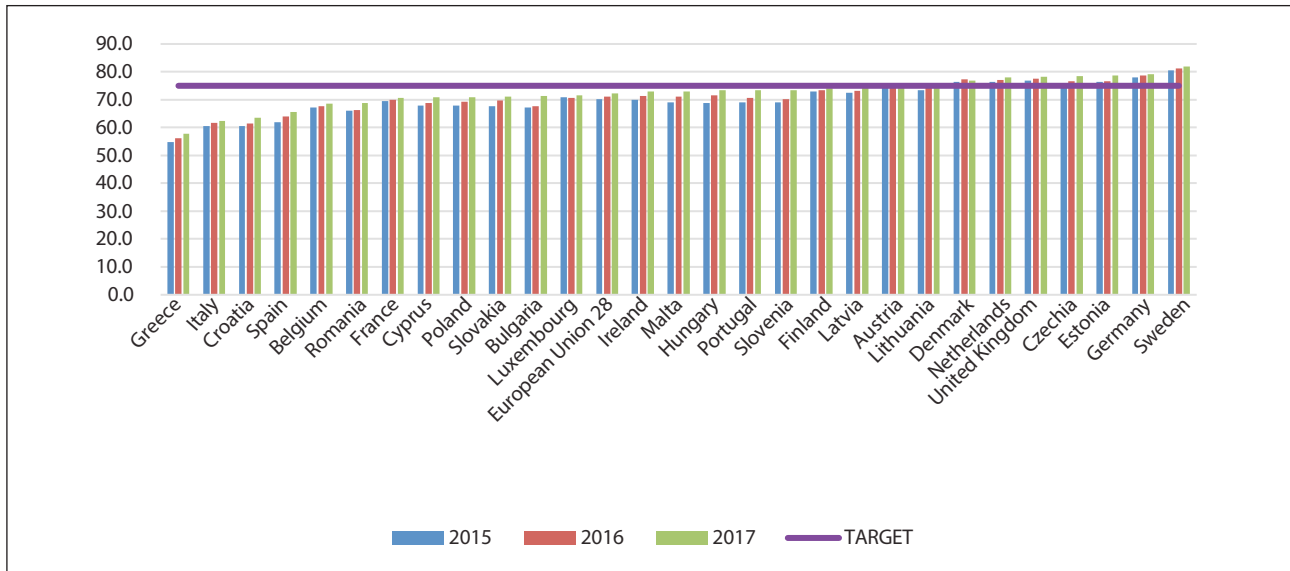
Ireland’s employment rate for this age group rate dropped from 2007 (when it had been 75.1 per cent), stood at 64.5 per cent in 2012 and has increased since then to 73 per cent in 2017. It is just above the EU-28 average rate (of 72.2 per cent) but still 3 percentage points lower than the Europe 2020 Strategy target. However, the employment rate has now exceeded the upper end of the 2020 target range of employment rates (of 69-71 per cent) adopted by the Irish government (see Ireland’s Headline Target, above).

**Ireland: Employment and Unemployment**

The scale and severity of the economic collapse from 2008 meant a return to widespread unemployment in Ireland, something that still has long-term implications for individuals, families and social cohesion as well as for Government finances. Significant improvement has been achieved in recent years and many of the crises experienced in the aftermath of the financial crash of 2008 have receded somewhat.

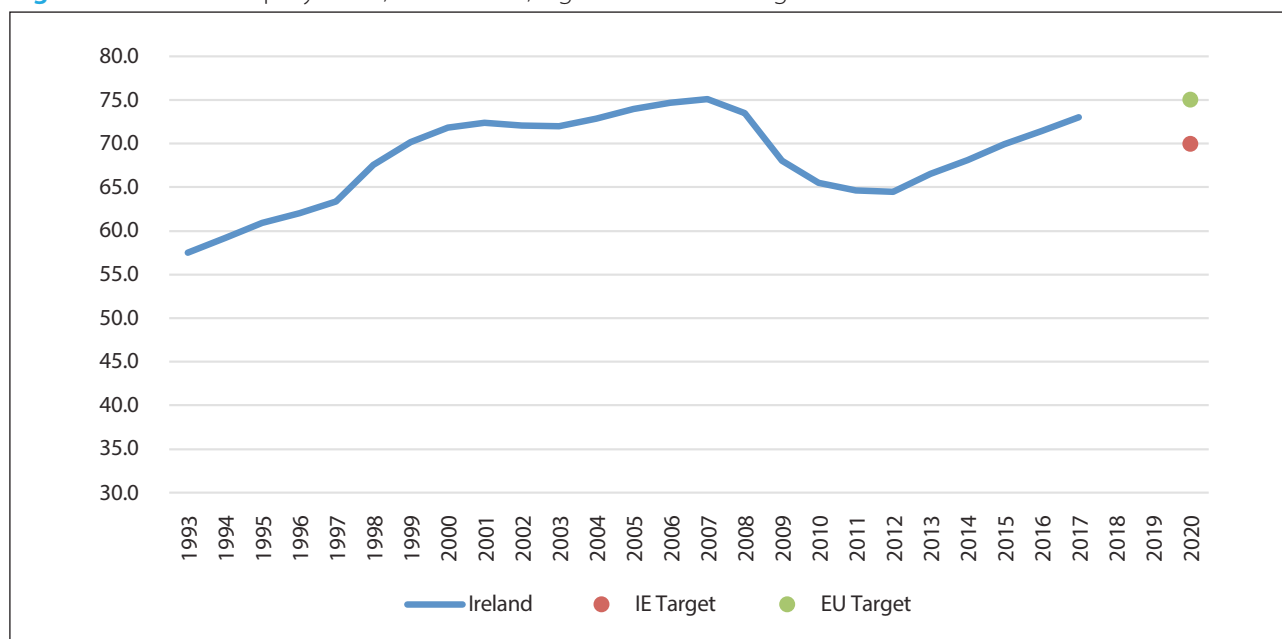
**Figure 3** shows Ireland’s employment rate for those aged 20-64 from 1993 to 2017 as well as the national and EU level targets. It illustrates that, after increasing for many years, there was a steady drop in the employment rate from 2007 to 2012. Recent years have seen a welcome improvement in the rate, which, as already indicated, stood at 73 per cent in 2017.

**Figure 2** 2015-2017, EU-28 Employment Rate, Age Group 20-64



Source: Eurostat, t2020\_10. Shows EU 2020 Strategy target of 75%.

<sup>6</sup> The employment rate is calculated by dividing the number of persons aged 20 to 64 in employment by the total population of the same age group. The indicator is based on the EU Labour Force Survey. The survey covers the entire population living in private households and excludes those in collective households such as boarding houses, halls of residence and hospitals. Employed population consists of those persons who during the reference week did any work for pay or profit for at least one hour, or were not working but had jobs from which they were temporarily absent (Eurostat, t2020\_10).

**Figure 3** Ireland: Employment, 1993-2017, Age 20-60 With Targets

Source: Eurostat, t2020\_10

The nature and scale of the recent transformation in Ireland's labour market are highlighted by the data in **Table 2**. Over the 12 years from 2007 to 2018 the labour force has grown by 45,000 individuals, but participation and employment rates dropped. Full-time employment fell by 1.2 per cent, representing 22,500 jobs, while part-time employment increased by about 10 per cent. In 2018 the number of underemployed people, defined as those employed part-time but wishing to work additional hours, stood at 111,500 people equivalent to 4.6 per cent of the labour force. Thus, the figures in **Table 2** also point towards the growth of various forms of precarious employment over recent years.

Over this period unemployment increased by just over 24,000 people, bringing the unemployment rate up from 5.1 per cent to 6.0 per cent; although the 2018 figure represents a dramatic improvement on the levels experienced during the height of the economic crisis around 2010-2012.

Turning to the issue of unemployment, the consequence of the crisis period job losses was a sharp increase in unemployment and emigration which has only recently begun to dissipate. **Table 3** shows how unemployment changed between 2007

and 2018, a period when the numbers unemployed increased by 20.1 per cent. The number of long-term unemployed was 33,300 in 2007 and has increased since, exceeding 200,000 in 2012 before falling again to just over 50,000 in 2018.

Addressing these issues represents a major challenge. Reskilling many of the unemployed, in particular those with low education levels, will be a key component of the response. Using data for the third quarter of 2018, 48 per cent of the unemployed had no more than second level education with 21 per cent not having completed more than lower secondary (equivalent to the junior certificate). As employment recovers and as unemployment continues to decline, *Social Justice Ireland* believes that major emphasis should be placed on those who are trapped in long term unemployment – particularly those with the lowest education levels.

Job growth in recent times is very welcome, but, as detailed in quarterly *Employment Monitors* (see *Social Justice Ireland, Employment Monitors*), *Social Justice Ireland* is concerned about several of the ways that the labour market is developing. One issue relates to disparities between the employment rates of low-, medium- and highly-skilled workers, which,

**Table 2** Ireland Labour Force Data, Q3 2007- Q3 2018

	2007	2012	2018	Change 07-18
<b>Employment</b>				
Labour Force	2,371,900	2,241,400	2,417,000	+45,100
LFPR %	67.4	62.1	62.6	-4.8
Employment %	72.5	60.2	69.1	-3.4
Employment	2,252,200	1,887,000	2,273,200	+21,000
<i>Full-time</i>	1,835,400	1,424,600	1,812,900	-22,500
<i>Part-time</i>	416,800	462,400	460,300	+43,500
<i>Underemployed</i>	<i>n/a</i>	150,400	111,500	<i>n/a</i>
<b>Unemployment</b>				
Unemployed %	5.1	15.9	6.0	+0.9
Unemployed	119,700	354,300	143,800	+24,100
LT Unemployed %	1.4%	9.1%	2.1%	+0.7%
LT Unemployed	33,300	203,800	50,200	+16,900
Potential Additional Labour Force	<i>n/a</i>	<i>n/a</i>	118,600	<i>n/a</i>

**Source:** Healy *et al*, 2019, using QNHS on-line database.

**Notes:** All data is for Quarter 3 of the reference year.

LFPR = ILO labour force participation rate and measures the percentage of the adult population who are in the labour market.

Employment % is for those aged 15-64 years.

Underemployment measures part-time workers who indicate that they wish to work additional hours which are not currently available.

*n/a* = comparable data is not available.

LT = Long Term (12 months or more). LF = Labour Force.

according to the European Commission (2018c), are among the highest in the EU. Following review of the 2017 National Reform Programme, the Commission highlights skills shortages increasing in certain sectors and the quality and availability of upskilling and reskilling opportunities remaining inadequate, and they point to Ireland's relatively weak performance in relation to participation in lifelong learning (an issue we will return to in the next section of this report) (2017a). More recently in its 2018 report on Ireland, the European Commission (2018c) notes that despite Ireland having many information and communication technology (ICT) graduates, the proportion of the overall population having basic digital skills remains low (again, something we return to below).

Ireland also has one of the lowest employment rates of people with disabilities in the EU (only 29.1 per cent vs EU 47.4 per cent in 2015) and one of the widest employment gaps between people with and without disabilities (41.3 pps, EU 25.7 pps) (European Commission 2018b). When data from Census 2016 is considered, there were 176,445 persons with a disability in the labour force representing a participation rate of 30.2 per cent, less than half that for the population in general. These findings are consistent with earlier results from Census 2011 as well as the 2006 National Disability Survey (CSO, 2008 and 2010) and a 2004 QNHS special module on disability (CSO, 2004). Figures released by the CSO in respect of Census 2016 suggest that among disabled people aged 25-34, almost half (47.8 per cent) were at work whereas by age 55 -64 only 25 per cent of those with a disability were at work (CSO 2017a).

An ESRI report examined the employment transitions of people with a disability and found that among those of working age most (82 per cent) had worked at some stage in their life but that 35 per cent had been without work for more than four years (Watson *et al.*, 2017). It also found that were Government policy to facilitate the employment of people with a disability who want to work, some 35,600 additional people with a disability would join the active workforce; a figure equivalent to 1.5 per cent of the 2017 labour force (Watson *et al.*, 2017:56).

These low rates of employment among people with a disability are of concern. Apart from restricting their participation in society, lack of employment opportunities ties disabled people into state dependent low-income situations. Therefore, it is not surprising that Ireland's poverty figures reveal that people who are ill or have a disability are part of a group at high risk of poverty.

A major question raised by the current labour-market situation concerns the priority given to paid employment over other forms of work. Most people recognise that a person can be working very hard outside a conventionally accepted "job". Much of the work carried out in the community and in the voluntary sector comes under this heading. So too does much of the work done in the home. Relatedly, the work done by Ireland's carers receives minimal recognition. Census 2016 found that 4.1 per cent of the population (195,263 people, mainly women) provided some care for sick or disabled family members or friends on an unpaid basis which

**Table 3** Labour Force Data: Unemployment - Headline Statistics 2007, 2012, 2017

	Q3 2007	Q3 2012	Q3 2018	Change 2007-2018
Unemployment	119,700 people	354,300 people	143,800 people	+23,100 people
Unemployed, less than 1 year	85,200	147,000	89,200	+4,000
Unemployed, more than 1 year	33,300 people	203,800 people	50,200	+16,900
Long-term Unemployment as % Unemployment	27.8%	57.5%	34.9%	

**Source:** Healy *et al.*, 2019, using QNHS on-line database.



amounted to a total of 6,608,515 hours of care (an average of 38.3 hours of unpaid help and assistance each). Using the minimum wage from 2016 as a simple (if unrealistically low) benchmark to establish the benefit which carers provide each year suggests that Ireland's carers provide care valued at more than €3.14bn per annum (Healy *et al.* 2019). The European Commission's 2018 country report for Ireland suggests that, compared to the rest of the EU, the percentage of people not working is comparatively high because of inactivity, not unemployment, suggesting that there is untapped potential outside the labour force, and that the inactivity of women due to caring responsibilities is among the highest in the EU (European Commission 2018c). Thus, the gender employment gap is also higher than the EU average. *Social Justice Ireland's* support for the introduction of a basic income system comes, in part, because it believes that all work should be recognised and supported (see Healy *et al.* 2017).

Another issue that is relevant is the right to work of asylum seekers where the processing of their cases is delayed, something that would assist in alleviating poverty and social exclusion amongst a very vulnerable group. On the 9<sup>th</sup> February 2018, the Supreme Court of Ireland declared the ban on asylum seekers accessing employment was unconstitutional. From that date, asylum seekers are permitted to apply for an employment permit as part of interim measures introduced by Government while they opt-in to the EU Reception Conditions Directive. However, the conditions attaching to the employment permit (such as securing employment for at a minimum salary of €30,000 per year) are restrictive for many asylum seekers and difficulty accessing driving licences will act as a barrier for asylum seekers in availing of employment opportunities that may be available. Along with others, *Social Justice Ireland* has consistently advocated that where Government fails to meet its own stated objective of processing asylum applications in six months, the right to work should be automatically granted to asylum seekers.

As the labour market improves, *Social Justice Ireland* believes that now is the time to adopt measures to address and eliminate these problems.

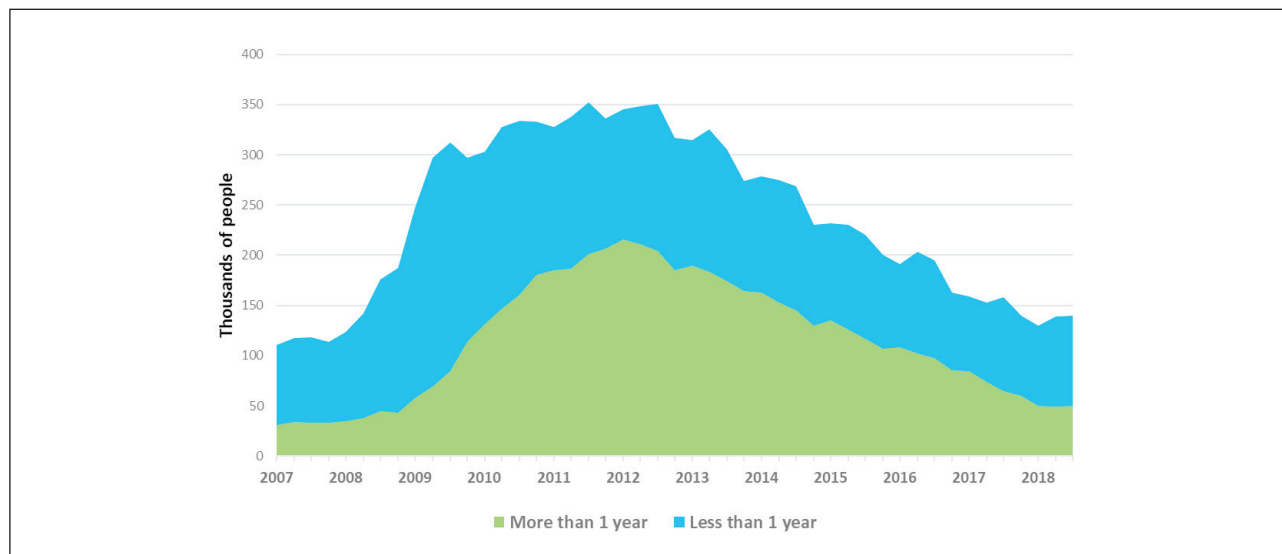
### Long-Term Unemployment

The rapid growth in the number and rates of long-term unemployment are highlighted in **Table 3** and in **Figure 4**. As the 2018 National Reform Programme acknowledges, the long-term unemployment rate remains above pre-crisis levels (Government of Ireland 2018). The number of long-term unemployed was 33,300 in 2007 and has increased since, exceeding 200,000 in 2012 before falling again to just over 50,000 in 2018. For the first time on record, in late 2010 the Labour Force Survey (LFS) data indicated that long-term unemployment accounted for more than 50 per cent of the unemployed. It took from then until late 2017 for this number to consistently drop below that threshold, reaching 34.9 per cent of the unemployed in the third quarter of 2018. As **Figure 4** shows, the transition to these high levels was rapid. The experience of the 1980s showed the dangers and long-lasting implications of an unemployment crisis characterised by high long-term unemployment rates. It remains a policy challenge that Ireland's level of long-term unemployment remains high and that it is a policy area which receives limited attention.

However, it is clear that reskilling many of the unemployed, in particular those with low education levels, will be a key component of the response. Using data for the third quarter of 2018, 48 per cent of the unemployed had no more than second level education with 21 per cent not having completed more than lower secondary (equivalent to the junior certificate). As employment recovers and as unemployment continues to decline, *Social Justice Ireland* believes that major emphasis should be placed on those who are trapped in long term unemployment – particularly those with the lowest education levels.

Previous experiences, in Ireland and elsewhere, have shown that many of those under 25 and many of those over 55 find it challenging to return to employment after a period of unemployment. It is recognised internationally that older workers (often considered those aged 55 and above) are disproportionately vulnerable to labour underutilization – in other words, they cannot work as much as they would like and they are particularly prone to being among those discouraged in their job search (International Labour Organization, 2018). Thus, becoming

Figure 4 Long-term Unemployment 2007-2018



Source: Healy et al 2019 based on CSO, QNHS on-line database.

Note: Long term unemployment is defined as those unemployed for more than one year

unemployed at an older age means being more likely to remain so and to experience long-term unemployment (International Labour Organization, 2018). This highlights the dangers around long-term unemployment already highlighted and suggests a major commitment to retraining and re-skilling will be required.

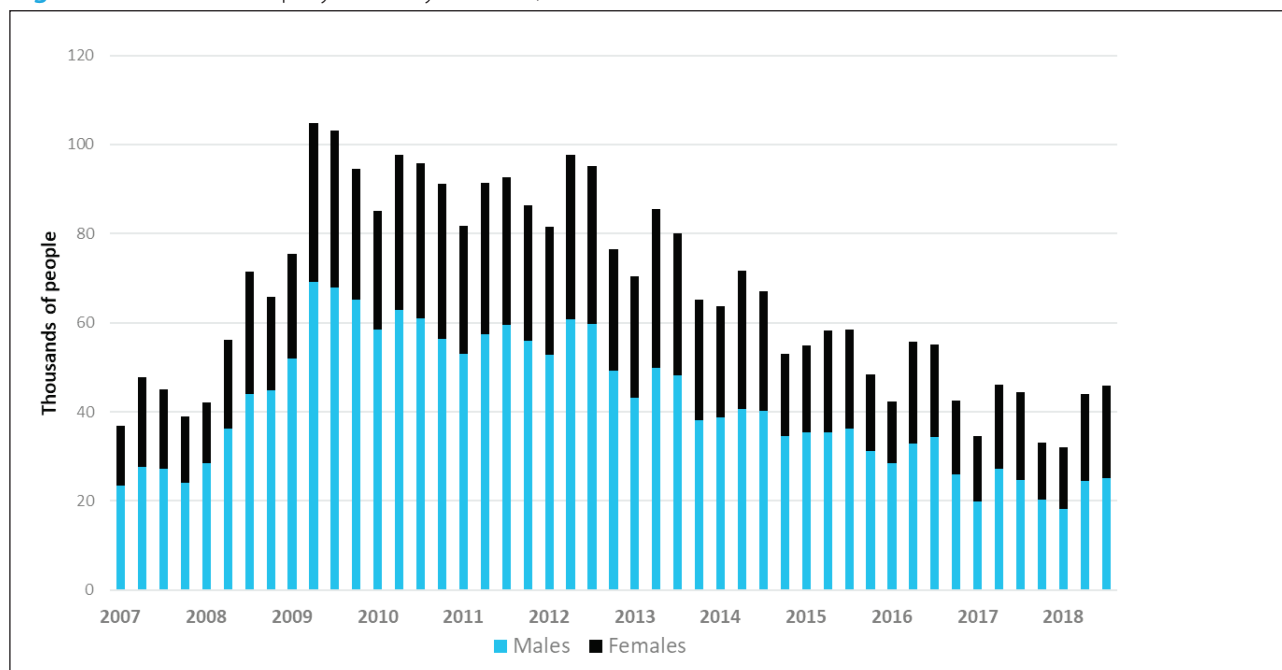
*Social Justice Ireland* believes that this issue requires immediate and appropriate action. A specific sub-target on reducing long-term unemployment should be included in the National Reform Programme to ensure this issue receives the priority it demands.

### The Working Poor

The Europe 2020 Strategy recognises that large numbers of people who work nonetheless do not earn enough to get out of poverty. They represented an estimated 9.4 per cent of Europeans (EU28) (aged 18-64) who worked in 2017 (Eurostat online database **ilc\_iw01**). Eurostat data for 2017 relative to Ireland (the latest available) reports an in-work risk of poverty of 5.2 per cent. Unfortunately, this represented a slight increase on the 2016 rate (4.8 per cent) (Eurostat online database **ilc\_iw01** – and note this is a statistic generated by Eurostat so as to be comparable across Europe).

