



# Jobless Households

IRELAND'S BIGGEST WELFARE CHALLENGE



# **JOBLESS HOUSEHOLDS**

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*Welfare Reform Series: Paper 2*

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# COLLINS INSTITUTE

The Collins Institute is a political think tank.<sup>1</sup> It is supported by Fine Gael but operates independently of it.

The Institute's name recognises the crucial role which Michael Collins<sup>2</sup> played in the creation of the Irish state and the special position which he occupies in the affections of many citizens today. Collins has been variously described by current Fine Gael members of the Government as "the father of Irish democracy" (Michael Noonan); an "ideas person, as much as a soldier and a political leader" (Simon Coveney); and a man who "has given us a compelling inheritance of politics and leadership as they should be" (Enda Kenny).

The Institute is examining how a new, more **Just Republic** might be established in Ireland as we approach 2022, the centenary of both the founding of the state and the death of Collins. By Just Republic we mean a modern citizen focused republic which is built around two key Fine Gael propositions: its long held belief that Ireland must become a fairer and more *Just Society*;<sup>3</sup> and its more recent calls for the creation of a New Republic in our country "where trust is restored in our democratic institutions."<sup>4</sup>

In seeking to explore these ideas the Institute will focus on four key pillars of any modern republic:

- **Powerful Citizens:** In our view the key goal of public policy in any republic should be to create fully empowered individuals who, with the right supports and capabilities, can exercise as much control over their own lives as possible, either as individual citizens or as part of wider communities.
- **A Social Market:** The Institute will examine a range of policy options which can help deliver both a full employment economy and a more just society in Ireland, the two core building blocks of any fair and efficient economic system.
- **An Enabling State:** Public services in a modern welfare state should be judged by the extent to which they help enable and build the capabilities of its citizens, particularly the most vulnerable, and facilitate the provision of cost effective localised and personalised delivery wherever and whenever possible.
- **Strong Communities:** The Institute will suggest different ways to support the growth of a wide range of communities and organisations across Ireland, taking into account the various and differing challenges facing rural and urban citizens, and the potential impact of new virtual communities supported by social media.

As part of its work the Collins Institute has also identified six key principles which we believe can help support the creation of a Just Republic in Ireland. Our starting point is Fine Gael's Just Society document and the three fundamental principles which it promoted: **Freedom** of the individual, **Equality** of opportunity and social **Solidarity**. In examining the possible architecture of a Just Republic the Institute will also focus on three more modern principles which were largely ignored during the Celtic Tiger: institutional **Accountability**, economic **Sustainability** and **Subsidiarity** within government.

All papers published by the Institute are intended for discussion purposes only and do not represent Fine Gael policy.

Figure 1: The Just Republic



1 The Institute's launch document - *The Just Republic* (December, 2014) - can be accessed at [www.collinsinstitute.ie](http://www.collinsinstitute.ie).

2 Irish revolutionary leader and Minister for Finance who became Chairman of the Provisional Government and Commander-in-Chief of the National Army in 1922. He was killed in an ambush in August of the same year during the Irish civil war.

3 2015 is the fiftieth anniversary of the publication of Fine Gael's 1965 manifesto, *Towards a Just Society*.

4 Fine Gael's *New Politics* document, published in 2010.

## 1. IRELAND'S BIGGEST WELFARE CHALLENGE

Over the last few years the Irish Government has introduced a series of reforms which have sought to make the Irish welfare system both more active and more responsive. While significant progress has been made, it is clear that a great deal more work is required if Ireland is to create a truly modern, 21st century welfare system. The Collins Institute is publishing three separate papers, including this report, which argue that the goal of future welfare reform should be to replace the current welfare state with a new and more proactive Enabling State. A state which is focused on the idea of Social Capability (the state helps its citizens to become more engaged in society by strengthening their capabilities) rather than the more traditional and passive idea of Social Security (the state provides an essential safety net but does very little to actually change people's real prospects within society). Our first paper, entitled *The Enabling State*, outlines how the Irish welfare system can help improve the capabilities of its citizens. Our second paper, *The Contributory Principle*, recommends that future welfare reform should link benefits much more directly to contributions, in order to create a system which is both fairer and more sustainable. This paper argues that the next Government should deliver an **Action Plan for Jobless Households** as part of an overall strategy of making work pay, in order to help ensure that Ireland's most vulnerable citizens can become fully engaged in society.

### Jobless Households in Ireland

Jobless Households are, according to the most common definition used, households in which no one under 60 is in employment.<sup>5</sup> Household joblessness, as a measure of economic inactivity, differs from traditional measures of unemployment in two important ways:

- It includes people who do not have a job but may not be formally categorised as being unemployed, e.g., carers or those who have an illness or disability; and
- It takes into account whether other adults in the same household are also out of work.