In a recent edition of its *Employment Monitor, Social Justice Ireland* has highlighted the extent to which the National Minimum Wage is below what is required to achieve a socially acceptable standard of living (Social Justice Ireland 2018). As we referred to already when discussing the figures set out in **Table 2**, recent years have seen the growth of various forms of precarious employment. The number of people employed is higher now than it ever has been – but the proportion of individuals who are actively participating in the labour market has declined since 2007 despite the overall growth in employment. Thus, because of population increase, since 2007 employment has fallen by just under 1 per cent; but this figure masks a bigger decline in full-time employment (1.2 per cent) and a growth in part-time employment (+10.4 per cent). Within those part-time employed, it is worth focusing on those who are underemployed, that is, part-time workers who work fewer hours than they are willing to work. By the third quarter of 2018, the numbers underemployed stood at 111,500 people, 4.6 per cent of the total labour force and about one-quarter of all part-time employees.

These figures suggest the emergence of a greater number of workers in precarious employment situations. The growth in the number of individuals

**Figure 5** Youth Unemployment by Gender, 2007-2018

Source: Healy *et al.* 2019; CSO, QNHS on-line database.

with less work hours than ideal, as well as those with persistent uncertainties concerning the number and times of hours required for work, is a major labour market challenge. Aside from the impact this has on the well-being of individuals and their families, it also impacts on their financial situation and adds to challenge represented by the working-poor. There are also impacts on the state, given that the Working Family Payment (formerly known as Family Income Supplement (FIS)) and the structure of jobseeker payments tend to lead to Government subsidising these families' incomes, and indirectly subsidising some employers who create persistent precarious employment patterns for their workers.

Given the current strength of the labour market, *Social Justice Ireland* believes that now is the time to adopt substantial measures to address and eliminate these problems. The concept of a 'living wage' is helpful. Also in that context, the establishment of the Low Pay Commission is a welcome development. It is important that this group provides credible solutions to these labour market challenges and that such proposals are implemented.

One of the most effective mechanisms available within the present system to address the problem of the working poor would be to make tax credits refundable, something on which *Social Justice Ireland* has published research. Its 2010 study, entitled *Building a Fairer Taxation System: the Working Poor and the Cost of Refundable Tax Credits*, showed that making tax credits refundable is feasible at relatively small cost. Such a move would have a very positive impact on those who are the working poor. We include a brief outline of the proposal in **Section 4**.

We strongly urge that a specific sub-target should be developed to address the issue of the working poor and incorporated in Ireland's National Reform Programme.

### Youth Unemployment

While the increase in unemployment over the last 12 years was spread across all ages and sectors, **Figure 5** highlights the very rapid increase in the numbers unemployed under 25 years-of-age. The numbers in this group more than doubled between 2007 and 2009, peaking at almost 105,000 in Quarter 2 2009.

Since then decreases have occurred, reaching 45,900 in 2018.

As youth unemployment represents almost one-third of the total population that is unemployed, there is merit in giving it particular attention. Experiences of unemployment, and in particular long-term unemployment, alongside an inability to access any work, training or education, tends to leave a ‘scarring effect’ on young people. It increases the challenges associated with getting them active in the labour market at any stage in the future. In the short-term it makes sense for Government to invest in the ‘youth unemployed’ and *Social Justice Ireland* considers this to be a central priority. At a European level, this issue has been receiving welcome attention over the past years, driven by high levels of youth unemployment in other crisis countries.

For many years the Irish rate for younger people neither in education, employment or training (NEETs) (therefore, at most distance from the labour market and most at risk of alienation) was higher than the EU average. We will return to this when we discuss education in the next section of this Report.

### Irish Government Initiatives

Government action to address this issue has focused on two main strategies – *Action Plan for Jobs* designed to increase the number of jobs available (with annual iterations) and *Pathways to Work* focusing on activation strategies intended to ensure that jobs are available to the unemployed. The latest iteration of the Action Plan for Jobs (2018) aims to create approximately 50,000 extra jobs. Regional actions plans have also been developed. An employment strategy aimed at disabled people (Comprehensive Employment Strategy for People with Disabilities) was published in October 2015 (covering the period up to 2024), which aims to increase the employment rate of people with disabilities to 38 per cent.

While a range of activation measures were introduced under *Pathways to Work*, it is not, according to the European Commission (2017a), easy to assess their effectiveness in part because there are a number of different schemes with different agencies responsible. A case study on the Intreo ‘one-stop-

shop’ service for jobseekers developed by the Reform Delivery Office of the Department of Public Expenditure and Reform in partnership with UCD identified change management, staff redeployment and integration and the designing of a new service as the main ‘Issues and Challenges’ faced.

The European Commission’s 2018 country report for Ireland (March 18) highlighted that there are large disparities for different skills groups and that labour-market improvements have not yet improved the prospects of low-skilled workers (2018c). As mentioned above, disparities between the employment rates of low-, medium- and highly skilled workers were among the highest in the EU in 2016 and discrepancies have decreased only marginally in Ireland since 2010, compared to faster falls in some other Member States (European Commission 2018c). This suggests that the labour market recovery has not yet been able to reverse the relative deterioration of labour market prospects that low-skilled workers have experienced since 2008 (European Commission 2017a).

### Social Justice Ireland – Response

Job growth in recent times is very welcome. However, as outlined above, *Social Justice Ireland* is concerned about several of the ways that the labour market is developing. Headline employment numbers are useful but tell us little about who is benefitting, and which groups are being left behind. Our regular *Employment Monitors* have highlighted various trends that require attention.

Amongst the issues that we have highlighted are high levels of underemployment, a high incidence of State income support amongst employees, an increased number of discouraged workers leaving the labour force, low pay in the labour force, precarious employment, and a significant number of workers earning less than a living wage. Other issues that our *Employment Monitors* have highlighted include the high rate of long-term unemployment which especially affects older workers, and regional employment trends that mean that certain regions experience an employment situation notably worse than the rest of the country.

*Social Justice Ireland* believes that if the challenges we have highlighted throughout this Section are to be effectively addressed, Government's key policy priorities in this area should be to:

- Launch a major investment programme focused on prioritising initiatives that strengthen social infrastructure, including a comprehensive school building programme and a much larger social housing programme;
- Resource the up-skilling of those who are unemployed and at risk of becoming unemployed through integrating training and labour market programmes;
- Adopt policies to address the worrying issue of youth unemployment. In particular, these should include education and literacy initiatives as well as retraining schemes;
- Recognise the challenge of long-term unemployment and of precarious employment and adopt targeted policies to address these;
- Recognise that the term "work" is not synonymous with the concept of "paid employment". Everybody has a right to work (i.e. to contribute to his or her own development and that of the community and the wider society) but this should not be confined to job creation. Work and a job are not the same thing.
- Adopt policies to address the working poor issue including a reform the taxation system to make the two main income tax credits refundable;
- Develop employment-friendly income tax policies which ensure that no unemployment traps exist. Policies should also ease the transition from unemployment to employment;
- Adopt policies to address the obstacles facing women when they return to the labour force. These should focus on care initiatives, employment flexibility and the provision of information and training;
- Reduce the impediments faced by people with a disability in achieving employment;
- Facilitate the right to work of all asylum seekers and resource the improvement of the current system of processing asylum applications;

- Give greater recognition to the work carried out by carers in Ireland and introduce policy reforms to reduce the financial and emotional pressures on carers. In particular, these should focus on addressing the poverty experienced by many carers and their families, as well as on increasing the provision of respite opportunities to carers and to those for whom they care.

For more detail on these and on related initiatives see Healy *et al.* 2019.

### Social Justice Ireland Recommendations for the National Reform Programme

*Social Justice Ireland* has argued in this Section and elsewhere for a number of actions by Government to address the issue of unemployment. These initiatives should be incorporated into the National Reform Programme with measurable targets for the short-term, medium-term and long-term.

In addition, we make the following recommendations for changes to the targets set in Ireland's National Reform Programme:

- **We recommend an ambitious new national target relative to employment as well as a range of more ambitious measures aimed at reaching that target.**
- **Long-term unemployment: We recommend that a sub-target be added to the current National Reform Programme headline target:**
  - To reduce the level of long-term unemployment to 1.3% of the labour force.**
- **Working poor: We strongly urge that a specific sub-target should be developed to address the issue of the working poor. We propose the following sub-target be added to the current headline target:**
  - To reduce in-work poverty by making tax credits refundable.**

# 3 Education

**EU Headline Target:** *A target on educational attainment which tackles the problem of early school leavers by reducing the dropout rate to 10% from the current 15%, whilst increasing the share of the population aged 30-34 having completed tertiary education from 31% to at least 40% in 2020.*

**Ireland Headline Target:** *To reduce the percentage of 18-24 year olds with at most lower secondary education and not in further education and training to 8%; to increase the share of 30-34 year olds who have completed tertiary or equivalent education to at least 60%.*

## European Context

The headline target in the Europe 2020 Strategy, stated above, focuses both on early leavers from education and training<sup>7</sup> and on tertiary (or third level) education<sup>8</sup>. The following issues concerning education in Europe were referenced in the Strategy:

- One in seven young people left education and training too early,
- Less than one person in three aged 25-34 had a university degree,
- Eighty Million People had low or basic skills, but lifelong learning benefitted mostly the more educated.
- By 2020, the demand for low skills will drop by 12 million jobs.

(European Commission, 2010).

Improved educational achievement of young people was seen as a cross-cutting measure that addressed two priority areas of the Europe 2020 Strategy - that for 'smart growth' by improving skills levels, and 'inclusive growth' by tackling one of the major risk factors for unemployment and poverty. It characterised reducing early school-leaving as a gateway to achieving other Europe 2020 Strategy targets.

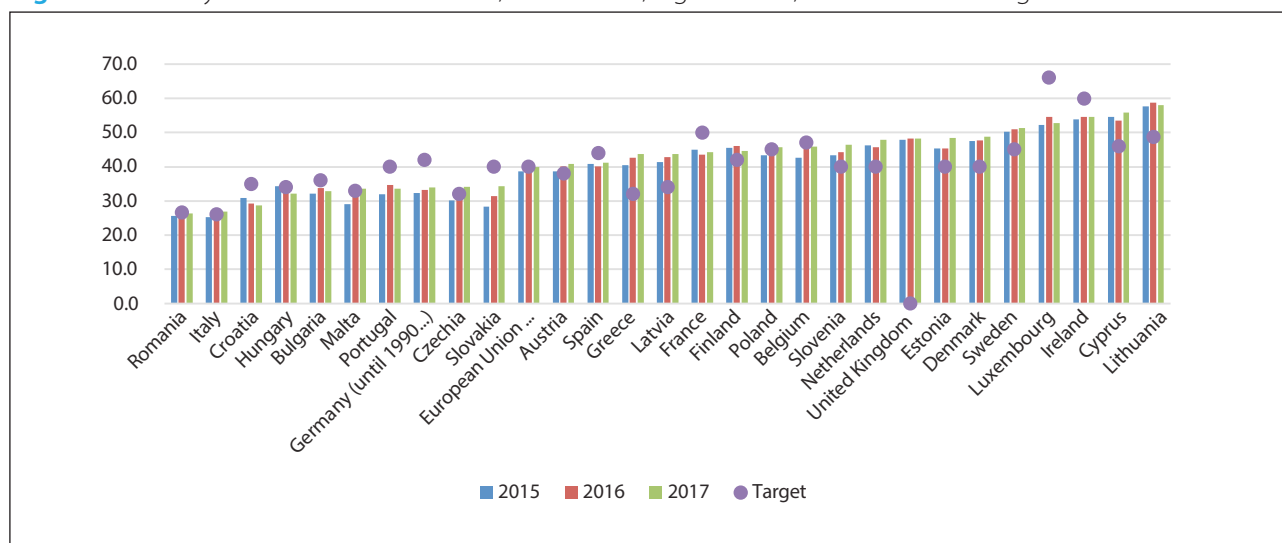
The EU also has a strategic framework for cooperation in education and training under which targets have also been set for 2020 - The Strategic Framework for European Union cooperation in Education and Training (known as 'ET 2020'). In it four strategic objectives are identified:

1. Making lifelong learning and mobility a reality;
2. Improving the quality and efficiency of education and training;
3. Promoting equity, social cohesion and active citizenship;
4. Enhancing creativity and innovation, including entrepreneurship, at all levels of education and training (Council of the European Union, 2009).

The 'ET 2020' framework is considered to be consistent with the 2020 Strategy, capable of making a significant contribution towards achieving its objectives. The four objectives (above) are considered applicable for adult education. Amongst the targets which the ET 2020 framework set for 2020 are:

<sup>7</sup> The indicator is defined as the percentage of the population aged 18-24 with at most lower secondary education and who were not in further education or training during the last four weeks preceding the survey. Lower secondary education refers to ISCED (International Standard Classification of Education) 2011 level 0-2 for data from 2014 onwards and to ISCED 1997 level 0-3C short for data up to 2013. (Eurostat, t2020\_40)

<sup>8</sup> The share of the population aged 30-34 years who have successfully completed university or university-like (tertiary-level) education with an education level ISCED 1997 (International Standard Classification of Education) of 5- (Eurostat, t2020\_41).

**Figure 6** Tertiary Education Attainment, 2015-2017, Ages 30-34, with National Target

Source: Eurostat, t2020\_41. Note: No target supplied for United Kingdom

- at least 95 per cent of children between the age of four and the age for starting compulsory primary education should participate in early childhood education;
- the share of 15-years olds with insufficient abilities in reading, mathematics and science should be less than 15 per cent;
- an average of at least 15 per cent of adults (age group 25-64) should participate in lifelong learning.

### Ireland: Education and Europe 2020 Strategy Targets

Overall, Ireland compares well relative to many European countries in terms of the two targets relating to education established under the Europe 2020 Strategy.

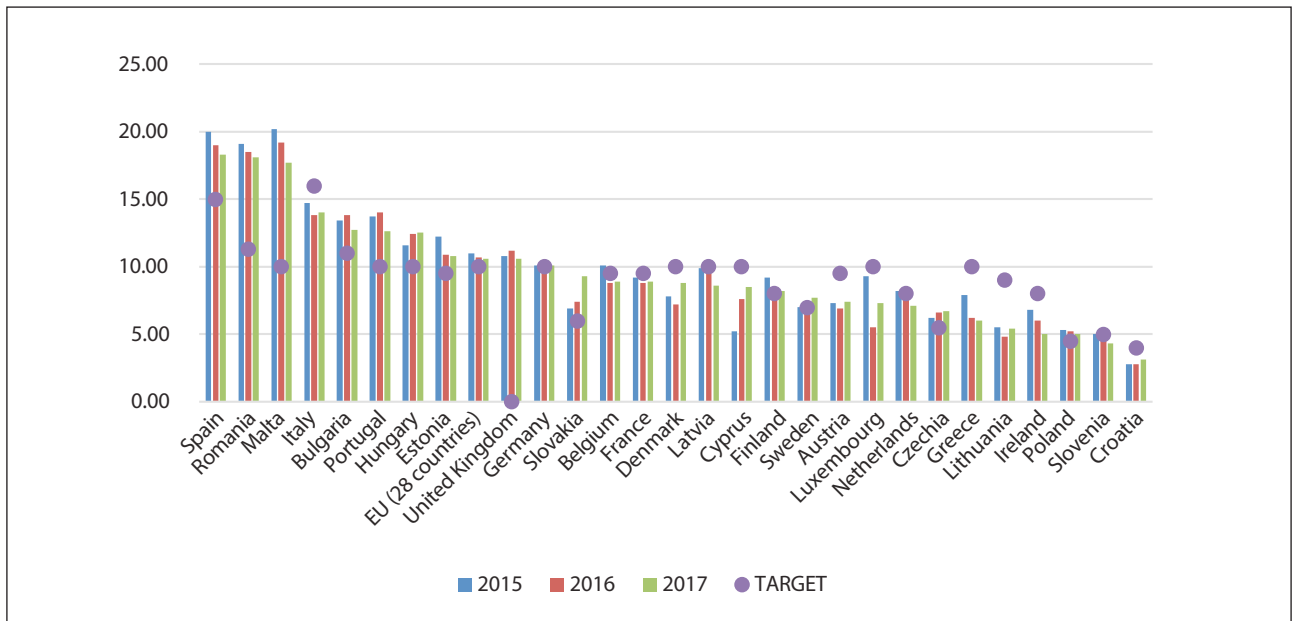
In particular, at 54.5 per cent in 2017, Ireland's share of 30-34 year olds who have completed tertiary or equivalent education is amongst the highest in Europe (Eurostat **t2020\_41**). The EU average for 2017 was 39.9 per cent (EU-28). The Irish Government established an ambitious target of 60 per cent in regard to this in the National Reform Programme (well above the EU target of 40 per cent). See **Figure 6**.

But Ireland also faces challenges in relation to how higher education is to be funded. Full-time enrolment in higher education has increased by

almost 33 per cent in the last decade to 183,642 students (DES, 2018d). The number of students is expected to increase annually between 2018 and 2030, peaking at 222,514 fulltime enrolments (DES, 2018d). An increasing population of school-leavers demands that considerable investment to ensure that the higher education sector in Ireland can continue to cope. However, public funding for higher education has been decreasing since 2009 despite steadily increasing enrolments (full and part time). The education sector will require increased public investment and long-term sustainable Government funding to ensure that it can deliver what is expected of it in terms of human capital and engaging with society. *Social Justice Ireland* welcomed the announcement by Government in January 2018 of 'Cornerstone Reform' of higher education, linking funding of higher education with the delivery of 'key national priorities'- including alignment of skills needs of the economy, higher levels of performance and innovation, expansion of research, and better access for students at a disadvantage and improving lifelong and flexible learning opportunities to make Ireland's education and training service 'the best in Europe by 2026'. It is important that the programmes aimed at supporting students in disadvantage and lifelong learning opportunities are one of the priority areas for 2019.

In terms of access, the socio-economic background of new enrolments to higher education remains

**Figure 7** Early School Leaving: EU-28. 2015-2017, with Europe 2020 Strategy Targets



**Source:** Eurostat, **t2020\_40**. Relates to the percentage of the population aged 18-24 with at most lower secondary education and not in further education or training. **Note:** No target stipulated for United Kingdom.

remarkably static over more than a decade. According to the Higher Education Authority, of new entrants in 2004, 5.7 per cent came from a semi-skilled background and 5 per cent from an unskilled background (O’Connell, Clancy and McCoy, 2006). In 2017/18 new entrants to higher education from these backgrounds made up 5.5 per cent and 4.8 per cent, respectively (Higher Education Authority, 2019)

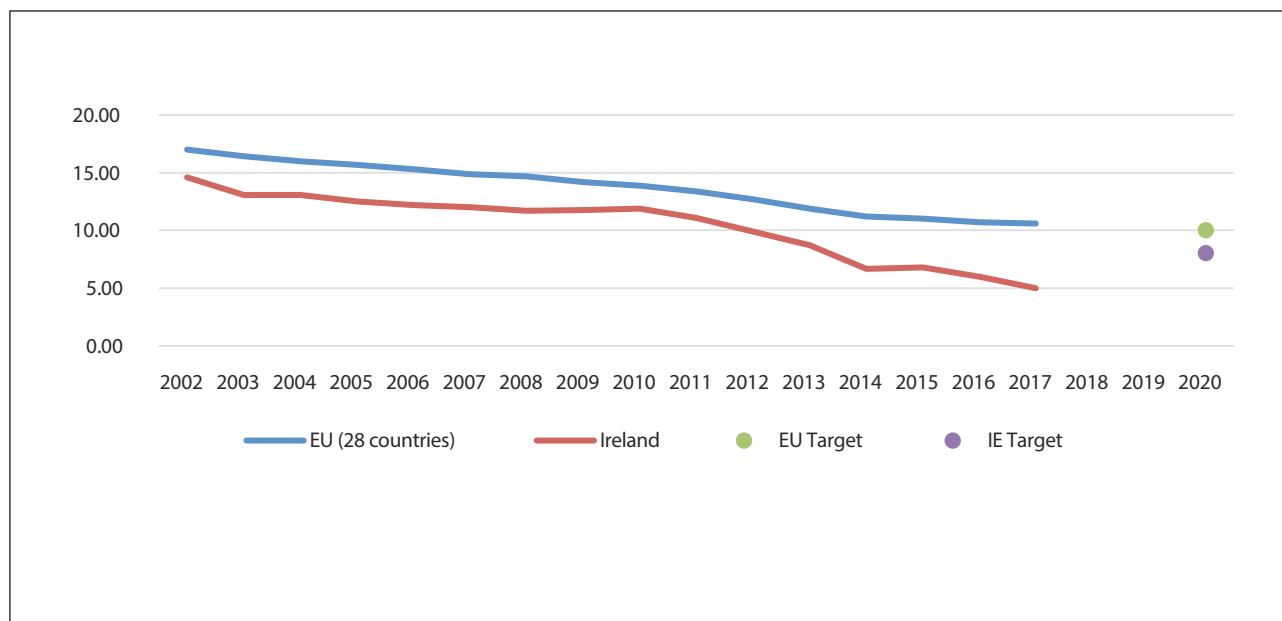
Another issue impacting on access to higher education is the prohibitive cost of accommodation for students who must study away from home. Lack of adequate student accommodation and a dearth of affordable private rented accommodation makes this a considerable additional cost for many families, which could act as a barrier for students from lower socio-economic backgrounds. The current maximum maintenance grant of €5,915 for families on long term social welfare payments is barely enough to cover housing and utilities, leaving little for other essentials. Education can be transformative, particularly for those students from lower socio-economic backgrounds, but there is a window of opportunity for this transformation to take place if we are to halt the cycle of disadvantage and unemployment.

The Final Report of an Expert Group established in 2014 to examine funding of Higher Education in Ireland was published in 2018. It recommended three funding options for consideration by Government. These options are (i) a pre-dominantly state-funded system, (ii) increased state funding with continuing upfront student fees and (iii) increased state funding with deferred payment of fees (student loans). The report further points out that funding requirements for higher education should be benchmarked against the funding in those countries we aspire to emulate and compete with.

The group noted that the purpose and value of higher education is its ability to add to the understanding of, and hence flourishing of, an integrated social, institutional, cultural and economic life. Higher education contributes to both individual fulfilment and the collective good. Investment in higher education delivers social and economic returns to society in the form of higher tax contributions, reduced welfare dependency, increased contribution to social and economic development from graduates, and greater social mobility.

There are strong arguments for and against the introduction of loans for third level education. Those



**Figure 8** Early School Leaving Rate Amongst 18-24 Year Olds

Source: Eurostat, t2020\_40

in favour point to the higher earning capacity of graduates and similar international funding models, as well as the equitable argument that ‘those who can, should’. Those against express concerns about the possible costs of administering such a scheme, the risk of escalation in tuition fees, and the prospect of there being no immediate saving to public expenditure as Government’s loan guarantee would be recorded as General Government Expenditure. Fees for part-time higher education courses are a barrier to people who wish to upskill or reskill throughout their lifetime. The policy challenge posed by these arguments is made more difficult by the lack of any alternative funding strategy for higher education. Given the projected increases in student intake it is difficult to see how public spending on higher education can be curtailed. It would be extremely difficult to fund the sector with a combination of limited public expenditure and student loans.

Turning now to the issue of early school leaving, another area where the Europe 2020 strategy set a target (see start of the Section, above). The European average for 18-24 year olds classified as early school-leavers was 10.6 per cent in 2017 (EU28) (Eurostat, t2020\_40). The corresponding figure for Ireland

was 5 per cent, and the rate has been steadily falling in recent years, meaning that, based on the latest available figures across Europe, Ireland’s ranking is 4<sup>th</sup> lowest (EU28) (Eurostat, t2020\_40). Ireland has reached and exceeded the target set in the National Reform Programme (of 8 per cent). See **FIGURE 7** for European rankings and national targets.

As **Figure 8** shows, a decrease in this rate has been evident for several years, a very positive trend. However, given that Ireland’s percentage of early school-leavers was 11.9 per cent in 2010, when the European 2020 Strategy was adopted, the 8 per cent target adopted by the Irish Government was not at all ambitious, something that *Social Justice Ireland* has argued.

A report published by the Central Statistics Office showed that Ireland ranked second in European Union for the percentage of people aged 20-24 with at least upper-second level education at 94 per cent (CSO, 2018). However, while the gap between retention rates in DEIS and non-DEIS schools has halved since 2001, it still stands at 8.5 per cent. This means that the rate of early school leaving in DEIS schools stands at 15.6 per cent. Ireland’s early school leaving rate must also be viewed in light of NEET

(Not in Employment, Education or Training) rate of nearly 16 per cent (20-34 age group, see below).

Early school-leaving not only presents problems for the school-leavers themselves, but it also has economic and social consequences for society. A review of the economic costs of early school leaving across Europe confirms that there are major costs to individuals, families, States and societies (European Commission, 2013a). That study showed that inadequate education can lead to large public and social costs in the form of lower income and economic growth, reduced tax revenues and higher costs of public services related, for example, to healthcare, criminal justice and social benefit payments.

Ireland's National Reform Programme refers to the DEIS scheme as a key measure in supporting the achievement of the national target in regard to early school leaving (Government of Ireland, 2018). Evaluation suggests that the DEIS programme is having a positive effect on educational disadvantage – including on retention rates (to Leaving Certificate). However, unfortunately the DEIS scheme suffered cut-backs in Budget 2012, which were subsequently only partially rolled back. More generally, capitation grants for schools have been cut by more than 10 per cent following the economic crisis in 2008 and subsequent Budgets have not restored the value of these cuts (Healy *et al.* 2019). Increased and sustained funding and support for the DEIS scheme is required if it is to continue to support improvements in literacy, numeracy and early school leaving.

Ireland's early school leaving rate must also be viewed in light of the country's NEET rates (young people neither in education, employment nor training), which, although they have improved in recent years, are now similar to European average rates. See **Table 4**, which sets out the NEETs rate for different age groups. For example, Ireland's NEET rate for 15-24 year olds has dropped considerably in recent years, which is very welcome, but at 10.9 per cent (2017) it is only at the EU-28 average (Eurostat database **edat\_lfse-20**). When the age group 20-34 is examined, the Irish rate is nearly 16 per cent (2017). While, again, this rate has been improving in recent years, it is now only marginally lower than the EU-28 average, and is considerably worse than the rates for this age group in the best performing

countries. For example, in Sweden the rate was 7.8 per cent in 2017.

Clearly, despite making steady progress, Ireland still faces challenges in the area of early school leaving and young people not engaged in employment, education or training (NEETs), especially in disadvantaged areas. Government must work to ensure that schools in disadvantaged areas are supported to bring the rate of early school leavers to below the EU target of 10 per cent, and onwards to Ireland's country specific target of 8 per cent under the EU2020 Strategy. This would provide additional support for Ireland to revise its overall target downwards - say to 4 per cent.

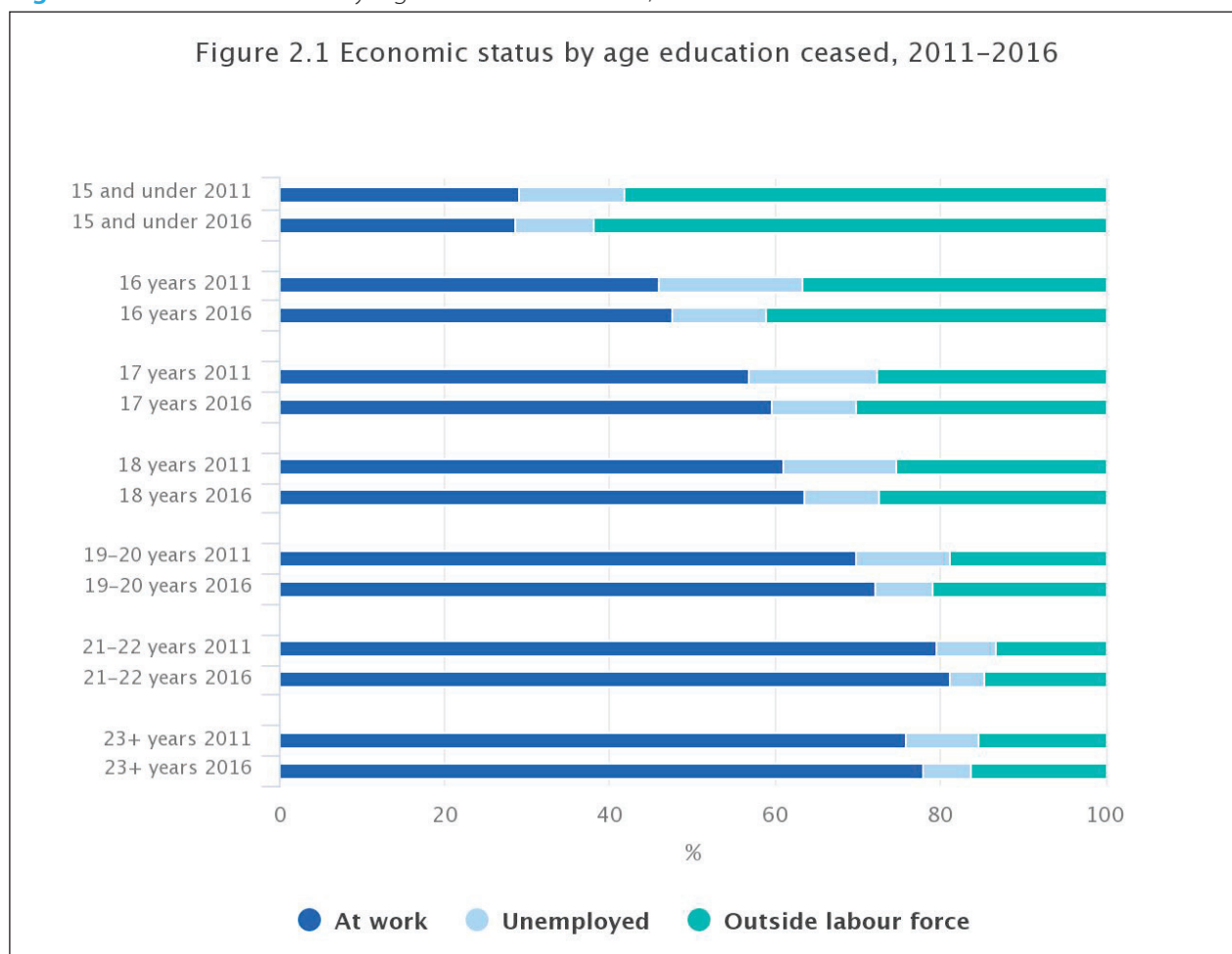
**Table 4** NEET Rate, 2017, Ireland and EU-28

NEET Rate	Ireland	EU-28
Age 15-24	10.9	10.9
Age 18-24	13.2	14.3
Age 15-29	12.8	13.4
Age 20-34	15.9	17.2

Eurostat online database **edat\_lfse-20**

Furthermore, there is a recognised cyclical effect associated with early school leaving, resulting in the children of early school leavers experiencing reduced success in education (European Commission, 2011). A study by the ESRI on the vulnerability of children in Ireland found a strong association between persistent poverty and lone parenthood as well as lower levels of parental education (Watson *et al.* 2015). This points to the importance of education and skills acquisition, particularly for those at risk of early school leaving. Educational qualifications are still considered the best insurance against unemployment, which clearly increases the lower the level of education attained. **Figure 9** shows that those who left education earlier are more likely to be outside the labour force or unemployed (Central Statistics Office, 2017).

Thus, the very significant disadvantages that flow from early school leaving, its prevalence, especially in schools in disadvantaged areas, and Ireland's NEETs rate suggests that early school leaving is an issue that requires attention from public policy. Overall, *Social*

**Figure 9:** Economic Status By Age Education Ceased, 2011-2016

Source: Census of Population 2016 – Profile 10 Education, Skills and the Irish Language, [www.cso.ie](http://www.cso.ie)

*Justice Ireland* believes that the situation calls for a long-term policy response, which would encompass alternative approaches aimed at ensuring that people who leave school early have alternative means to acquire the skills required to progress in employment and to participate in society. Approaches in the area of adult literacy and lifelong learning are important in this context, discussed below.

### Ireland: Education More Generally

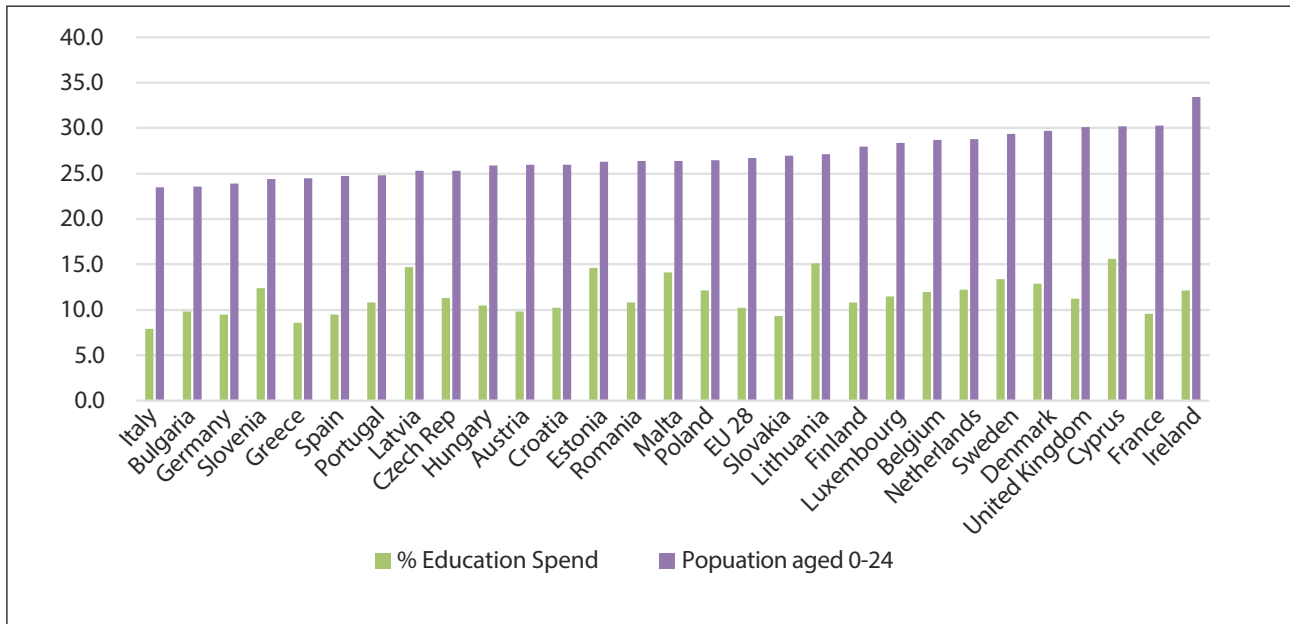
Expenditure on education in Ireland is not keeping pace with the increased number of students. The Department of Education and Skills projects that enrolments at primary level will peak at 559,822 students in 2020, and enrolments at second level will peak at in 401,754, at 2025 (DES, 2018e). At third level the number of students is expected to

increase annually between 2018 and 2030, peaking at 222,514 fulltime enrolments (DES, 2018e).

But between 2010 and 2015 expenditure per student decreased by 15 per cent in primary to post-primary non-tertiary education and by 21 per cent in tertiary education while the number of students increased by 9 per cent and 13 per cent respectively (OECD, 2018 :4). Increased funding capital and current expenditure on education announced in the most recent Budget, while welcome, is insufficient to both meet current and future demands and address the shortfall of funding between 2010 and 2015.

The Government's commitment to the provision of quality education throughout the life-cycle is evidenced by how we compare to our European counterparts in terms of expenditure. **Figure 10**

**Figure 10** EU-28: % of population (0-24), Education Expenditure as a % of Total General Govt. Expenditure, 2016



Source: Eurostat (2018) from Healy et al.2019

shows that while Ireland has the highest proportion of people aged under 24 in the European Union, our expenditure on Education ranks 10th as a percentage of total general government expenditure. It is clear that a significant increase in funding is required if Ireland is to have a high quality education system that provides relevant education and training throughout the lifespan. The National Risk Assessment (Department of an Taoiseach, 2017) identifies the lack of investment in education, and in particular higher education, as one of the six social risks facing Ireland and points to education as being among the areas of ‘acute concern’ to an increasing population.

For Higher Education, the *Final Report of the Independent Expert Panel* (Higher Education Authority, 2018) recommends a transparent model of funding providing clarity on where such funding is channelled, with flexibility of allocation depending on student demand and discipline-based weightings in favour of institutions providing courses which are high-cost, such as STEM, in line with the Government’s policy to build skills-bases in these areas. While *Social Justice Ireland* welcomes innovation in funding allocation and a move towards

a more demand-based system to support students in their chosen careers, we are concerned at the inclusion of the recommendation from the Cassels report on funding options for higher education to supplement funding by way of ‘income contingent loans’, deferred fees payable after graduation at a rate of 2-8 per cent interest. This model of funding is contingent on the availability of well-paid employment after graduation which can sustain an increased cost of living and rent inflation in addition to loan repayments.

The OECD has called skills ‘the new global currency of 21st Century economies’ (OECD, 2012a). By providing workers with increased skills, countries can ensure that globalisation translates into job creation and increased productivity, rather than negative economic and social outcomes (OECD, 2017c). Their report found that countries who embraced Global Value Chains (GVCs), where workers in different countries contributed to the design, manufacture and sale of products experienced a boost in labour productivity growth in industry. According to the report, Ireland has increased its participation in GVCs, but has seen weak social and economic development on foot of this, due partly to

insufficient skills (Ireland is ‘average’ on each of the skills sections). Ireland has a high level of specialism in technologically advanced industries and has seen an increase in productivity, but is average across the scoreboard in terms of population skills.

According to the World Economic Forum, the accelerating pace of technological, demographic and socio-economic disruption is transforming industries and business models, changing the skills that employers need and shortening the shelf-life of employees’ existing skill sets (World Economic Forum, 2016). The impact of disruptive change on existing skill sets means that almost half of subject knowledge acquired during the first year of a four-year technical degree will be outdated by the time students graduate. By 2020, the report argues, more than a third of the desired core skill sets of most occupations will be comprised of skills that are not considered crucial to the job today, with the largest amount of skills disruption expected in the areas of Financial Services and Investments.

Investment is required at all levels of our education system. In reality this will mean increased expenditure, both current and capital at all levels and over a period of time. In terms of planning for demographic pressures, the Government has allocated €3.8 billion to education in the Capital Plan 2016-2021. The key objective of this plan is to meet the demand for new places at all levels. The Final Report of the Expert Group on Funding Higher Education points out that funding requirements for higher education should be benchmarked against the funding in those countries we aspire to emulate and compete with.

As outlined at the outset of this Section, above, the Europe 2020 strategy only sets targets in two areas of education. There are also a number of areas of education where Ireland does not do well in international comparisons. These include:

- **ECCE:** Ireland traditionally did not invest public funds in **early childhood education** on any wide-scale basis although a scheme now operates (the ECCE Early Childhood Care and Education Scheme, ECCE);
- **Literacy:** The OECD PIAAC study 2013 (the most up to date data on adult literacy in Ireland) shows

that a very significant proportion of the adult population still does not possess the most basic literacy, numeracy and information processing skills considered necessary to participate in today’s world (OECD 2013).

- **Lifelong Learning:** Ireland’s participation rates in **lifelong-learning** do not compare well with other European countries, being well below the average.

In the remainder of this Section, we will consider the position of Ireland in the areas covered by three of the targets set by the ET 2020 strategy – namely, that for early childhood or pre-school education, people with literacy difficulties, and lifelong learning.

### Early-Childhood Education

Early childhood education and care has a profound and long-lasting impact on individual lives and on societies. It means that later learning is more effective and more likely to continue throughout life, lessening the risk of early school-leaving, increasing the equity of educational outcomes, and reducing costs for society in terms of lost talent and of public spending on social, health and even justice systems (European Commission 2011).

Early childhood education is associated with better performance later on in school. Pupils who had access to quality early childhood education perform better on literacy/numeracy testing than those who did not attend pre-primary education, even allowing for differences in their socio-economic backgrounds (OECD, 2016:233). This was also the case in Ireland, where the country-specific results show that Irish students who attended pre-school scored significantly better than those who did not (Shiel *et al.*, 2016:101). In short, early childhood is the stage where education can most effectively influence the development of children and help reverse disadvantage (European Commission, 2011).

The most striking feature of investment in education in Ireland relative to other OECD countries is its under-investment in early childhood education. In a series of studies, Ireland is shown to spend less than most nations (just 0.1 per cent of GDP) on pre-primary education compared to an OECD average

of 0.8 per cent (OECD, 2018a Table B.2,3a,P178). Ireland's enrolment rate of 49 per cent in early education at age 3 lags behind the OECD and EU-22 averages of 76 and 82 per cent, respectively (in 2016) (OECD, 2018a:Table B.2,1a,P177). Enrolment at age under 3 is 17 per cent in Ireland, contrasting with an OECD average rate of 34 per cent and an EU-22 average of 33 per cent (again in 2016) (OECD 2018a). The introduction of the Early Childhood Care and Education (ECCE) Scheme in 2010 represented a positive first step in addressing these issues. The ECCE scheme initially (in 2010) provided one year of free pre-school (38 weeks). It was extended in 2016 to an average of 61 weeks and the latest national reform programme highlights plans to further extend it from September 2018 (to 76 weeks) (Government of Ireland 2018).

A review of Early Years Education published by the Department of Education and Skills (2018a) found that while almost all services provide warm and welcoming environments and evidence of positive relations between the staff, the children and their families, there remained many challenges. Among those raised in the review are:

- (i) providing rich outdoor learning opportunities for children, which is vitally important to development
- (ii) the need to ensure all families and children are fully represented
- (iii) the need to provide ongoing training and professional development for staff, and
- (iv) the need to improve working conditions for staff in the sector.

ECCE in Ireland – some key data:

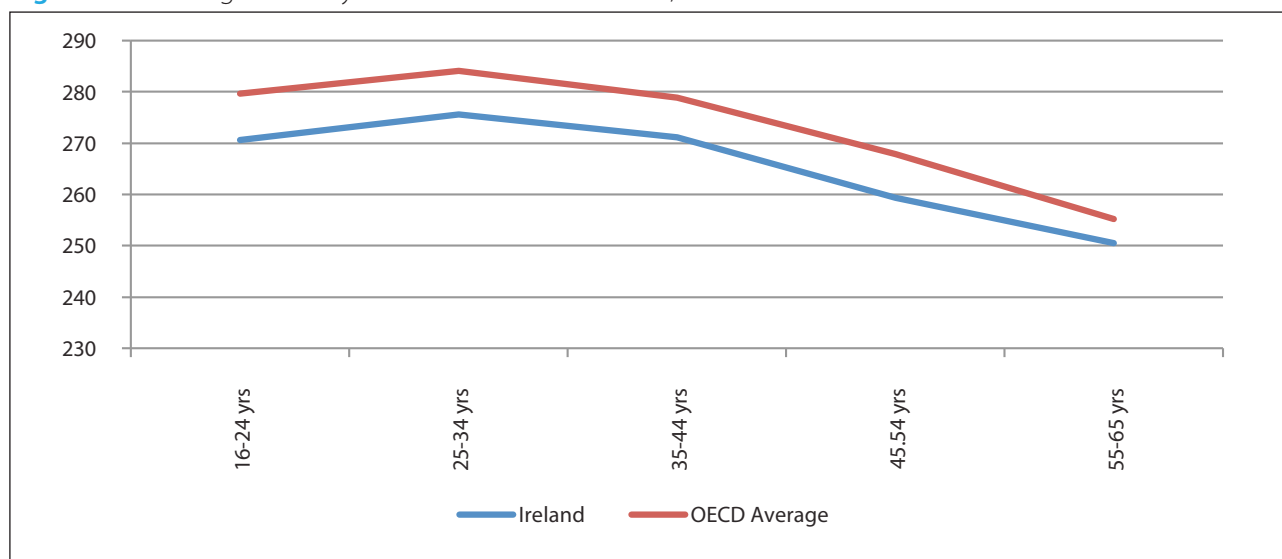
- Ireland has the highest rate of children attending pre-primary education in private, non-government dependent institutions of all OECD countries;
- Ireland is the only country in the EU with no public provision of ECCE for either age group (under or over three) (Eurydice/Eurostat, 2014);
- In Ireland CPD (continuous professional development) is not compulsory for educational

and care staff in the ECCE sector (Eurydice/Eurostat, 2014);

- The percentage of graduates working in the sector, at 18 per cent, is below the 60 per cent recommended level (Joint Committee on Children and Youth Affairs, 2017).