The number of Jobless Households has consistently been much higher in Ireland than in other European countries, even during the boom, suggesting that there are deep-seated structural problems which have never been adequately addressed. In 2014, for instance, 16% of children and 14% of adults under the age of 60 lived in a Jobless Household in Ireland (the second highest level in Europe), compared to an EU-15 average of 11% for both adults and children.<sup>6</sup> This gap is critically important because research very clearly indicates that household joblessness is "a major risk factor for poverty and welfare dependency" and has a major negative impact on Irish child poverty rates in particular.<sup>7</sup> Any strategy to tackle the underlying causes of poverty in Ireland cannot, in other words, succeed unless it also directly and comprehensively addresses the challenge posed by Jobless Households.

It is also clear that jobs growth will not by itself solve the problem unless some of the disincentives and barriers to key groups of people getting back to work are also tackled, e.g., the high cost of childcare and the potential impact of income supports being removed as people take up a job. In a 2014 report the ESRI looked at what is called the "replacement rate", i.e., the ratio of out-of-work income to in-work income. While a high ratio is, as the ESRI noted, "positive in terms of the income support function, it reduces the financial gain from employment." Its work showed that there is "a strong contrast between unemployed individuals in jobless and non-jobless households. Unemployed individuals in the former are more than 2½ times more likely to face a high replacement rate (over 70 per cent) and 3½ times more likely to face a very high replacement rate (over 90 per cent)."<sup>8</sup> A more recent report concluded that the rate of Jobless Households in Ireland is likely to decline much more slowly than the decline in the unemployment rate as the economy strengthens,<sup>9</sup> unless action is taken.

<sup>5</sup> A second definition is based around the idea of low work intensity, where a household is considered jobless if the total time in work in the past year by all working-age adults, excluding students, is less than 20% of their working time

<sup>6</sup> The Central Statistic's Office Survey of Income and Living Conditions (SILC) in 2011 suggested that nearly one quarter of households in Ireland could be described as jobless based on their work intensity.

<sup>7</sup> Economic and Social Research Institute (ESRI), *Transitions Into and Out of Household Joblessness, 2004 to 2014*, September 2015. See also the evidence given by the National Economic and Social Council (NESCC) before the Joint Oireachtas Committee on Education and Social Protection, 15 January 2015.

<sup>8</sup> ESRI, *Welfare Targeting and Work Incentives*, 2014.

<sup>9</sup> ESRI, 2015.



## Not a New Problem

The challenge of Jobless Households is, as indicated above, not a new one. The ESRI, as far back as 2003, was warning that individuals in such households would, if action was not taken, "become increasingly detached from the labour market as their connections with social networks of employed people breakdown, leading to long spells of unemployment and persistent non-employment at the household level."<sup>10</sup> Its warnings were largely ignored:

"Between 2004 and 2007, a period of very low unemployment and rapid jobs growth, the share of the State's households defined as jobless recorded a double-digit increase to reach 15% of the total."<sup>11</sup>

A 2012 NESC analysis identified the following risk factors for Jobless Households:

### The Householder

- Has never worked
- Is in the unskilled manual/service social class
- Has no educational qualifications
- Is living in rented accommodation
- Has a disability

### The Household Type

- One-person household
- Lone-parent household

NESC's research also points to the complex and diverse nature of jobless households:

"Children make up nearly one-third of those in jobless households. About one-fifth are unemployed, 18% are in home duties and 12% are sick or disabled. A further 13% are students over sixteen or are adults who are otherwise inactive in the labour market."

The risk of being in a jobless household is also related to:

- **Employability.** Those who live in jobless households are more likely to have no educational qualifications, to have never worked or to be in the unskilled social class.
- **Geography.** Jobless households are not equally distributed throughout the State, reflecting variations in unemployment and participation in the labour market at regional and local level, and between and within counties and towns. Thus, any response will require a spatial dimension with a role for local organisations and communities.
- **Household structure.** Individuals at risk of joblessness are more likely to be renting their accommodation, to be single or parenting alone, and to either have a disability or to live with someone with a disability.<sup>12</sup>

Given the complexity of the challenges we believe strongly that the next Government should put in place a comprehensive Action Plan for Jobless Households.

<sup>10</sup> ESRI, *The Dynamics of Household Joblessness in a Booming Economy*, 2003.

<sup>11</sup> Michael Hennigan, *One Quarter of Irish Households Jobless*, 19 June 2014.

<sup>12</sup> NESC, *Jobless Households: An Exploration of the Issues*, June 2014



## 2. AN ACTION PLAN FOR JOBLESS HOUSEHOLDS

In a previous report<sup>13</sup> the Collins Institute argued that each government department should publish an annual Action Plan covering its most important deliverables and including a robust implementation schedule, quarterly updates and specific mechanisms for citizen consultation. This proposal is based on the very successful Action Plan for Jobs (APJ) pioneered by Minister Richard Bruton, which is built upon a whole-of-government engagement and the establishment of quarterly targets, underpinned by a robust monitoring process. Given the complexity of the challenge posed by Jobless Households we believe it makes sense for the next Government to publish a similar, cross-government Action Plan covering these households. Any such plan should, at a minimum, address the following key issues:

- Jobless Households and Disability
- Jobless Households and Childcare
- Jobless Households and NEETs, and
- Jobless Households and Geography

The goal should be to reduce the rate of Jobless Households in Ireland to the European average within a decade at most.