The Joint Committee on Children and Youth Affairs (2017) recommended that an Early Years Strategy be published to avoid further fragmentation of the sector as an immediate priority. It further recommended that a plan be implemented to incrementally introduce parity of pay and conditions for staff within the sector with those of the wider education community, together with a national pay scale that recognises qualifications, experience and length of service. The Inter-Departmental Working Group on Future Investment in Early Years and School-Age Care recommended that Government policy in this area be developed over a number of years focussing on three areas: (i) incremental investment in fee subsidisation through existing and new programmes (ii) ensuring adequate supply to meet future demand, and (iii) embedding quality in the sector. The Working Group estimates that based on current GDP, every 0.1 per cent increase in public expenditure on childcare and early education would require an additional expenditure of about €180m. Over a 7-year period, to reach the OECD average of 0.8 per cent GDP, this would cost €1.26 billion. The Joint Committee on Children and Youth Affairs (2017) recommended that an urgent cost-review of the sector be conducted so as to accurately calculate the necessary finances and ensure sustainability of the sector.

It is also necessary to distinguish between provision of early childhood education (which is only available during the school year and for a small number of hours) and quality and affordable childcare. The issue of childcare is of concern to the European Commission and features in Country-Specific Recommendations for Ireland. For example, concern has been registered about quality childcare provisions, including the availability of fulltime services and the fact that, as a percentage of wages, net childcare costs in Ireland are among the highest in the EU (European Commission 2017b; 2018c). (For a discussion of childcare by Social Justice Ireland see Healy *et al.* 2019, Chapter 9.)

**Figure 11:** Average Literacy Scores OECD and Ireland, 2012

Source: OECD online database, PIAAC

A well-resourced and integrated policy is required to address the issues raised in this Report and to deliver high quality early years learning provision for children and their families. 'First 5: A Whole of Government Strategy for Babies, Young Children and their Families' contains welcome high-level policy commitments and strategic actions. In order to deliver on the commitment of all children having access to safe, high-quality, developmentally appropriate early childhood education, long-term planning and sufficient resourcing are vital to embed quality and deliver on this commitment.

### Literacy—Adults and Children

In its 2015 iteration, the Irish Government's National Reform Programme referred to the issue of **adult literacy** for the first time, reflecting issues that had been raised at a consultative forum by voluntary organisations and others (in March 2015). *Social Justice Ireland* welcomed this. Unfortunately, adult literacy does not feature in the more recent iterations of the National Reform Programme (Government of Ireland 2016; 2017;2018). Poor adult literacy standards are a significant barrier to achieving the aims of the 2020 Strategy for inclusive growth, given that those with low literacy skills are almost twice as likely to be unemployed as others (OECD, 2013) and

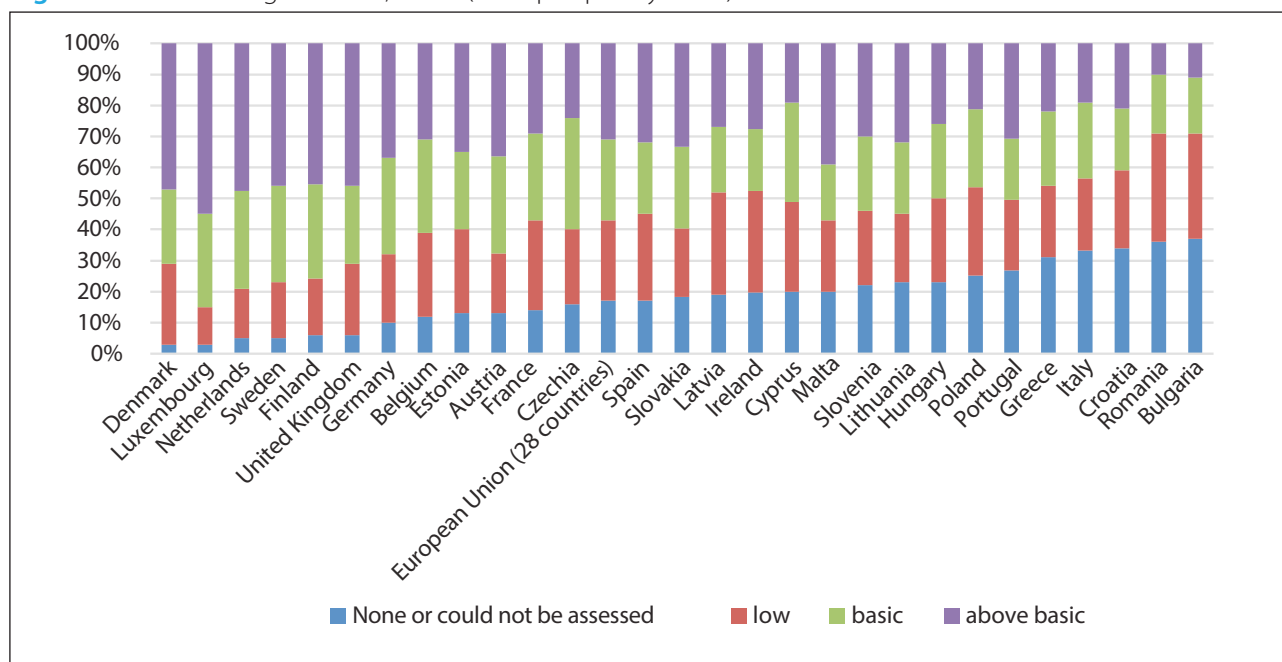
are more likely to report poor health outcomes and are less likely to participate in social and civic life.

The OECD PIAAC study in 2013, which provides the most up to date data on adult literacy in Ireland, shows that a very significant proportion of the adult population still does not possess the most basic literacy, numeracy and information processing skills considered necessary to participate in today's world. On literacy, Ireland is placed 17<sup>th</sup> out of 24 countries with 18 per cent of Irish adults<sup>9</sup> having a literacy level at or below level 1. People at this level of literacy can understand and follow only basic written instructions and read only very short texts (CSO 2013; OECD, 2013).

On numeracy Ireland is placed 19<sup>th</sup> out of 24 countries with 26 per cent of Irish adults scoring at or below level 1. In the final category, problem solving in technology rich environments, 42 per cent of Irish adults scored at or below level 1. All of this means that a very significant proportion of the adult population does not have the most basic literacy, numeracy and information-processing skills that are necessary to successfully negotiate today's world.

In terms of literacy mean scores, Ireland is consistently below the OECD average in every age cohort. See **Figure 11**. While significant progress

<sup>9</sup> Those aged 16-65

**Figure 12** EU-28 Digital Skills, 2017 (% of people by skills)

**Source:** Eurostat online database `isoc_sk_dskl_i`. **Note:** Data collected for ages all individuals aged 16 to 74. For Italy, data relate to 2016

has been made between the younger cohorts (15-35) compared to the older cohort (55-65), the gap between Ireland and the OECD average has increased. There is a larger difference between Ireland and the OECD average for younger people than for older people. This poor result undermines Ireland's long-term capacity to compete with other countries in an increasingly knowledge-based global economy.

The Further Education Strategy 2014-2019 includes reference to the issue of literacy and numeracy and includes 12 actions described as a 'literacy and numeracy strategy'. *Social Justice Ireland* welcomed the reference to development of an 'Upskilling Pathways Plan – New Opportunities for Adults' included in the Action Plan for Education 2018 (Department of Education and Skills, 2018b) aimed at helping adults attain a basic level of literacy, numeracy and digital skills, and called on Government to provide ambitious targets incorporating all recommendations made by the Council of the European Union in their Recommendation of the 19th December 2016.

Basic literacy skills are required for higher-order skills and 'learning to learn' skills, which are necessary for participating and engaging in the economy. Accurate reporting is critical to determining future education policy. *Social Justice Ireland* calls for continued

assessment of literacy and numeracy rates in throughout the education system in order to inform the Government's plans for reform.

As discussed already above, skills are 'the new global currency of 21st Century economies' (OECD, 2012a). By providing workers with increased skills, countries can ensure that globalisation translates into job creation and increased productivity, rather than negative economic and social outcomes (OECD, 2017c). Ireland's performance on digital skills is of concern (see **Figure 12**). Eurostat data suggests that approximately 20 per cent have no skills (or could not be assessed due to not having used the internet in the last 3 months) and over 50 per cent of the population have low or basic digital skills.

The skills that are easiest to automate or outsource are routine technical skills. Educational success is now about creative and critical approaches to problem solving, decision making and persuasion, applying the knowledge that we have to different situations. It is about the capacity to live in a multifaceted world as an active and engaged citizen (Schleicher 2018). The latest Country Report for Ireland from the European Commission identifies digital skills as an issue to watch and highlights how integration of digital skills in education continues to be one of the challenges for



educational policy (European Commission 2018a). That report also notes that efforts to improve the digital skills of working age adults currently not in full-time education remain limited in Ireland.

According to the World Economic Forum (2018) without investment in our social welfare, training, skills development and education systems we risk facing into an era of technological change accompanied by job losses, mass unemployment, growing inequality and skills shortages. This report also points to the skills that will be in demand by 2022 which include analytical thinking and innovation, technology competencies, active learning creativity, originality and initiative, critical thinking, persuasion and negotiation. Ongoing skills development and lifelong learning for people in employment and people who are not in employment must become an integral part of the education system. The Human Capital Initiative announced in Budget 2019 is a welcome first step in this regard. However significantly more work is required to prepare for the impact of digitalisation.

The serious issue of adult literacy deserves a detailed high-level strategy, one that is more comprehensive than the commitments incorporated in the current strategy. The case for ambitious literacy targets and investment in education and lifelong learning are further supported by Ireland's poor performance in PIAAC. *Social Justice Ireland* urges that a specific target on adult literacy be included as a sub-target in the National Reform Programme to ensure this issue receives the priority it urgently requires.

The Europe 2020 Strategy does not set a headline target for literacy levels, but the ET 2020 framework does in the case of **younger people** and we give that issue some attention now. The target is for less than 15 per cent of 15-years olds with 'insufficient abilities in reading, mathematics and science'.

There are 563,459 pupils in primary level education in Ireland with numbers projected to peak in 2020. Ireland has a pupil teacher ratio (PTR) at primary level of 15.3 and an average class size of 25. As smaller class sizes make the biggest difference to the youngest classes, Government policy must ensure that the PTR in the youngest classes in primary school is at a level which allows teachers to provide

early interventions without disruption. This is vital to ensure the best educational outcomes for all children and a smooth transition from early years settings to the formal education system. *Social Justice Ireland* therefore welcomes the intention in the *Action Plan for Education 2018* to improve the information transfer between pre-primary and primary level to support early interventions where necessary.

In 2016, 50 countries participated in at least one element of PIRLS, an assessment of reading skills among students in fourth class or equivalent, which for the first time included an assessment of reading in an online environment. Ireland performed extremely well, ranking fourth of the fifty countries who participated in reading skills, and third in reading skills in an online environment. Ireland's performance on PIRLS 2016 represented a significant improvement on PIRLS 2011 (Eivers and Delaney, 2018:4).

The PIRLS assessments were based on a sample of all primary schools, on which Ireland can be credited with performing extremely well, but what happens to literacy levels if we isolate those primary schools in disadvantaged areas? The Educational Research Centre (ERC) has published a series of reports on educational disadvantage and the DEIS (Delivering Equality of opportunity In Schools) programme. Some of the key findings are:

- modest increases in both reading and mathematics were observed between 2013 and 2016, smaller than the increases reported in the period 2010 to 2013 (ERC, 2017b).
- DEIS Band 2 schools fared better in literacy and numeracy skills, meeting or exceeding national levels in both, than Band 1 schools which are in areas of greater disadvantage (ERC, 2017b).
- reducing class sizes in disadvantaged areas has proved effective once adequately resourced and supported, with a recommendation that class sizes remain below 20 pupils (ERC, 2017c).

The *Action Plan for Education 2018* seeks to address the disparity between DEIS bands by increasing literacy and numeracy levels in DEIS Band 1 schools. However, the target improvement rates of between 27 and 42 per cent by 2020 do not demonstrate sufficient ambition to really effect change and many

young adults will have fallen out of education into low-paid precarious employment before even these targets are met.

A recent report (Kavanagh and Weir, 2018) on urban primary schools found that the achievement of pupils in schools with concentrations of pupils from disadvantaged backgrounds is well below that of other schools despite improvements since 2007. The authors conclude that, with family poverty remaining the largest determinant of educational outcomes, the achievement gap between children from poor backgrounds and their more affluent peers will likely continue until economic inequality is addressed.

One of the most alarming statistics from the OECD PIAAC study is that the children of parents with low levels of education have significantly lower proficiency than those whose parents have higher levels of education, thus continuing the cycle of disadvantage. Education alone cannot solve income inadequacy and inequality. It is vital that Government, through the Department of an Taoiseach, take the lead in implementing and overseeing the new National Action Plan for Social Inclusion to ensure better outcomes for all. Addressing Ireland's stubbornly high levels of poverty and inequality will lead to improved educational outcomes for everyone.

### Lifelong Learning

Life-long learning is recognised at European level as potentially making a significant contribution to meeting the Europe 2020 goals (Council of the European Union, 2011). The Council calls for particular attention to improving provision for low-skilled Europeans targeted in Europe 2020, starting with literacy, numeracy and second-chance measures as a precursor to up-skilling for work and life in general (Council of the European Union, 2011). The European Commission recognises the importance of lifelong learning for the attainment of the Europe 2020 strategy objectives, noting that Europe will not be able to realise the vision of smart growth, set out in the Europe 2020 Strategy, if its workers lose employability as they grow older (2013).

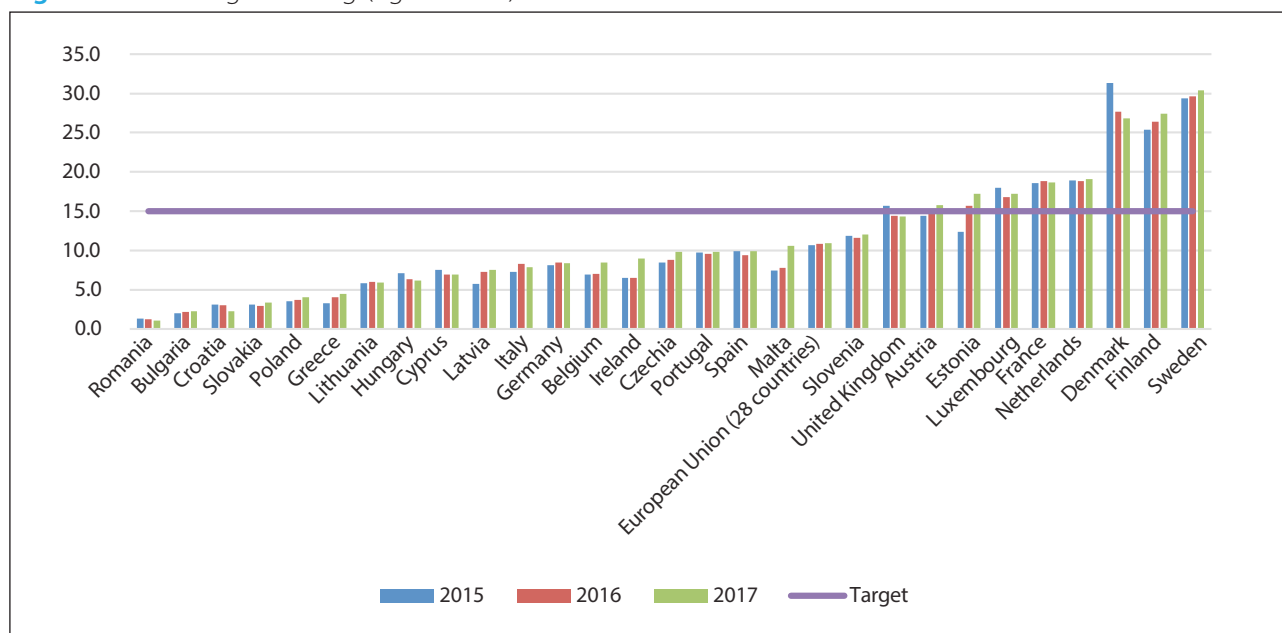
The most recent report from the Expert Group on

Future Skills Needs (2018) examines the potential impacts of digitalisation on the workforce in Ireland. The findings indicate significant disruption on job roles and tasks with increased career changes, constant reskilling, and workforce transitions to become a feature for employees. One in three jobs in Ireland has a high risk of being disrupted by digital technologies, although the report points out that this is more likely to mean changes to job roles and tasks rather than job losses. The sectors most at risk are retail, transport, hospitality, agriculture and manufacturing.

The most significant finding is that the jobs at highest risk are elementary, low-skilled occupations and the impact is most likely to be felt by people with lower levels of educational attainment. It is clear that Further Education and Training and Lifelong Learning will play an integral role in the lives of people in the labour force to prepare people for the impact of digitalisation and to enable them to take full advantages of potential opportunities. Also part of the context here is Ireland's raising of the state pension age (to 66 in 2014 and scheduled to rise further to reach 68 by 2028). Yet it is recognised that most workplace training is skewed towards the earlier part of the career cycle (the Interdepartmental Group Report on Longer Working Lives 2016), and the Adult skills Survey (CSO 2018a) suggests that younger people are more likely to participate in lifelong learning than older people (by which they mean those aged 55-64). These issues need to be addressed if longer working lives are to be achieved.

Lifelong learning has an important contribution to make to people's wellbeing, to creating a more inclusive society and to supporting a vibrant and sustainable economy. Lifelong learning and community education also bring major social and health benefits to participants outside the labour force (see Aontas 2011) and this non-vocational element must also be resourced.

As already mentioned, ET 2020, the strategic framework for European cooperation in education and training, sets a benchmark to be achieved by 2020 for lifelong learning, namely that an average of at least 15 per cent of adults aged 25 to 64 should participate in lifelong learning (Council of the European Union, 2009). In Ireland, a target was set

**Figure 13** Lifelong Learning (ages 25-64) EU28: 2015-2017

**Source:** Eurostat, Online database **trng\_lfse\_01** (formerly tsdsc440). Shows participation rate in education and training (last 4 weeks) with 15 per cent target set in the ET2020 Strategy.

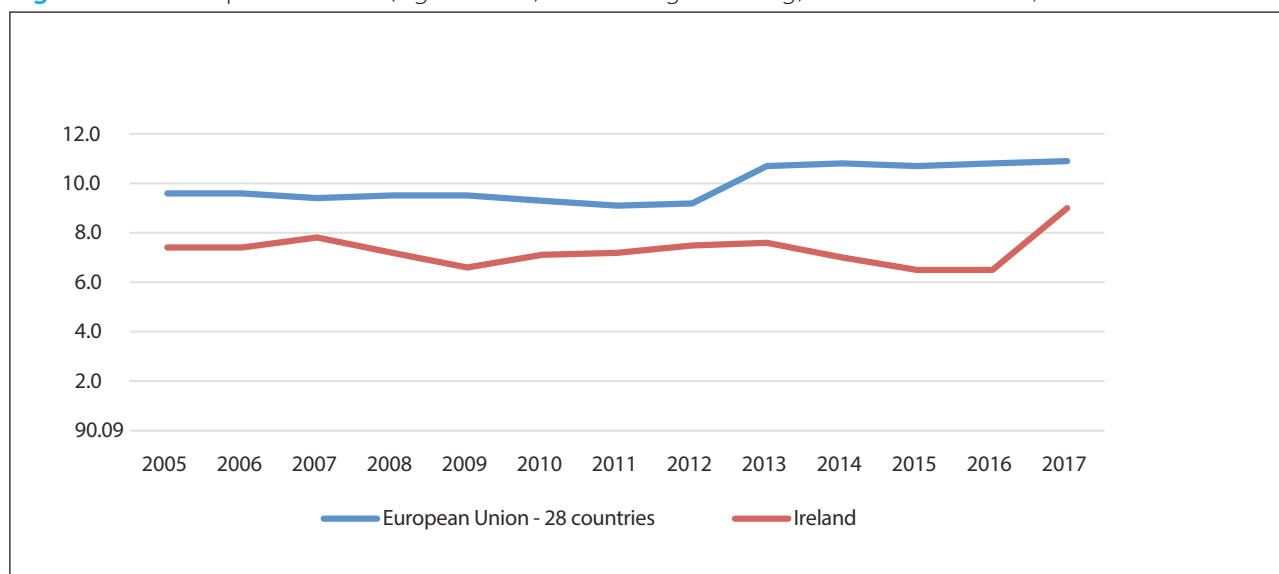
to increase participation in lifelong learning to 10 percent by 2020 and by 15 per cent by 2025 in the *Action Plan for Education 2016-2019* and the *National Skills Strategy 2025*.

**Figure 13** shows European participation rates in education or training (or lifelong learning)<sup>10</sup> for 2015 to 2017 relative to the target of 15 per cent (EU 28) (ages 25-64). It can be seen how, with a participation rate of 9 per cent, Ireland is below the European average of 10.9 per cent and far below the target of 15 per cent set in Europe 2020 and in the *National Skills Strategy*. Ireland lags very far indeed behind the rates reported in the highest performing countries such as Denmark, Finland and Sweden, all of whom have participation rates above 25 per cent (2017) (Eurostat **trng\_lfs\_4w0**).

However, the rate has notably increased between 2016 and 2017 (from 6.5 to 9 per cent) (Eurostat **trng\_lfs\_4w0**). See **Figure 14**, which indicates the trend in Ireland in recent years and how it contrasts with the EU-28 trend.

Access to lifelong learning should be an integral part of the education system in order to address the income and labour market challenges that some members of society face. It also must be accessible and flexible to address the challenges of unmet demand and being difficult to access which were identified in the Adult Skills Survey (CSO 2018a). Those engaged in lifelong learning are more likely to be professionals than low-skilled operatives and employed in public administration, professional services and finance, sectors that are more likely to provide in-house training, continuous professional development and have policies for subsidising education, than the retail or construction sectors. Employers must be encouraged and incentivised to participate in the development of any lifelong learning strategies. This not only supports the development of the employee, but contributes to the retention rate and effectiveness of the business, which in turn reduces the costs associated with hiring and developing new staff.

<sup>10</sup> The participation rate in education and training covers participation in formal and non-formal education and training. The reference period for the participation in education and training is the four weeks prior to the interview (numerator). The denominator consists of the total population of the same age group, excluding those who did not answer the question 'participation in education and training'. Both the numerator and the denominator come from the EU Labour Force Survey. The information collected relates to all education or training whether or not relevant to the respondent's current or possible future job (Eurostat, **trng\_lfs\_4w0**).

**Figure 14:** Participation Rates (Ages 25-64) In Lifelong Learning; Eu-28 And Ireland, 2005-2017

Source: Eurostat, Online database `trng_lfse_01` (formerly `tsdsc440`).

Various agencies (European Commission, Expert Group on Future Skills Needs) identify generic skills and key competences as a core element of the lifelong learning framework. These include basic skills such as literacy, numeracy, digital competence, language skills, people-related and conceptual skills, critical thinking, problem solving, creativity, risk assessment and decision making. The *Action Plan for Education 2018* contains a commitment to rolling out Springboard+ 2018 offering courses to all those in employment for the first time and developing new traineeships and apprenticeships. These actions are to be welcomed, but need to be developed and extended to all employees who wish to partake in further education. *Social Justice Ireland* welcomed the Department of Education commitment to doubling the number of apprenticeships registered to 9,000 by 2020, with 26 new national apprenticeships approved for further development across a range of sectors including healthcare assistants. In order to meet this target Government must implement the five action areas identified in the review of apprenticeship participation (SOLAS, 2018). Particular focus must be given to increasing diversity of participation and developing and promoting new pathways to apprenticeships.

The lifelong opportunities of those who are educationally disadvantaged are in sharp contrast to the opportunities for meaningful participation

of those who have completed a second or third-level education (See above, **Figure 9**). If the Constitutionally-enshrined right to education is to be meaningful, there needs to be recognition of the barriers to learning that some children of school-going age experience, particularly in disadvantaged areas, which result in premature exit from education. In this context, second chance education and continuing education are vitally important and require on-going support and resourcing.

The *Human Capital Initiative* launched in Budget 2019 is welcome development in lifelong learning and skills development. This initiative must be linked with further education, lifelong learning and adult education and literacy priorities and strategies. An education and training strategy focussed on preparing people for the impact of digitalisation and the transitions within the workforce that this transformation will mean should be developed. This strategy must be flexible enough to adapt to regional needs, fully funded and linked to the National Skills Strategy, the Human Capital Initiative and Ireland 2040. People with low skill levels in particular must be a focus of this strategy.

Although the funding available for education increased in Budgets since 2016, the deficits that exist within the system, particularly as a result of the recent austerity budgeting, require significant

additional resources. This requires the development of a long-term education policy strategy across the whole educational spectrum to ensure that education and continuous upskilling and development of the workforce is prioritised if Ireland is to remain competitive in an increasingly global marketplace and ensure the availability of sustainable employment.

### Social Justice Ireland Recommendations

Education is widely recognised as crucial to the achievement of both national objectives and those of the Europe 2020 strategy such as ‘smart growth’ and ‘inclusive growth.’ However, the overall levels of public funding for education in Ireland are out of step with these aspirations, particularly as regards under-funding of early childhood education and care, and in the areas of lifelong learning and second-chance education – the very areas that are most vital in promoting greater equity and fairness.

Amongst the recommendations already made by *Social Justice Ireland* (see Healy *et al* 2019) in the field of educational disadvantage:

- Develop and commit to a long-term sustainable education strategy, appropriately funded, that takes a whole-person, life-cycle approach to learning;

- Commit to increasing investment in Early Childhood Care and Education by 0.1 per cent of GDP annually to meet the OECD average by 2025;
- Make the improvement of educational outcomes for pupils from disadvantaged backgrounds and disadvantaged communities a policy priority;
- Commit to reach the lifelong learning target set out in the *National Skills Strategy* and ensure sufficient resources are made available;
- Develop an integrated skills development, vocation training, apprenticeship and reskilling strategy as part of the lifelong learning strategy and the Human Capital Initiative;
- Develop a framework to deliver sustainable funding revenues for higher education over the next five years with a roadmap to 2028.

The National Reform Programme should set targets in the following areas:

- **Early School Leaving:** Set a more ambitious national target of 4 per cent for reduction of early school leaving.
- **Adult Literacy:** Adopt a more ambitious adult literacy target to reduce the proportion of the population aged 16-64 with restricted literacy to 5 per cent by 2020; and to 3 per cent by 2025.
- **Lifelong Learning:** Adopt a 15 per cent target for participation in lifelong learning.

# 4 Poverty

**EU Headline Target:** *To promote social inclusion, in particular through the reduction of poverty, by aiming to lift at least 20 million people out of the risk of poverty and exclusion<sup>11</sup>*

**Ireland, Headline Target, 2011:** *To reduce the number experiencing consistent poverty to between 2-4% by 2012, with the aim of eliminating consistent poverty by 2016, which will lift at least 186,000 people out of the risk of poverty and exclusion (Government of Ireland, 2011).*

**Ireland, Revised Headline Target:** *To reduce consistent poverty to 4% by 2016 (interim target) and to 2% or less by 2020, from the 2010 baseline rate of 6.3<sup>12</sup>%.*

**The Irish contribution to the Europe 2020 poverty target is to reduce by a minimum of 200,000 the population in combined poverty (either consistent poverty, at-risk-of-poverty or basic deprivation) (Government of Ireland, 2013-2018).**

Children: New Sub-target (from 2014):

**To lift over 70,000 children out of consistent poverty by 2020, a reduction of at least two-thirds on the 2011 level. This target will include reducing the higher consistent poverty risk for households with children as compared to non-child households (8.8% vs 4.2%), and for children as compared to adults (9.3% vs. 6%) (Government of Ireland 2014)**

The setting of the above new sub-target for poverty reduction amongst children was referred to in the National Reform Programme for 2014 by reference to the National Policy Framework for Children and Young People 2014-2020 (*Better Outcomes: Brighter Futures*). It is referenced in the Updated National Action Plan for Social Inclusion 2015-2017, but not in the National Reform Programme, 2018.

The baseline rate for 2011 on which the consistent poverty target was based was 107,000 (Department of Employment and Social Protection 2018).

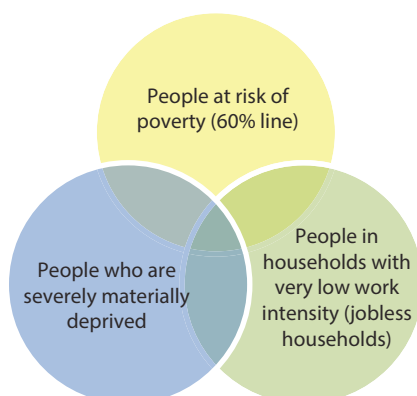
## Measures and Metrics

Before considering the position of Europe and Ireland relative to the Europe 2020 Strategy targets, we need to address briefly the choice of measures and metrics - of importance in setting targets and in measuring performance. In trying to measure the extent of poverty, the most common approach across Europe in recent years is the 'at risk of poverty' indicator. This is a measure of income poverty, which involves identifying a poverty line (or lines) based on people's disposable income (after taxes but including all benefits). The European Commission and the UN in recent years adopted a poverty line located at 60 per cent of median income<sup>13</sup> and this is reflected in one of the indicators (described below) used in the EU 2020 Strategy. The 'at risk of poverty' indicator has also been used for some time by the Irish Central Statistics Office (CSO) in its SILC surveys.

<sup>11</sup> This target has been revised and was originally framed as follows: The number of Europeans living below the national poverty lines should be reduced by 25%, lifting over 20 million people out of poverty (European Commission, 2010, p.11).

<sup>12</sup> This reflects a revised figure released by the CSO in 2011

<sup>13</sup> 'People at risk of poverty' are persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers)

**Figure 15:** Diagram: Europe 2020 Strategy: At Risk Of Poverty Or Social Exclusion Indicator

The EU 2020 Strategy uses a target based on being ‘at risk of poverty or exclusion’. This is a combined indicator to which there are three aspects as included in the EU headline target. It includes people either

- below a country-specific relative income poverty threshold (the at-risk-of-poverty rate),
- above a material deprivation measure, or
- in a ‘jobless’ household.

The Europe 2020 Strategy for the first time combined the three to identify an overall target group ‘at risk of poverty and exclusion’<sup>14</sup>. Meeting *any* of the criteria will suffice to be counted within the target population.

Member States can set national targets based on what they consider to be the most appropriate indicator or combination of indicators.

The Irish headline target relates to ‘consistent poverty’, which was the poverty target used in the *National Action Plan for Social Inclusion, 2007-2016*,

and reflected Ireland’s use of two indicators to measure poverty and exclusion: at risk of poverty (below the 60 per cent median income threshold) *and* material deprivation (lacking two or more basic necessities). These are similar to the first two of the EU indicators that make up the EU target of ‘poverty and social exclusion’<sup>15</sup>. The ‘consistent poverty’ indicator combines deprivation and poverty into a single indicator by calculating the overlap between the two – that is, people simultaneously experiencing poverty and registering as deprived. As such it captures a sub-group of poor people. We will look at it specifically below and it is indicated figuratively in **Figure 23** below.

The revised target contained in the Government’s National Reform Programme Update, 2012, and in subsequent National Reform Programmes, represented a change in both the baseline rate (from a 2008 rate of 4.2% in consistent poverty, to a 2010 baseline rate of 6.3%) and in the timetable for achieving it.

<sup>14</sup> This indicator corresponds to the sum of persons who are: at risk of poverty or severely materially deprived or living in households with very low work intensity. Persons are only counted once even if they are present in several sub-indicators. At risk-of-poverty are persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers). Material deprivation covers indicators relating to economic strain and durables. Severely materially deprived persons have living conditions severely constrained by a lack of resources, they experience at least 4 out of 9 following deprivations items: cannot afford i) to pay rent or utility bills, ii) keep home adequately warm, iii) face unexpected expenses, iv) eat meat, fish or a protein equivalent every second day, v) a week holiday away from home, vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone. People living in households with very low work intensity are those aged 0-59 living in households where the adults (aged 18-59) work less than 20% of their total work potential during the past year. (Eurostat, t2020\_50).

<sup>15</sup> The definitions also differ somewhat: The Irish deprivation indicator is defined as enforced lack of two items from a set of 11 basic necessities; the EU deprivation indicator is defined as enforced lack of four items from a set of nine. There is also a difference in how the income concept is defined for the at risk of poverty indicator (Government of Ireland, 2011, p. 23).

The terminology was changed as regards how the numbers who are to be lifted out of poverty are defined: ‘poverty target is to reduce by a minimum of 200,000 the population in combined poverty (either consistent poverty, at-risk-of-poverty or basic deprivation)’. The effect of this is to exclude the third EU indicator - people in households with very low work intensity – and this is consistent with the ongoing approach of the Irish authorities to the measurement of poverty, as the added value of using the third - low work intensity or ‘joblessness’ - as a poverty measurement in an Irish context is not accepted by the Irish Government (Government of Ireland 2011), and, indeed is also questionable in the opinion of commentators.<sup>16</sup>

However, another sub-target – for jobless households – was announced but not defined<sup>17</sup>.

### European Context

The Europe 2020 Strategy envisaged that a major effort would be needed to combat poverty and social exclusion, to reduce health inequalities and to ensure that everyone could benefit from growth. Headline facts on poverty in Europe were described in the Strategy, which (based on figures available at that time) included:

- 80 million people at risk of poverty, which is more than the population of the largest Member State, or 16.5% of the total population (figures from prior to the crisis),
  - 19 million children at risk of poverty,
  - 8 per cent of people who worked were still below the poverty line,
  - With the economic crisis, the situation had worsened,
  - Young people, migrants and the low skilled have experienced the greatest increases in unemployment.
- (European Commission, 2010, p.18; 2010a, p. 3-5)

One of the aims of the flagship initiative ‘European Platform against Poverty’ was to raise awareness

of the fundamental rights of people experiencing poverty and social exclusion, enabling them to ‘live in dignity and take an active part in society’ (European Commission, 2010: 19). Action is envisaged from Member States to

- implement measures for people at particular risk such as one-parent families, older women, minorities, disabled people and homeless people,
- deploy social security and pension systems to ensure adequate income support and access to healthcare.

In its 2018 Annual Report, the EU’s Social Protection Committee (2018) has noted that Europe remains far from reaching the Europe 2020 poverty and social exclusion target. Several trends of concern are still apparent, including the still widening depth of poverty risk in many Member States, the rising trend in in-work poverty risk in several countries, and the still increasing risk of poverty for people in (quasi-)jobless households.

### Ireland: Poverty

During the first decade of this century Ireland saw progress on the issue of poverty driven by increases in social welfare payments, particularly payments to unemployed people, older people and people with disabilities.

In this section, we will first look at how Ireland is performing when analysed under the ‘poverty and social exclusion’ indicator, and under the three constituent parts of this measure that make-up the poverty reduction target set under the Europe 2020 Strategy. We will then consider poverty in Ireland looking in more detail at some indicators commonly used in this country, including ‘consistent poverty’, the indicator used to frame Ireland’s national target under the Europe 2020 Strategy, before considering the situation of some groups (children and the working poor) whose positions are highlighted in the Europe 2020 Strategy. Linked to the issue of poverty is Ireland’s approach to income distribution, which

<sup>16</sup> For example, Walker argues that ‘Joblessness’ arguably reduces the conceptual and policy coherence of the EU Target measure; it is more a cause of poverty than a characteristic, it is restricted to the working age population and, has even less overlap with low income and material deprivation than elsewhere. (Walker, 2011, p.16).

<sup>17</sup> The 2014 National Reform Programme indicated that this was pending further analysis.

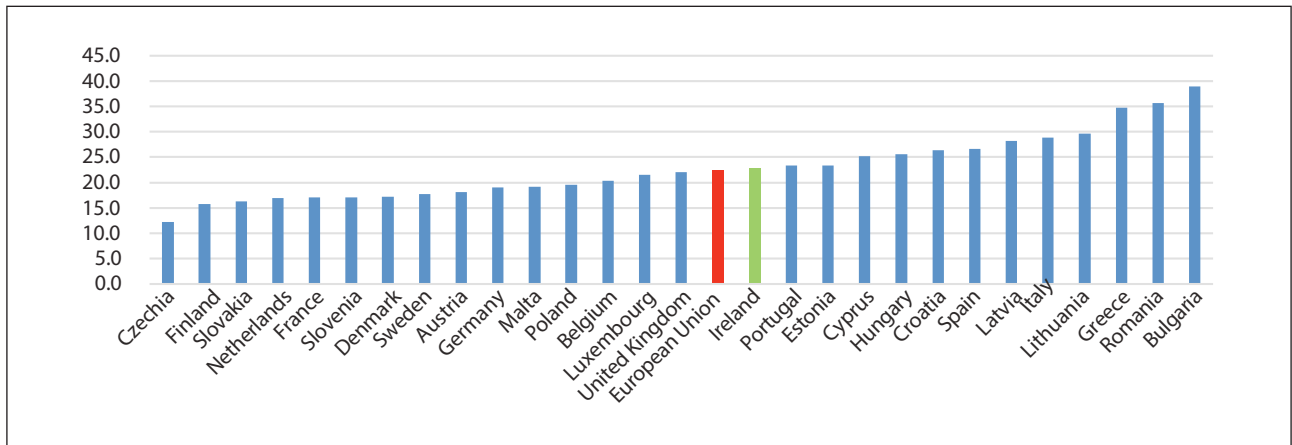


**Table 5** Ireland: Population at Risk of Poverty or Social Exclusion, 2005-2017

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
%	25	23.3	23.1	23.7	25.7	27.3	29.4	30.3	29.9	27.7	26	24.2	<b>22.7</b>
Number of People (000s)	1,038	991	1,005	1,050	1,150	1,220	1,319	1,392	1,377	1,279	1,207	1,135	<b>1,088</b>

Source: Eurostat, t2020\_50.

**Figure 16** Europe: People At risk of poverty or Social Exclusion EU-28, 2017 (%)



Source: Eurostat, t2020\_50

we will look at next before finishing the Section with some recommendations.

**Ireland and the EU Poverty Indicators**

As we prepare this report the statistics given for Ireland relate to 2017, and the data would have been collected prior to that. Thus, a considerable a time lag relative to the statistics quoted must be acknowledged.

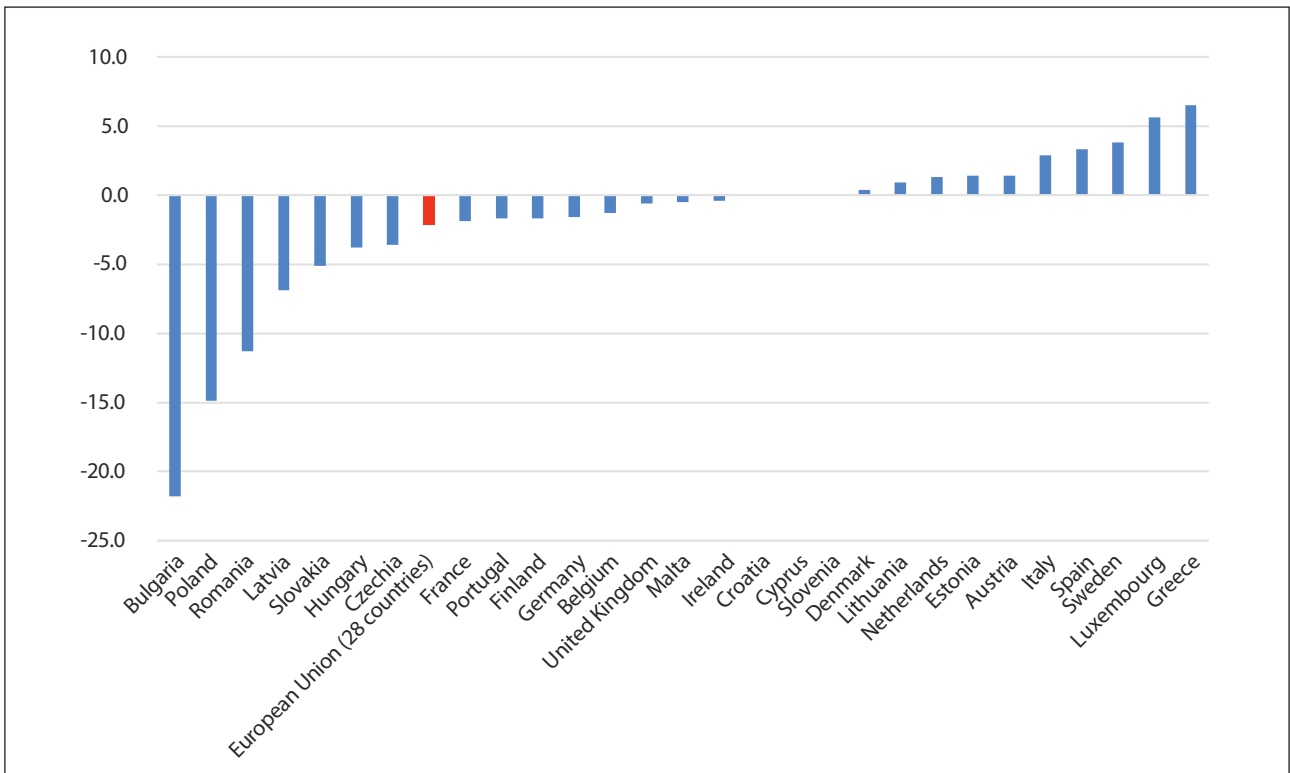
When we look at Ireland’s figures for those at risk of poverty or social exclusion (that is, the combined indicator used in the Europe 2020 Strategy), it went from 23.1 per cent in 2007 to 30.3 per cent at its peak in 2012 (when it represented almost 1.4 million

people). Since then it has reduced to 22.7 per cent or more than 1 million people – and still represents a very sizeable proportion of the Irish population (in 2017). The latest figure represents an increase of some 83,000 people between 2007 and 2017. See **Table 5**.

**Figure 16** shows that, despite improvements in the recent past, Ireland still has a rate of poverty or social exclusion (22.7 per cent) that is just above the European average (of 22.4 per cent). Adding the populations affected by the three indicators puts Ireland’s rate at this very high level, particularly due to the high numbers captured by the low work intensity indicator compared to the European average (Department of Social Protection, 2011)<sup>18</sup>.

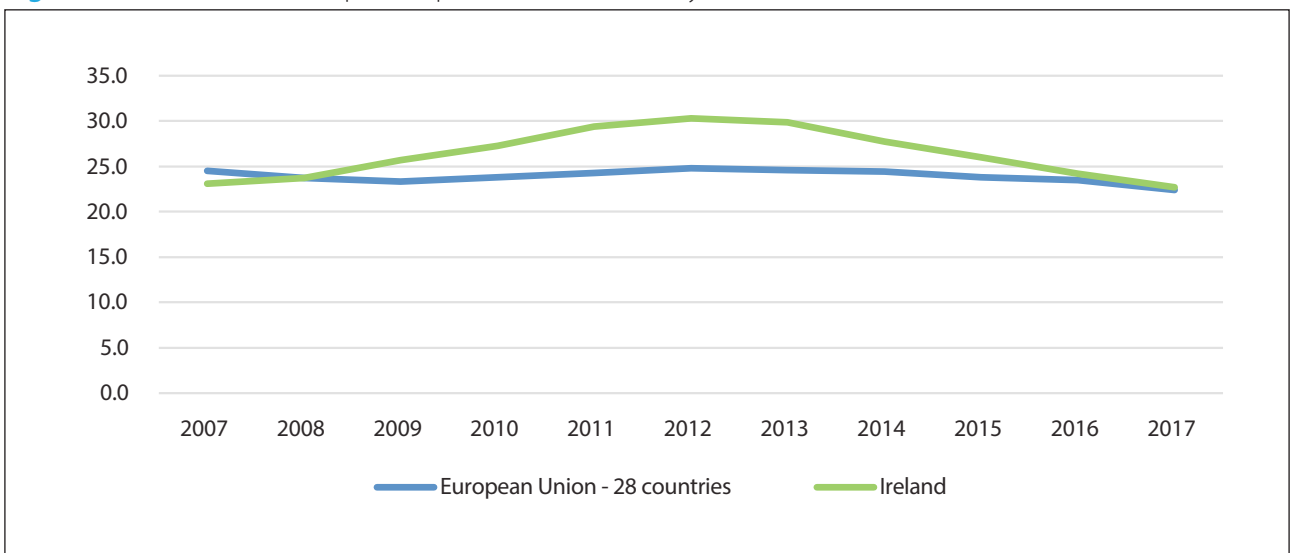
<sup>18</sup> The set of three indicators used for the EU 2020 Strategy correspond, with some compositional differences, with indicators used within Ireland (a relative income poverty line: ‘at risk of poverty’; material deprivation indicator based on inability to afford items from a list; and the consistent poverty measure, based on the overlap between the two), but the EU 2020 Strategy includes ‘low work intensity households’ as its third indicator. However, the Department of Social Protection has shown that essentially the same proportion of the population is covered – 26% in 2009 (Department of Social Protection, 2011, p. 263). It is not the practice in Ireland to combine the indicators to arrive at an overall figure for ‘poverty and exclusion’ a practice that has questionable outcomes (Walker, 2011) as already referenced.

**Figure 17:** Eu 27: Change In Risk Of Poverty Or Social Exclusion Rate, 2007-2017

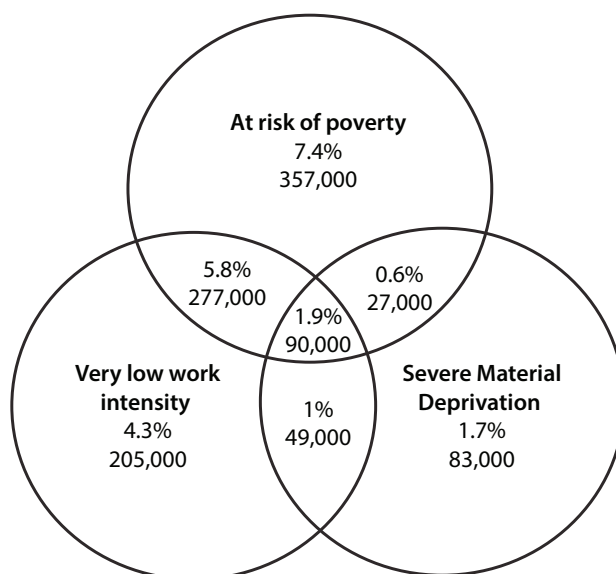


Source: Eurostat, t2020\_50 Note: 2007 rate for Croatia not available; EU-27 rate used for 2007

**Figure 18** Ireland And Europe: People At Risk Of Poverty Or Social Exclusion, 2007-2017 (%)



Source: Eurostat t2020\_50. Note: EU rate until 2010 is for EU-27, not EU28.

**Figure 19** Ireland: Population At Risk Of Poverty Or Social Exclusion (2017) Broken Down By Indicator

Source: Drawn from Eurostat ilc\_pees01

The National Economic and Social Council (NESC) has highlighted a distinguishing feature of Ireland's jobless households – or households with very low work intensity, to use the EU term – that is, the likelihood that they contain children, something that is associated with the inter-generational transmission of poverty. While fewer than 30 per cent of adults in jobless households live with children in other EU-15 countries, more than half do in Ireland at 56 per cent (NESC 2014).

**Figure 17** shows that in several EU countries, the rate of poverty or social exclusion is still higher than in 2007 and in the case of Ireland, the rate is only marginally below the 2007 rate. – notwithstanding the fact that the rate has improved since 2012 (Eurostat, t2020\_50).

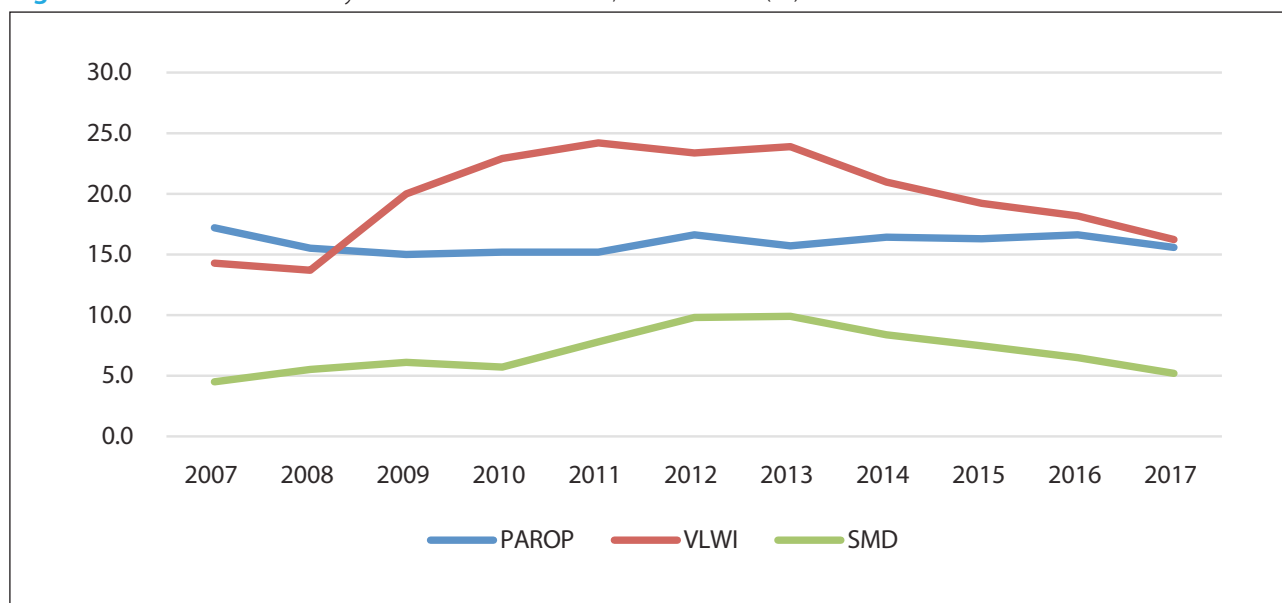
**Figure 18** shows how the risk of poverty or social exclusion rate in Ireland compares to the EU-28 average over time – increasing after 2008 relative to the EU average and remaining (in 2017) similar to the average rate despite recent improvements.

It is also possible to examine Ireland's performance in a European context under each of the separate

indicators that make up the 'at risk of poverty and exclusion' indicator for the purpose of the Europe 2020 Strategy. See **Figure 19**, which presents data broken down under each of the three indicators that make up 'poverty or social exclusion' for Ireland in 2017.

**Figure 20** shows the Irish trajectory of the three poverty indicators used in the Europe 2020 Strategy over a decade. The indicators show that the greatest increase following the onset of the crisis were people in households with very low work intensity and people experiencing severe material deprivation and these are also the indicators showing most improvement since about 2012.

While there is still considerable poverty in Ireland, there has been much progress on this issue over the past two decades. Driven by increases in social welfare payments, particularly payments to the unemployed, older people and people with disabilities, the rate of poverty significantly declined between 2001 and 2009. Looking at income poverty, from the early 2000s to 2009 there was a steady decrease in the rate of income poverty defined as people 'at risk of poverty' as measured by Eurostat,

**Figure 20:** Three Eu Poverty Indicators In Ireland, 2007-2017 (%)

Source: Eurostat, t2020\_51, t2020\_52, t2020\_53

VLWI: People living in households with Very Low Work Intensity

PAROP: People at Risk of Poverty after Social Transfers (60% poverty line)

SMD: People who are severely materially deprived

**Table 6:** Ireland and EU (28) average - People at Risk of Poverty, 2004-2017

	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17
<b>EU - 28</b>		16.5	16.5	16.6	16.6	16.4	16.5	16.9	16.8	16.7	17.2	17.3	17.3	<b>16.9</b>
<b>Ireland</b>	20.9	19.7	18.5	17.2	15.5	15	15.2	15.2	16.6	15.7	16.4	16.3	16.6	<b>15.6</b>

Source: Eurostat, t2020\_52. People at risk of poverty (60% line) after social transfers: percentage of the total population. Note: rates are for EU-27 up to 2009.

with rates reaching a record low in 2009. See **Table 6**. The year 2008 marked the first time that Ireland's at risk of poverty levels fell below average EU levels. It is clear that this was driven by sustained increases in welfare payments in the years prior to 2008.

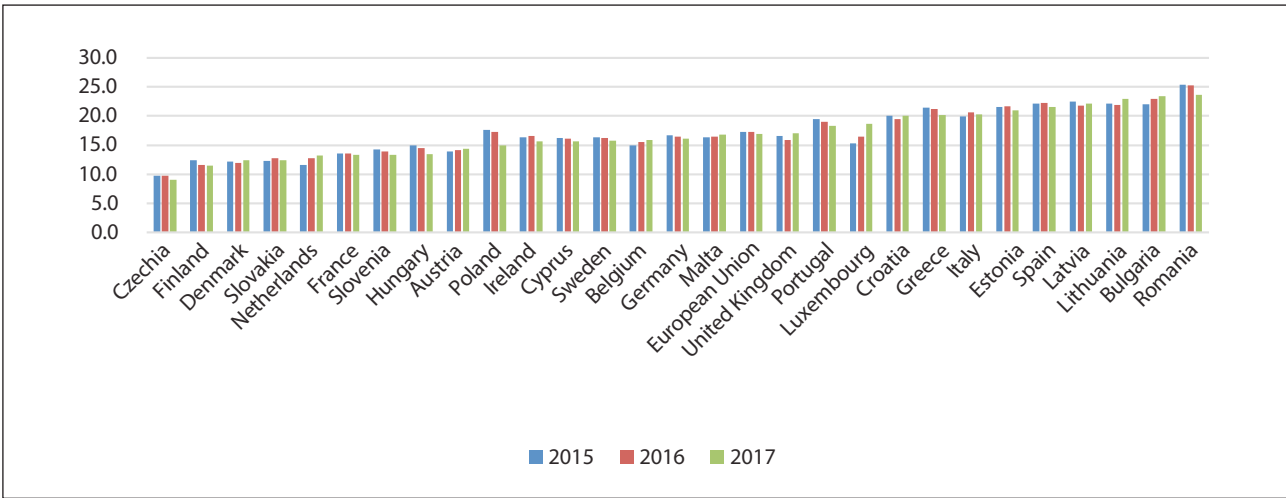
Again using statistics that are comparable across Europe, **Figure 21** shows the proportion of the population at risk of poverty, and how Ireland compares with other European countries. At 15.6 per cent (2017), Ireland's rate is below the EU 27 average (16.9 per cent). However, there is a great deal of divergence between EU countries: the country with the lowest rate (Czechia, formerly Czech Republic) has a rate of 9.1 per cent and that with the highest rate (Romania) has a rate of 23.6 per cent. Ireland's rate is many percentage points greater than the

countries with the lowest rates, being 6.5 percentage points higher than that of the Czechia (Eurostat t2020-52). Ireland still has a serious problem with poverty – and we will look at this in more detail in the next section of this Report.

### Ireland: A Closer Look at Poverty

When we turn to examine the poverty rates available from the Irish Central Statistics Office, the first thing to acknowledge are slight differences from the figures given above from Eurostat. In particular, the at-risk-of-poverty measure generates different results at EU and national levels as a result of differences in the definition of gross income. The EU definition does not include income from private pensions or the value of goods produced for own consumption.

**Figure 21:** Eu 28 People At Risk Of Poverty, 2015-2017



Source: Eurostat t2020\_52. Shows people at risk of poverty after social transfers (60% poverty line).

**Table 7** Ireland: Population Below the 60% poverty Line, 1994-2017

	% of persons in poverty	Numbers in poverty
1994	15.6	559,400
1998	19.8	733,214
2001	21.9	842,537
2004	19.4	784,769
2007	16.5	722,007
2009	14.1	639,209
2013	16.2	747,581
2017	15.7	762,549

Source: Healy *et al* 2019 based on CSO online database population estimates and Whelan *et al.* (2003).

Also employers’ social insurance contributions are included in the national definition of gross income but are excluded from the EU definition (Department of Social Protection, 2015).

**Risk of Poverty**

Using the CSO statistics, it is possible to see that almost 16 out of every 100 people in Ireland were living in poverty in 2017 (that is, using a poverty line set at 60 per cent of median income) – see table 7. Looking over the past decade, despite a reduction in the headline poverty rate (from 16.5 per cent to 15.7 per cent) there are over 40,000 more people in poverty. Notably, over the period from 2004-2008,

the period corresponding with consistent Budget increases in social welfare payments, almost 140,000 people left poverty. Despite this, the cumulative impact of the recession and subsequent recovery has been that the number in poverty has increased once again, rising by 123,000 since 2009.

According to the CSO, the median disposable income per adult in Ireland during 2017 was €20,869 per annum or €399.94 per week. Consequently, the income poverty line for a single adult derived from this is €239.97 a week (60 per cent line). Updating the 60 per cent median income poverty line to 2019 levels, using published CSO data on the growth in average hourly earnings in 2018 (+2.1 per cent) and

ESRI projections for 2019 (+2.9 per cent) produces a relative income poverty line of €252.11 for a single person. In 2019, any adult below this weekly income level will be counted as being at risk of poverty (Healy *et al* 2019, citing CSO, 2018; McQuinn, O’Toole and Economides, 2018: ii). The fact that there are more than 760,000 people in Ireland living life on a level of income that is this low remains a major concern. Those living below these income levels clearly have income/resources that hinder them in achieving “*a standard of living that is regarded as acceptable by Irish society generally*” – which is how ‘living in poverty’ is approached in the *National Action Plan for Social Inclusion 2007-2016 (NAPinclusion)*. One immediate implication of this analysis is that most weekly social assistance rates paid to single people are €49 below the poverty line.

When we look at the population in poverty in 2017, the largest group of the population who were poor, accounting for 23.9 per cent of the total, were children. The second largest group were students and children above 16 years who are still in school (18.3 per cent) while the third largest group were those at work (14.3 per cent). Of all those who are poor, 27.8 per cent were in the labour force and the remainder (72.2 per cent) were outside the labour market.<sup>19</sup>

When we look at adults only in 2017 almost one-fifth of Ireland’s adults with an income below the poverty line were employed. Overall, 36.5 per cent of adults at risk of poverty in Ireland were associated with the labour market. The incidence of being at risk of poverty amongst those in employment is particularly alarming. Many people in this group do not benefit from Budget changes in welfare or tax. They would be the main beneficiaries of any move to make tax credits refundable, a topic addressed later in this Section.

*Social Justice Ireland* believes in the very important role that social welfare plays in addressing poverty. Without the social welfare system just over 4 in every 10 people in the Irish population (43.8 per

cent) would have been living in poverty in 2017. Such an underlying poverty rate suggests a deeply unequal distribution of direct income – an issue we address further in the income distribution section below. In 2017, the actual poverty figure of 15.8 per cent reflects the fact that social welfare payments reduced poverty by 28.1 percentage points.

A report by Watson and Maitre (2013) examined these effects in greater detail and noted the effectiveness of social welfare payments, with child benefit and the growth in the value of social welfare payments, playing a key role in reducing poverty levels up until 2009. The CSO has also shown that in 2009 poverty among those aged 65 plus reduced from 88 per cent to 9.6 per cent once social welfare payments were included. The same study also found that social welfare payments (including child benefit) reduced poverty among those under 18 years of age from 47.3 per cent to 18.6 per cent – a 60 per cent reduction in poverty risk (CSO, 2010:47)<sup>20</sup>. These findings underscore the importance of social transfer payments in addressing poverty; a point that needs to be borne in mind as Government forms policy and priorities in the years to come.

Over the period covered by these reports, groups similar to *Social Justice Ireland* repeatedly pointed out that these payments had failed to rise in proportion to earnings and incomes elsewhere in society. The primary consequence of this was that recipients slipped further and further back and, therefore, more and more fell into poverty. In 2019, as talk of wage increases and income tax cuts continues, it is important that adequate levels of social welfare be maintained to ensure that the mistakes of the past are not repeated.

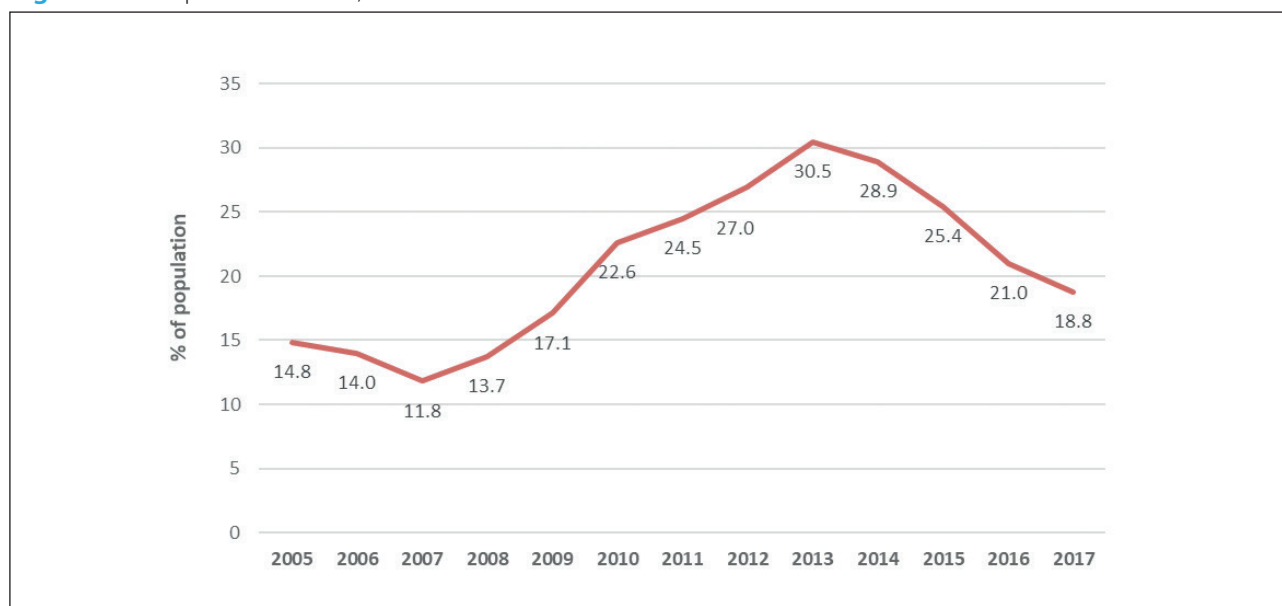
### Deprivation

We can also look at other measures of poverty such as the deprivation rate – defined by the CSO as enforced lack of two or more out of 11 basic necessities<sup>21</sup>. *Social Justice Ireland* and others have

<sup>19</sup> This does not include the ill and people with a disability, some of whom will be active in the labour force. The SILC data does not distinguish between those temporarily unable to work due to illness and those permanently outside the labour market due to illness or disability.

<sup>20</sup> This data has not been updated in subsequent SILC publications

<sup>21</sup> Households that are excluded and marginalised from consuming goods and services which are considered the norm for other people in society, due to an inability to afford them, are considered to be deprived. The identification of the marginalised or deprived is

**Figure 22:** Deprivation Rate, 2005-2017

**Source:** Healy et al. 2019 from CSO SILC reports, various years

expressed reservations about the measures of deprivation being used and have instead suggested that a new approach to measuring deprivation should be developed. However, the trends are informative as **Figure 22** shows. Between 2007 and 2013, as the economic crisis took hold, the proportion of the population that experienced no deprivation fell from 75.6 per cent in 2007 to 55.1 per cent in 2013. Since then this figure has increased.

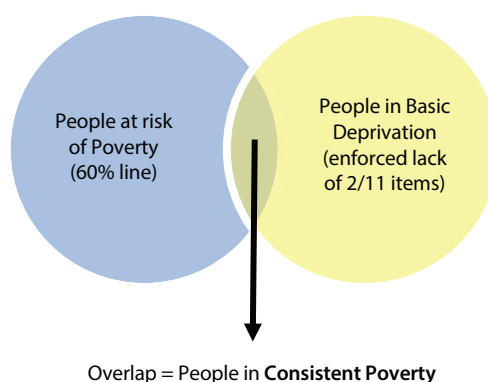
Simultaneously, the proportion of the population experiencing deprivation of two or more items (the deprivation rate) more than doubled – see **Figure 22**. By 2017 just over 900,000 people (18.8 per cent of the population) were experiencing deprivation at this level. Most notable have been increases in the numbers: going without heating at some stage in the year; unable to afford a morning, afternoon or evening out in the last fortnight; unable to buy new (not second hand) clothes; and unable to afford to have family or friends for a drink or meal once a month.

The depth of poverty may be measured from the ‘at

risk of poverty gap’, which assesses how far below the poverty line the income of the median (middle) person in poverty is. The size of that difference is calculated as a percentage of the poverty line and therefore represents the gap between the income of the middle person in poverty and the poverty line. The higher the percentage figure, the greater the poverty gap and the further people are falling beneath the poverty line. The *SILC* results for 2017 show that the poverty gap was 17.5 per cent, compared to 20.1 per cent in 2012 and 16.2 per cent in 2009. Over time, the gap had decreased from a figure of 21.5 per cent in 2003. The 2017 poverty gap figure implies that 50 per cent of those in poverty had an equivalised income below 82.5 per cent of the poverty line. Watson and Maitre (2013:39) compared the size of the market income poverty gap over the years 2004, 2007 and 2011. Adjusting for changes in prices, they found that in 2011 terms the gap was €261 for households below the poverty line, an increase from a figure of €214 in 2004. They also found that after social transfers, those remaining below the poverty line were further from that threshold in 2011 than in 2004.

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currently achieved on the basis of a set of eleven basic deprivation indicators: Two pairs of strong shoes, A warm waterproof overcoat, Buy new (not second-hand) clothes, Eat meat with meat, chicken, fish (or vegetarian equivalent) every second day, Have a roast joint or its equivalent once a week, Had to go without heating during the last year through lack of money, Keep the home adequately warm, Buy presents for family or friends at least once a year, Replace any worn out furniture, Have family or friends for a drink or meal once a month, Have a morning, afternoon or evening out in the last fortnight for entertainment.

**Figure 23** Diagram: Consistent Poverty**Table 8** Ireland: Rates of Consistent poverty, 2006-2017

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
%	6.6	5.1	4.2	5.5	6.3	6.9	8.5	9.1	8.8	8.7	8.3	6.7
No's of people			186,000	245,000	287,000	317,000	390,000	418,000	406,000	403,000	397,778	325,000

**Source:** Rates in %: CSO, 2014, CSO 2015 and CSO, 2017b, 2018.

Numbers of People: 2008: Government of Ireland, 2012, p15; 2009: Department of Social Protection, 2011, p. 24; 2014; 2017: Healy *et al.* 2019

Rates and No's of people 2010-2015: Department of Social Protection 2017, CSO, 2017.

### Food Poverty and Fuel Poverty

While there is no national definition or measure of food poverty, a number of reports have examined it and its impact. Deprivation of heat in the home, often also referred to as fuel poverty, is another area of deprivation that has received attention in recent times. In an online Annex accompanying Healy *et al.* 2019<sup>22</sup>, *Social Justice Ireland* examines the experience of people who are in food poverty and fuel poverty.

### Consistent Poverty

As already mentioned, the Irish target under its National Reform Programme is stated in terms of 'consistent poverty', an indicator that combines the 'at risk of poverty' and 'deprivation' indicators,

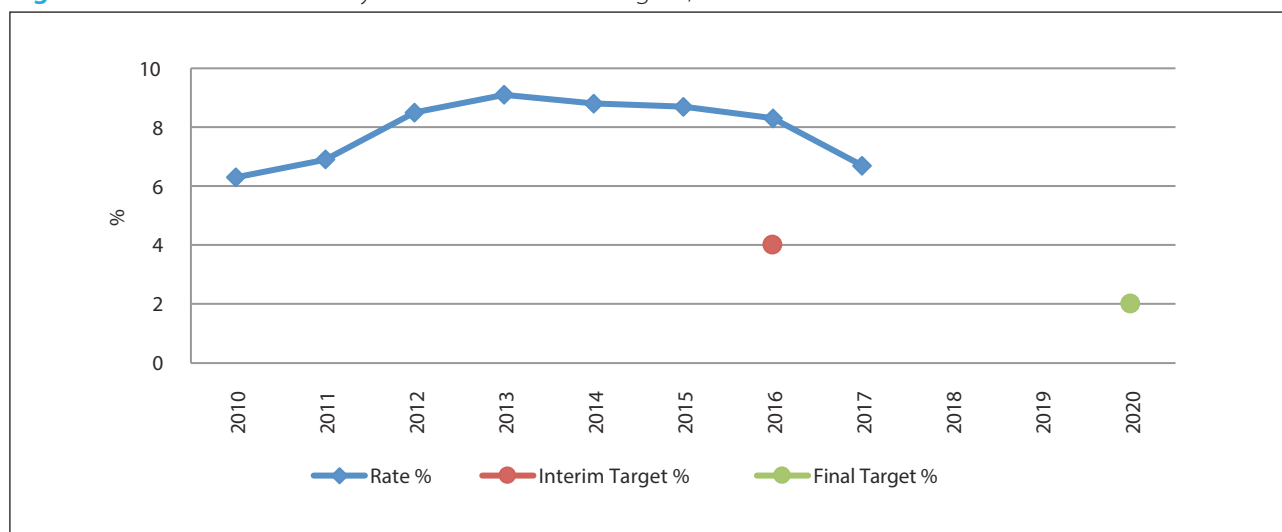
calculating the proportion simultaneously experiencing both. Thus, it identifies a sub-group of the people experiencing poverty. See **Figure 23**. As set out at the start of this Section, the current national target is

*'reduce consistent poverty to 4% by 2016 (interim target) and to 2% or less by 2020, from the 2010 baseline rate of 6.3% and..... to reduce by a minimum of 200,000 the population in combined poverty (either consistent poverty, at-risk-of-poverty or basic deprivation).'*

Using the combined poverty and deprivation measures, the 2017 *SILC* data indicates that 6.7 per cent of the population experience consistent poverty,

<sup>22</sup> <https://www.socialjustice.ie/content/publications/social-justice-matters-2019-annex-3>



**Figure 24** Consistent Poverty and Government Targets, 2010-2020

**Source:** Social Inclusion Monitor (Department of Social Protection 2017); CSO, SILC 2017, 2018

an increase from 4.2 per cent in 2008 and 5.5 per cent in 2009 (CSO, 2018). Clearly, the interim target of 4 per cent by 2016 was not achieved and a reduction of 4.7 percentage points would be needed by 2010 to reach the 2 per cent target. See **Figure 24**.

In terms of the population, the 2017 figures suggest that approximately 325,000 people live in consistent poverty. An analysis of consistent poverty rates by principal economic status shows that the consistent poverty rate was highest among unemployed individuals (24.1 per cent) and those who were not at work due to illness or disability (24 per cent) (CSO 2018)). See **Table 8**. Even though this rate relates to a subset of poor people (as explained above), the number of people affected is large.

The reality of the recent recession, the uneven nature of the subsequent recovery, and the limited sense of urgency to adequately address these issues, is pushing Ireland further away from the targets set.

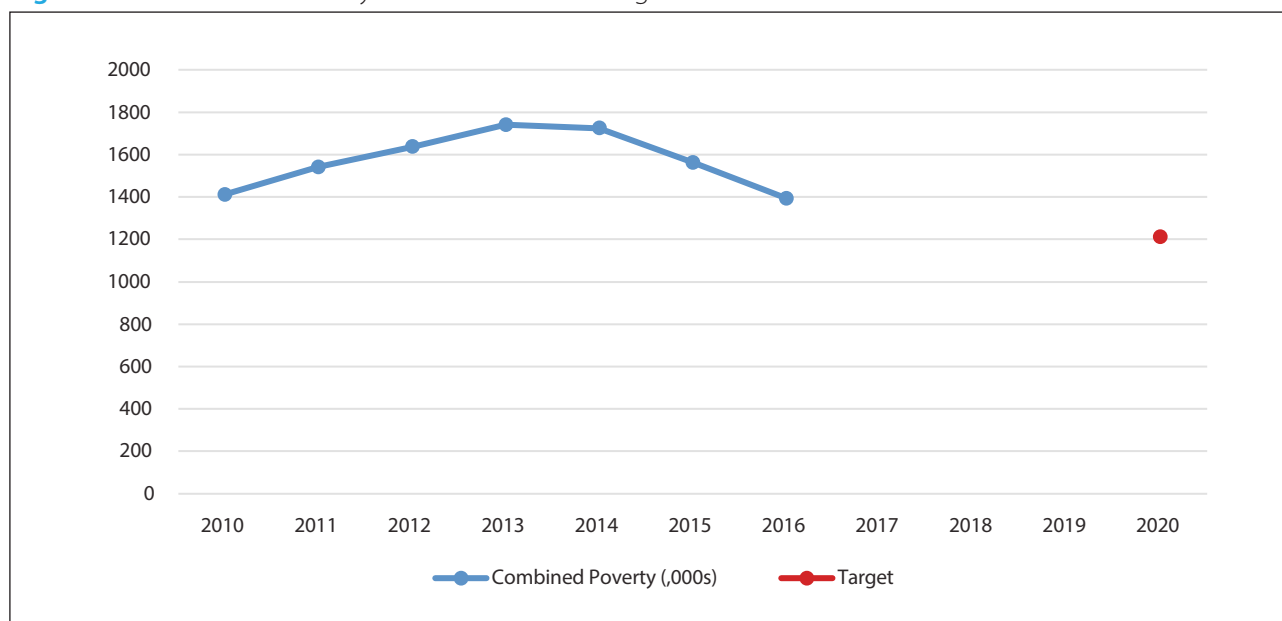
The consultation on the *National Action Plan on Social Inclusion* highlighted Government inertia in respect of its own poverty reduction target. Rather than reaffirming its commitment to reducing consistent poverty to 2 per cent by 2020, or even 2021 in line with the timeframe of the Plan, the proposal instead is to double the target to 4 per cent by 2020 on the basis that the original target may be

‘seen as being very ambitious and unlikely to be achieved’. By framing the question of whether it is better to have an achievable (higher) target or an unachievable (current) one, Government is directing the response away from the core of the issue, and its own commitments under both Europe 2020 and the Sustainable Development Goals of eliminating poverty in its entirety.

The latest National Reform Programme (Government of Ireland 2018) addresses itself to the population affected in 2016 by ‘combined poverty’ (as stated above, the term used in relation to the numbers that are to be lifted out of poverty and representing those in consistent poverty or at-risk-of-poverty or basic deprivation) to meet the Irish commitment to the poverty reduction target in the Europe 2020 strategy.

The rate fell from 33.7 per cent in 2015 to 29.2 per cent in 2016 – see **Figure 25**. This still represented 1.39 million people in 2016, and is roughly equivalent to the 2010 baseline. Thus, almost no progress was made towards that target in those years and the latest National Report Programme report acknowledges that approximately 180,000 people will need to be lifted out of combined poverty to meet the Europe 2020 target (Government of Ireland 2018).

Figure 25 Combined Poverty and Government Targets



**Source:** Social Inclusion Monitor (Department of Social Protection 2017); CSO SILC 2017

**Note:** As we prepare this report, the above represents the latest figures available from the 2018 National Reform Programme (Government of Ireland 2018) and in the latest government report on social inclusion (Social Inclusion Report Incorporating Annual Reports for 2015 and 2016, Department of Employment Affairs and Social Protection 2018.)

### Child Poverty

Childhood poverty is recognised within the Europe 2020 strategy as constituting a significant proportion of those in Europe in poverty (European Commission, 2010). Childhood poverty can have long-term detrimental impacts on educational achievement and future life chances and in some countries austerity/fiscal consolidation measures affected benefits that are important for families (The Social Protection Committee, 2011).

Country Specific Recommendations issued to Ireland by the Council as part of the European Semester have several times referred to the need to address the poverty risk of children (Council of the European Union, 2015; European Commission 2016b; European Commission 2017b; 2018a). In 2014 a UNICEF Report that examined the impact of the financial crisis on children across OECD countries found that Ireland was one where children were most affected and had one of the largest increases in child poverty between 2008 and 2012 (UNICEF 2014).

Children are one of the most vulnerable groups in Irish society – as already stated, when we look at the population in poverty in 2017, the largest group of the population who are poor, accounting for 23.9 per cent of the total, were children (Healy *et al.* 2019, Table 3.4). Despite an increase in average incomes, increased employment and very high levels of economic growth, these figures show that a significant proportion of the population is still living in very difficult circumstances.

When we look at children aged 17 or under (the age group to which the Irish sub-target relates), almost 220,000 were at risk of poverty (18.4 per cent) in 2017. The rate for consistent poverty was 8.8 per cent (approximately 105,000 children aged 17 or under). Notwithstanding an improvement since 2013, the deprivation rate for children is still particularly high – 23 per cent in 2017 (almost 276,000 children aged 17 or under). See **Table 9**.

**Table 9** Children - Rates for Childhood Risk of Poverty, Consistent Poverty and Deprivation (2006-2017) (age 0-17)

Risk of Poverty Rate among Children												
Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Rate (%)	22.3	19.9	18.0	18.6	18.4	18.8	19.8	19.6	20.3	19.5	19.1	18.4 Approx. 220,740
Consistent Poverty Rate amongst Children												
Rate (%)	10.5	7.4	6.2	8.7	8.8	9.3	10.7	12.8	12.7	11.5	10.9	8.8 Approx. 105,570
Deprivation Rate*												
Rate (%)	19.4	15.9	17.9	23.2	30.5	32.1	32.3	37.3	36.1	31.4	25	23 Approx. 275,926

\* An individual is defined as being deprived if they experience two or more forms of enforced deprivation.

**Source:** Rates 2008-2015: Department of Social Protection 2017. Rates 2016 and 2017: CSO, SILC 2018. **Numbers (2017) are approximate and are calculated** from CSO population projections (<https://www.cso.ie/en/releasesandpublications/er/pme/populationandmigrationestimatesapril2018/>)

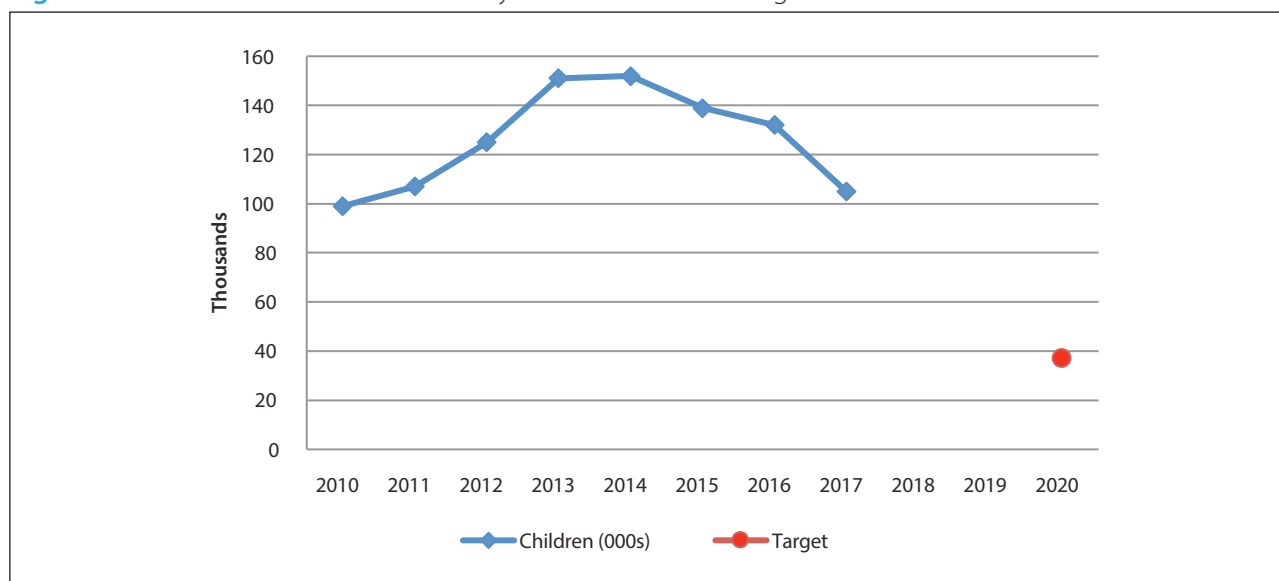
As already stated, the child poverty sub-target (set in the *National Policy Framework for Children and Young People 2014-2020*) is expressed in terms of consistent poverty:

*to lift over 70,000 children (0-17 years) out of consistent poverty by 2020, a reduction of at least two-thirds on the 2011 level.*

The 2011 figure for children in consistent poverty was 107,000 (9.3 per cent) (Department of Social Protection 2017), meaning that even reaching the target to reduce this figure by 70,000 would leave some 37,000 children in consistent poverty by 2020. As indicated by **Table 9**, the consistent poverty rate for children was 8.8 per cent in 2017, representing approximately 105,570 children. Thus, even though the rate has improved in recent years, there is very limited progress toward reaching the target set. Thus, as can be seen from **Figure 26**, Ireland has a long way to go to meet its sub-target for reducing child poverty. Moreover, the target set envisages that as many as 37,000 children could be

left living in consistent poverty by 2020 – something that the Children’s Ombudsman has highlighted as unacceptably high and that represents an acceptance of a higher rate of consistent poverty among children than the general population (Ombudsman for Children’s Office 2015).

The target also refers to reducing the higher consistent poverty risk for children as compared to adults (aged 18 years and over) and for households with children as compared to non-child households. In 2017, the childhood consistent poverty rate was 8.8 per cent (reduced from 10.9 per cent in 2016) (CSO 2018). This rate compared to 7 per cent for adults (aged 18 -64). Traditionally people in households with children are more likely to experience consistent poverty than those in households without children. The CSO’s analysis of consistent poverty rates by household composition shows that individuals living in households where there was one adult and one or more children aged under 18 had the highest consistent poverty rate at 20.7 per cent (CSO 2018). Unfortunately, the latest

**Figure 26** Childhood Consistent Poverty and Government Targets 2010-2017

**Source:** Social Inclusion Monitor (Department of Social Protection 2017). 2017 figure calculated from CSO SILC (2018).

Social Inclusion Report (from Dept of Employment Affairs and Social Protection 2018) doesn't refer these issues specifically – that is, of comparing either the consistent poverty rate of children with that of adults or of comparing the consistent poverty rate for households with children with that for non-child households.

In the opinion of *Social Justice Ireland*, overall, this situation is not acceptable in human terms. Furthermore, the fact that such a large proportion of our children are living below the poverty line, in deprivation and in consistent poverty has obvious implications for the education system, for the success of these children within it, for their future job prospects and for Ireland's economic potential in the long-term.

As in previous reports in this series, *Social Justice Ireland* acknowledges that Government took some positive measures such as the introduction of a national policy framework for children (*Better Outcomes: Brighter Futures – The National Policy Framework for Children and Young People, 2014-2020*), which includes a recognition that access to quality services are especially important during childhood and envisages a whole of government approach which is potentially significant. *Social Justice Ireland* regrets that Budget 2019 did not contain

additional measures to ensure that Ireland meets its child poverty target of lifting 70,000 children out of consistent poverty by 2020. We welcome the increase of €33m in funding for Tusla, the Child and Family agency, the introduction of two additional weeks paid parental leave and increased resources for the Affordable Childcare Scheme including adjustments to income thresholds. The Budget also included an increase in the weekly payment for qualified children (under 12 = €2.20, over 12 = €5.20), changes to the earnings disregards for One-Parent Family and Jobseekers Transition recipients and the introduction of a maintenance disregard for the Working Family Payment. While welcome, these measures are not enough to ensure Ireland meets its 2020 Child Poverty Target.

### Working Poor

We have already referred to the issue of the working poor in the context of employment in **Section 2**, above. Having a job is not, of itself, a guarantee that one lives in a poverty-free household. A report from the Nevin Economic Research Institute provided new insights into the scale and composition of low pay in Ireland. It established that 25 per cent of employees (almost 345,000) earn less than the (then) Living Wage of €11.45 per hour. The paper found that low pay was most common amongst

female workers; young workers; those in retail, hotels and security sectors; single parents and those on temporary contracts. Looking at the household level, the paper also found that a higher proportion of low paid employees are living in households that struggle financially, borrow for day to day living costs and experience deprivation (Collins, 2017).

Using CSO published rates it is possible to calculate that over 109,000 people at work but still in poverty in 2017 (Healy *et al* 2019) and they made up 14.3 percent of those in income poverty (CSO 2018). This is a remarkable statistic and it is important that policy makers begin to recognise and address this problem. The OECD suggests that Ireland has one of the worst incidence of low pay amongst OECD member countries (OECD 2014).

Concepts such as the Living Wage have an important role to play and policies that attempt to keep those on minimum wages out of the tax net are important. In principle, a living wage is intended to establish an hourly wage rate that should provide employees with sufficient income to achieve an agreed acceptable minimum standard of living. In that sense it is an income floor; representing a figure which allows employees to afford the essentials of life. Earnings below the living wage suggest employees are forced to do without certain essentials so they can make ends meet. The establishment of a Living Wage Rate for Ireland adds to a growing international set of similar figures which reflect a belief across societies that individuals working full-time should be able to earn enough income to enjoy a decent standard of living.

However, one of the most effective mechanisms available within the present system to address this problem would be to make tax credits refundable, a proposal that we will outline at the end of this Section.

### Income Distribution in Ireland

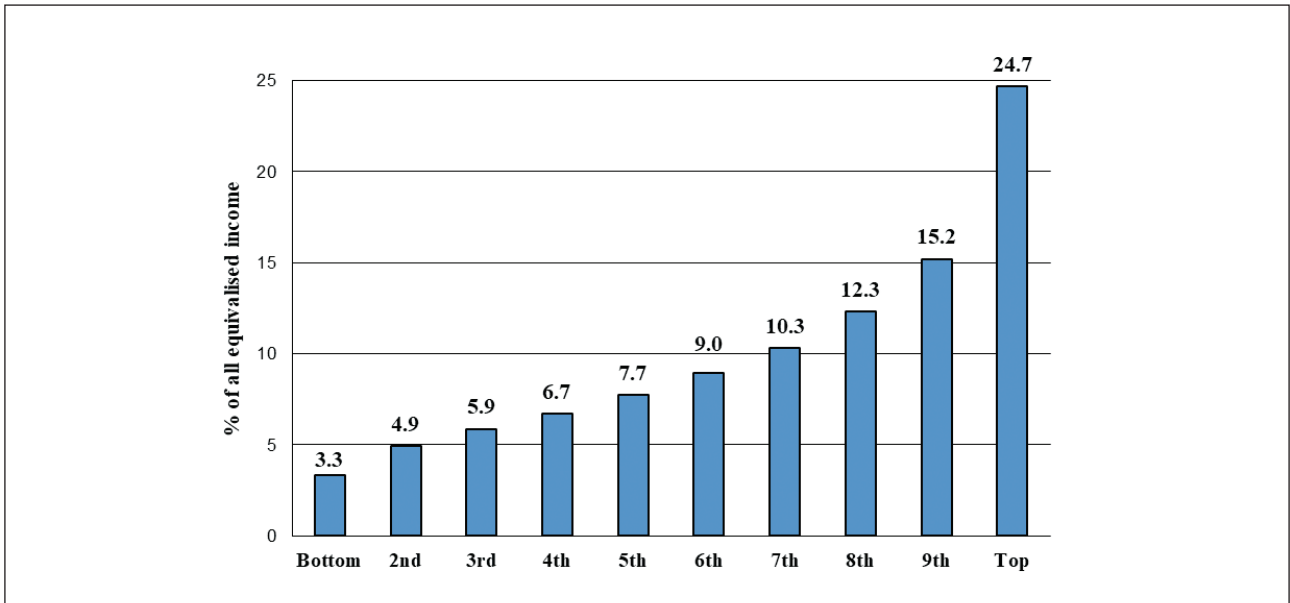
We noted above that Ireland's structural problem with poverty suggests a deeply unequal distribution of direct income and for that reason we wish to look briefly at the issue of income distribution in this report.

The most recent data on Ireland's income distribution, from the 2017 SILC survey, is summarised in **Figure 27**. It examines the income distribution by household deciles starting with the 10 per cent of households with the lowest income (the bottom decile) up to the 10 per cent of households with the highest income (the top decile). The data presented is equivalised meaning that it has been adjusted to reflect the number of adults and children in a household and to make it possible to compare across different household sizes and compositions. It measures disposable income which captures the amount of money available to spend after receipt of any employment/pension income, payment of all income taxes and receipt of any welfare entitlements.

In 2017, the top 10 per cent of the population received almost one quarter of the total income while the bottom decile received just 3.3 per cent. Collectively, the poorest 60 per cent of households received a very similar share (37.5 per cent) to the top 20 per cent (39.8 per cent). Overall the share of the top 10 per cent is more than 7 times the share of the bottom 10 per cent. A NERI study by Collins provided a detailed insight into the nature of the underlying market or direct income distribution - that linked to earnings of all types. His research showed that the distribution of market income is concentrated on incomes of less than €50,000 per annum - representing 80 per cent of all earners. Some 15 per cent of all those with a market income, about 290,000 people, receive less than €5,000 (the average direct income for this group is €2,000 and most receive less than €1,000).

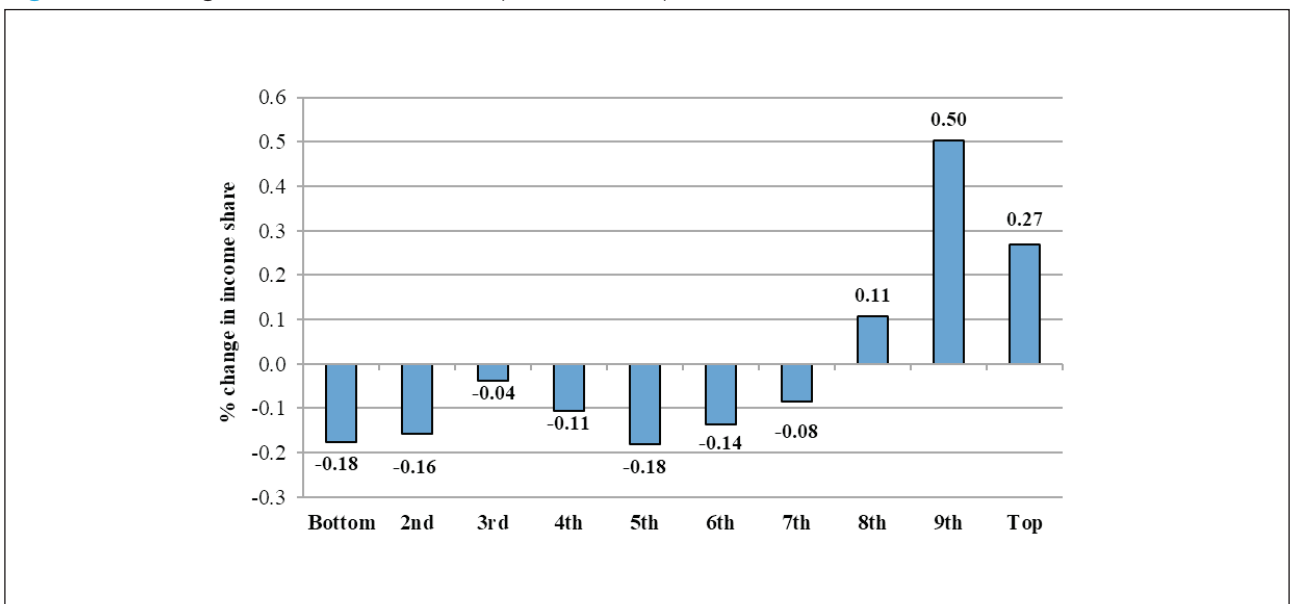
A further 50 per cent of those with a market income receive between €5,000 and €35,000. The top 10 per cent of earners have an income of more than €65,000 while the top 5 per cent have an income of more than €85,000; this group approximates to the top 100,000 earners in the state. A conclusion of the study is that "the shape of that [earnings] distribution, and the prevalence of low income earners within it, points towards a need for greater consideration to be given to the underlying nature and distribution of market earnings" (Collins, 2017).

**Figure 27:** Ireland's Income Distribution By 10% (Decile) Group, 2017



Source: Healy et al 2019 based on CSO SILC 2018

**Figure 28** Change in Decile Shares of Equivalised Disposable Income, 2008-2017



Source: Healy et al 2019, calculated from CSO SILC reports, various years.

Income distribution data for the last few decades suggested that the overall structure of that distribution has been largely unchanged. One overall inequality measure, the Gini coefficient, ranges from 0 (no inequality) to 100 (maximum inequality) and has stood at approximately 30-32 for Ireland for some time. In 2017 it stood at 31.5. **Figure 28** compares the change in income between 2008 and 2017. The year 2008 was when average incomes in Ireland peaked before the economic crash and 2017 is the year when average incomes recovered to exceed the 2008 peak. In between, incomes fell for all (2008-2011), but the impact of the recession and subsequent recovery (2012-current) has been felt in different ways by different people/households.

Over that period, the changes to the income shares received by deciles has been small; between + and -0.5 per cent. However, it is only the top three deciles that have recorded an increase in income share over the decade. The decline in the share of the bottom two deciles highlights the reality that if we wish to address and close these income divides, future Government policy must prioritise those at the bottom of the income distribution. Otherwise, these divides will persist for further generations and perhaps widen.

Budget 2019 marked the third Budget of the current Government. It was a Budget that *Social Justice Ireland* described as failing 'to make any notable impact on Ireland's entrenched inequalities and failing to tackle any of the major challenges the country currently faces'. Over the past few years *Social Justice Ireland* has developed its ability to track the distributive impact of annual Budgets on households across Irish society. Our analysis tracks changes from year to year (pre and post Budget) and across a number of recent years (the lifetime of a Government etc). Over the years examined (2017-2019) all household types recorded increases in their disposable income (after taxes and welfare payments). Among households with jobs, the net income gains experienced range from €4.22 per week (for a single worker on €25,000) to almost nine times as much, €37.19 per week, for a couple with two earners and an income of €200,000. Overall, across these households the main gains have flowed to those on the highest incomes. Among households dependent on welfare, the gains have ranged from €15.04 per week (to single unemployed individuals)

to €32.52 per week to unemployed couples with two children.

Our analysis points towards the choices and priorities the current Government has made. Overall these choices have given least to single welfare dependent households and those on the lowest earnings. These outcomes that will be reflected in future income distribution data and are likely to lead to further increases in Ireland recorded levels of income inequality.

### Poverty in Ireland: Social Justice Ireland Response

*Social Justice Ireland* welcomed the increased attention given to the issue of poverty and exclusion by inclusion of a target in the Europe 2020 Strategy. High rates of poverty and income inequality require greater attention than they currently receive. Tackling these problems requires a multifaceted approach with action on many fronts including healthcare and education, accommodation and employment. However, the most important requirement in tackling poverty is the provision of sufficient income to enable people to live life with dignity.

Ireland is a very long way away from its Europe 2020 poverty target, and indeed from its newer sub-target relative to childhood poverty; and while trends have improved, there remains a lot of ground to be made up to reverse the damage following the 2008 crisis. The reality is that the recession and its associated austerity measures pushed Ireland away from reaching its targets.

Some headline statistics (from 2017, the latest available) already highlighted above include:

- The rate of poverty or social exclusion in Ireland is 22.7 per cent (affecting more than 1 million people) and represents a very sizeable proportion of the Irish population (in 2017 (this refers to the EU-2020 Strategy combined indicator).
- Ireland has made little progress towards reaching the target it set for 'combined poverty' to contribute to meeting the overall target set under the Europe 2020 strategy (Government of Ireland 2018).
- Relative to children, even though the rate of

consistent poverty has improved in recent years, there is very limited progress toward reaching the target set to reduce the numbers in consistent poverty.

- Over 762,000 people in Ireland were living below the poverty line (60% line) in 2017.
- When we look at the population in poverty, the largest group of the population who are poor, accounting for 23.9 per cent of the total, were children (in 2017).
- There were approximately 109,000 people at work but still in poverty in 2017.
- Without the social welfare system just over 4 in every 10 people in the Irish population (43.8 per cent) would have been living in poverty in 2017.

On several occasions, *Social Justice Ireland* expressed regret that in 2012 the Irish Government revised down the headline target for poverty reduction that had been contained in the 2011 National Reform Programme. We have indicated before that it is imperative that the Government address the issue of establishing new subsidiary targets for vulnerable groups.

The reference to an announcement of a sub-target relative to jobless households in the National Reform Programme for 2014 was welcome, but it has not been introduced, which is regrettable. Actions intended to reduce the numbers of jobless households must take account of the issues highlighted by the National Economic and Social Council (2014). These include the need for participation and activation measures to include responses such as adult literacy, child development, family supports, addiction services, disability services, housing, education and training, public employment, community employment, and so on, as well as engagement with employers.

When it comes to poverty indicators, a measure of persistent poverty is long overdue and a crucial missing piece in knowledge of households and individuals on low incomes. ‘Persistent poverty’ is another measure of poverty developed at EU level (as part of the Laeken process) which measures those below the 60 per cent median income line in the current year and for two of the previous three years (thus measuring those who experienced a sustained exposure to poverty). To date the detail of this is not included in the CSO SILC surveys for

Ireland. We regret the unavailability of this data and note that there remain some sampling and technical issues impeding its annual publication. However, we note ongoing moves by the CSO to address this issue. *Social Justice Ireland* believes that this data should be used as the primary basis for setting poverty targets and monitoring changes in poverty status. Existing measures of relative and consistent poverty should be maintained as secondary indicators. If there are impediments to the annual production of this indicator, they should be addressed and the SILC sample augmented if required.

Budget 2019 delivered a welcome increase to the minimum social welfare payment. From March 2019 onwards it increased by €5 per week (to €203) complementing similar increases in Budgets 2017 and 2018. The Budget 2017 increase was the first increase to these payments since 2011. A lesson from past experiences of economic recovery and growth is that the weakest in our society get left behind unless welfare increases keep track with increases elsewhere in the economy. Benchmarking minimum rates of social welfare payments to movements in average earnings is therefore an important policy priority.

The issue of individualising payments so that all recipients receive their own social welfare payments has been on the policy agenda in Ireland and across the EU for several years. *Social Justice Ireland* welcomed the report of the Working Group, *Examining the Treatment of Married, Cohabiting and One-Parent Families under the Tax and Social Welfare Codes*, which addressed some of these individualisation issues. At present the welfare system provides a basic payment for a claimant, whether that be, for example, for a pension, a disability payment or a job-seeker’s payment. It then adds an additional payment of about two-thirds of the basic payment for the second person. *Social Justice Ireland* believes that this system is unfair and inequitable. We also believe that the system as currently structured is not compatible with the Equal Status Acts. People, more often than not, women, are disadvantaged by living as part of a household unit because they receive a lower income. We believe that where a couple is in receipt of welfare payments, the payment to the second person should be increased to equal that of the first. Such a change would remove the current inequity and bring the current social welfare system in line with the terms



of the Equal Status Acts (2000-2004). An effective way of doing this would be to introduce a basic income system which is far more appropriate for the world of the 21st century.

*Social Justice Ireland* has consistently argued that the present tax and social welfare systems should be integrated and reformed to make them more appropriate to the changing world of the 21st century. To this end we have sought the introduction of a basic income system. For more on this see Healy *et al* 2017 and also a costed proposal for a basic income Healy *et al* 2012.

*Social Justice Ireland* suggests that Government must in 2019 set a 5-year plan for eradicating poverty in Ireland (Healy *et al.* 2019). With the uncertainty being created by Brexit, including the potential impact on our economy, this kind of clear policy commitment is all the more important to protect the most vulnerable in Irish society. Ireland needs this kind of centralised policy commitment to mobilise a multi-departmental approach to the crisis of poverty.

If poverty rates are to fall in the years ahead, *Social Justice Ireland* believes that the following are required:

- increase in social welfare payments.
- equity of social welfare rates.
- adequate payments for children.
- refundable tax credits (see summary below of proposal for this).
- a universal state pension.
- a cost of disability payment.

*Social Justice Ireland* believes that in the period ahead Government and policy-makers generally should:

- Acknowledge that Ireland has an on-going poverty problem.
- Adopt adequate targets aimed at reducing poverty among particular vulnerable groups such as children, lone parents, jobless households and those in social rented housing.
- Examine and support viable, alternative policy options aimed at giving priority to protecting vulnerable sectors of society.
- Carry out in-depth social impact assessments prior to implementing proposed policy initiatives that impact on the income and public services

that many low-income households depend on. This should include the poverty-proofing of all public policy initiatives.

- Provide substantial new measures to address long-term unemployment. This should include programmes aimed at re-training and re-skilling those at highest risk.
- Recognise the problem of the ‘working poor’. Make tax credits refundable to address the situation of households in poverty which are headed by a person with a job (see below).
- Support the widespread adoption of the Living Wage so that low paid workers receive an adequate income and can afford a minimum, but decent, standard of living.
- Introduce a cost of disability allowance to address poverty and social exclusion of people with a disability.
- Recognise the reality of poverty among migrants and adopt policies to assist this group. In addressing this issue also replace direct provision with a fairer system that ensures adequate allowances are paid to asylum seekers.
- Accept that persistent poverty should be used as the primary indicator of poverty measurement and assist the CSO in allocating sufficient resources to collect this data.
- Move towards introducing a basic income system. No other approach has the capacity to ensure all members of society have sufficient income to live life with dignity.

Implicit in the approach taken in the Europe 2020 Strategy is that economic development, social development and environmental protection are complementary and interdependent – three sides of the same reality. Inclusive growth is not just about fostering a high-employment economy, it also aims to deliver social cohesion – it is integral to the Europe 2020 strategy and needs to be integral to the response of the Irish Government.

### Social Justice Ireland Recommendations

The Irish Government should carry out in-depth social impact assessments prior to introducing budgets or implementing policies in order to ensure that the position of people experiencing poverty and social exclusion is not worsened.

**Table 10** Social Justice Ireland Recommended Poverty Targets

Subsidiary Poverty Targets					
	Overall target	Children	Lone parents	Jobless households	Social rented housing
Consistent poverty	2%	1-2%	4-6%	4-6%	4-6%
At-risk-of-poverty (only)	7%	8-10%	10-12%	10-12%	10-12%

Furthermore, Social Justice Ireland proposes that the following should be adopted as Ireland's headline target on poverty:

- Ireland Headline Target: To reduce by 2020 the consistent poverty rate to 2%; the at-risk-of-poverty rate anchored in time to 8%; and the at-risk-of-poverty (only) rate to 7%.
- These headline targets should be accompanied by subsidiary poverty targets for vulnerable groups as set out in the above Table.

### Social Justice Ireland – Proposal for Refundable Tax Credits

#### Background

In Ireland in 2017 large numbers of people (approximately 109,000) who were employed were living at risk of poverty. It is important that policy-makers recognise and address this problem. One of the most effective mechanisms available within the present system to address the problem of the working poor would be to make tax credits refundable. *Social Justice Ireland* has published research on this in its study 'Building a Fairer Taxation System: The Working Poor and the Cost of Refundable Tax Credits' (2010). The study showed that making tax credits refundable is financially possible at a relatively small cost. Such a move would have a very positive impact on those who are in poverty though working – the working poor.

#### The Proposal

The study identified that the proposed system would benefit 113,000 low-income individuals in an efficient and cost-effective manner. These individuals would receive a refund of their unused tax credits, the majority of which are valued at under €2,400 per annum or €46 per week.

When children and other adults in the household are taken into account, the total number of beneficiaries would be 240,000.

Many working families on low earnings struggle to achieve a basic standard of living. By making tax credits refundable, the Government would begin to address the problem of the working poor and would improve the living standards of a substantial number of people.

The cost of making the change would be €140million.

#### Outcomes

This proposal would make Ireland's tax system fairer, ensure that in the future all changes in tax credits are experienced equally by all employees, address part of the problem of the working poor and improve the living standards of a substantial number of people. It would mark a significant step in building a fairer way for Irish society to allocate its resources.

# 5 Governance

The Europe 2020 Strategy was envisaged to have a partnership approach at its heart. This was to extend to national parliaments, to local/regional authorities to social partners and civil society as well as encompassing the European Council, the Commission, the European Parliament and EU Committees. Both the elaboration of national reform programmes and their implementation were envisaged as being done in a partnership that included representatives of civil society so as to strengthen ‘ownership’ of the process (European Commission, 2010, p.6, 29):

*By establishing a permanent dialogue between various levels of government, the priorities of the Union are brought closer to citizens, strengthening the ownership needed to deliver the European 2020 strategy (European Commission, 2010, p, 29).*

An October 2015 communication from the Commission suggests that Member States needed to pay greater attention to the contribution of national social partners, in particular to strengthen ownership of measures undertaken, and it encourages stronger involvement of social partners in the elaboration of National Reform Programmes (2015b). The need to improve the delivery of the strategy through enhanced ownership and involvement on the ground was a finding from the consultation that took place during 2014 on the future of the Europe 2020 Strategy (European Commission 2015). In 2016 a broad public consultation was launched by the Commission on the European Pillar of Social Rights. This arose from a recognition that:

‘For Europe to be successful in the future and – equally important – to remain credible for European citizens, we need to further strengthen the social dimension of the European Union, and particularly for the euro area’ (from speech by Commissioner Thyssen, 8 March 2016).

The European Union engaged in a process of envisaging the future of Europe arising from the fact that trust has been eroded in the union – with only a third of citizens expressing trust in the EU, when about half of Europeans did so a decade ago (see European Commission 2017c).

## Partnership in Practice

A pattern of less than adequate participation in the National Reform Programme process seems to have emerged in countries across Europe, with European civil society networks reporting a varied experience, often involving limited consultation on social inclusion issues and a failure to reflect stakeholder views in final programmes (Caritas Europa, 2013).

In Ireland, an annual Social Inclusion Forum is organised to allow for wider public consultation and discussion on social inclusion issues, taking place at the start of the year so as to align with the European Semester cycle. The theme of the 2018 Social Inclusion Forum (May) was *Social Inclusion in a Changing Environment*.

## Social Justice Ireland Response

The approach to partnership with an aim of fostering joint ownership enshrined in the Europe 2020 Strategy is a sensible and desirable approach. But findings from an in-depth study carried out by the CSO into Irish voter participation suggested that many people, especially young people and those who have lower educational attainment levels, have little confidence in the political process (CSO 2011a). They have become disillusioned because the political process fails to involve them in any real way, while also failing to address many of their core concerns. Many of the developments of recent years will simply have added to the disillusionment of many people where people are living with the consequences of

the bailout programme and repaying the debts of European banks through a programme of austerity and upward redistribution of resources. Many feel disenfranchised by a process that produced this outcome without any meaningful consultation with citizens. Furthermore, the internationalisation of the population presents Ireland with the key challenge of developing a truly integrated society that values cultural and ethnic diversity. Integration is defined in current Irish policy as the 'ability to participate to the extent that a person needs and wishes in all of the major components of society without having to relinquish his or her own cultural identity' (Department of Justice and Equality, 2017).

A new approach is clearly needed to address these issues. In order to learn the lessons of the past, the recovery must reach all sections of society and we must ensure that all voices are heard. The failure to discuss openly a range of civil society issues that are of major concern to large numbers of people is contributing to disillusionment with the political process. When discussion or debate does take place, many people feel that they are not allowed to participate in any real way. The need for a new forum and structure for discussion of issues on which people disagree is becoming more obvious as political and mass communication systems develop. A civil society forum and the formulation of a new social contract against exclusion has the potential to re-engage people with the democratic process.

Government held the first National Economic Dialogue in 2015 and reprised this format in subsequent years. *Social Justice Ireland* welcomes this deliberative approach to policymaking, and believes that Government should convene such a forum on a regular basis. It should, however, not confine its deliberations to the economy. A wide range of areas need to be addressed simultaneously if the economy is to thrive. Such social dialogue, in various forms, is common across Europe's most successful economies and can play a key role in building a vibrant and sustainable society here in Ireland.

The democratic process would also benefit from the development of a new social contract against exclusion and in favour of a just society. This contract would include a forum for dialogue on civil society issues. Short-term initiatives such as the President's

Ethics Initiative, the Constitutional Convention and Citizens' Assembly are welcome but need to be mainstreamed and reach all sections of Irish Society. *Social Justice Ireland* welcomed the appointment of a new National Economic and Social Council (NESC), whose role is to advise the Taoiseach on strategic policy issues relating to sustainable economic, social and environmental development. The annual National Economic Dialogue is also a useful model for sharing the perspectives of civil society, Government and the various sectors of society on key budgetary issues. However, a single event is inadequate. *Social Justice Ireland* recommends that such a National Dialogue takes place more frequently, and that the focus is broadened from the economic to include social and environmental issues.

*Social Justice Ireland* proposes that Government authorise and resource an initiative to identify how a civil society forum could be developed and maintained and to examine how it might connect to the growing debate at European level around civil society issues. There are many issues such a forum could address including the meaning of citizenship in the 21st Century, the shape of the social model Ireland wishes to develop; how to move towards a low carbon sustainable future, and so on. The Community & Voluntary Pillar provides a mechanism for social dialogue that should be engaged with by Government across the range of policy issues in which the Pillar's members are deeply involved. All aspects of governance should be characterised by transparency and accountability. Social dialogue contributes to this. We believe governance along these lines can and should be developed in Ireland.

In 2014, the Local Government Act was amended to introduce Public Participation Networks (PPNs). The PPN recognises the contribution of volunteer-led organisations to local economic, social and environmental capital. It facilitates input by these organisations into local government through a structure that ensures public participation and representation on decision-making committees within local government. These PPNs have been established in every local authority area in Ireland. By the end of 2018, over 14,000 community and voluntary, social inclusion and environmental organisations were members of a PPN. Over 880 PPN representatives were elected to over 380 committees

on issues such as strategic policy, local community development, joint policing and so on. Local authorities and PPNs work together collaboratively to support communities and build the capacity of member organisations to engage meaningfully on issues that concern them. PPNs have a significant role in the development and education of their member groups, sharing information, promoting best practice and facilitating networking. Local authorities also have a vital role to play in facilitating participation through open consultative processes and active engagement. Building real engagement at local level is a developmental process that requires intensive work and investment. Following recommendations from the National Advisory Group for PPNs, *Social Justice Ireland* and others, the PPNs received an increase in resources in 2018 to support better engagement in communities and ensure that the PPN can place itself as both an information ‘hub’ and advocate for policy within their area.

Much work has been done in recent years by the Council of Europe on participation issues, from which has come the *Charter on Shared Social Responsibilities*. The Charter argues that having a well-defined deliberative process can ensure, among other things, that individual preferences are reconciled with widespread priorities in the field of social, environmental and intergenerational justice. It envisages participatory processes, ‘making it possible to define the needs of the stakeholders and establish priorities through the exchange of views, and through the unbiased arbitration of different interests’. It aims at implementation through participatory processes that aim to ‘define the needs of the stakeholders and establish priorities through the exchange of views, and through the unbiased arbitration of different interests’ (Council of Europe, 2014, 5(b)):

The views of weaker stakeholders should also be heard, heeded and capable of influencing decisions and results. This means avoiding situations where stronger stakeholders, in possession of more information and organisational power, relinquish their specific responsibilities or impose priorities based on their interests alone (*Council of Europe, 2014, Principle of Recognition, 7*).

As in previous iterations of this report, *Social Justice Ireland* recommends that, in the framing, development and implementation of the National Reform Programme, Government move towards a deliberative approach – and we regret that this approach has not been more intrinsic to the process as the Europe 2020 strategy comes towards its end-point.

A deliberative process would see all stakeholders addressing the evidence together while the power-differentials between the stakeholders are not in play. The evidence would be presented and discussed with a view to providing the most accurate ‘reading’ of the issues being addressed. Stakeholders would collaboratively identify;

- a) The current issues and how they arose;
- b) The most desirable future that could be achieved;
- c) The means by which to move forward.

As stated, this process would be based on evidence and thus would ensure that the most appropriate manner in which to address issues would be identified and agreed upon. This approach ensures a high level of accountability among stakeholders and fosters the taking of responsibility for decisions and the implementation of actions required.

### Social Justice Ireland Recommendations

- **Resource an initiative to identify how a real participative civil society debate could be developed and maintained and establish and resource a forum for dialogue on civil society issues. This initiative should identify how a civil society debate could be developed and maintained in Ireland and should examine how it might connect to the growing debate at European level around civil society issues.**
- **Adequately resource the Public Participation Network (PPN) structures for participation at Local Authority level and ensure capacity building is an integral part of the process and implement the National Framework for Local and Community Development in a way that supports Community and Voluntary organisations**
- **Promote deliberative democracy and a**

**process of inclusive social dialogue to ensure that there is real and effective monitoring and impact assessment of policy implementation using an evidence-based approach. Involve a wide range of perspectives in this process, thus ensuring inclusion of the experience of those currently excluded.**

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