### Jobless Households and Disability

As noted above, about 12% of Jobless Householders are sick or disabled with major implications both for themselves as individuals and for the other individuals who share their household. Even at the height of the boom the percentage of people with disabilities in employment was only half that of those without disability. Yet data from the 2006 National Disability Survey shows that 37% of people with disabilities who were not at work would be interested in a job - equivalent to over 40,000 people.<sup>14</sup>

A Parliamentary Question from Fine Gael TD Eoghan Murphy in October 2014 shows why an employment strategy for disability is also essential if the social welfare system is to remain sustainable. The growth in numbers has been high:

- There was a 100% increase in the number of recipients of disability allowance between 1996 and 2006, from 37,054 recipients to 83,697 recipients.
- There was a further 40% increase in recipients over the following eight year period until 2014, with an estimated 108,274 recipients expected to receive the allowance in 2014.<sup>15</sup>

Ireland also has the third highest number of people on disability benefit between the ages of 20 and 34: 2.8% compared to an OECD average of 1.5%.<sup>16</sup>

While some commentators have raised concerns about the nature of this rapid increase the available evidence suggests that so-called "welfare shopping" – people moving from jobseekers allowance to disability benefits to avoid activation measures<sup>17</sup> (a phenomenon which has caused problems in some other countries) - is not at the root cause of the very large increase in disability numbers. Demographics and certain structural issues are the key drivers. Any strategy for disability should therefore, as part of an Action Plan for Jobless Households:

- Provide a framework and the timelines for the rollout of a national system of personal budgets which would give individuals with disability much greater control over what services are delivered to them and in what manner. This was a key recommendation in our recent Citizen Government report and would give the disabled much more flexibility, in creating for themselves, a package of services which would improve their participation in the labour market;
- Review the workings of the Wage Subsidy Scheme, which provides financial incentives to businesses to employ people with disability, and the EmployAbility Service, which provides employment support for the disabled and an advice service for the business community. In particular, we would support moves to reduce the number of hours which people need to work

<sup>13</sup> *Citizen Government*, [www.collinsinstitute.ie](http://www.collinsinstitute.ie).

<sup>14</sup> Disability Federation of Ireland (DFI), *Budget Submission*, June 2014.

<sup>15</sup> PQ to the Minister for Social Protection, 6 October 2014.

<sup>16</sup> DFI, *ibid.*, June 2014.

<sup>17</sup> Unlike many other forms of welfare, recipients of most disability or carers' benefits are not obliged to seek work, education or training in order to continue to receive payment. This is on the basis that recipients may not be able to work and do not have the personal resources to sustain themselves or their families.



(currently 20) to avail of the Wage Subsidy Scheme. It should also be made much easier for a person with disability to return to their entitlements if the move into employment does not work out;

- Put in place specific supports to help young people with disability transition successfully from the school environment to the workforce. In particular, transition planning within the school should begin as early as possible; and
- Ensure that all market activation programmes and local centres are skilled and resourced properly to deal with people with disabilities.

## Jobless Households and Childcare

The proportion of Irish children living in Jobless Households is nearly three times the EU average. This very worrying figure has been driven, in significant part, by the very high cost of childcare in Ireland. It is the second highest in Europe at 45% of average wages<sup>18</sup> and represents, as the European Commission has noted, a significant “barrier to female and single-parent participation in the labour market.”<sup>19</sup> We believe, therefore, that any Action Plan for Jobless Households should have, as one of its key targets, the goal of reducing the cost of Irish childcare to the European average over time. This would assist both families in the squeezed middle and parents in Jobless Households.

Budget 2016 made some significant progress with respect to delivering more affordable childcare. The Irish state’s current investment in childcare is equivalent to 0.5% of GDP, compared to an OECD average of 0.8%. The measures announced in the Budget will see its investment increasing to 0.6% by 2017. Each 0.1% increase in spending is equivalent to just under €200 million per annum.

But increased investment is not enough. It is also absolutely vital that value for money is delivered. While some have argued that more affordable childcare should be driven through tax breaks the experience of other countries, such as the UK,<sup>20</sup> shows that tax relief can deliver sub-optimal outcomes. Childcare prices tend to rise to match the tax relief available, to the disadvantage of both families and taxpayers. For that reason we believe that subventions from the state to cover childcare costs should be paid directly to providers

We also recommend that:

- Particular attention should be paid to after-school and out-of-school childcare. This is perhaps the most underdeveloped aspect of childcare in Ireland. Yet it is difficult to see how the number of children in Jobless Households can be reduced significantly without extra support for parents in this regard. School buildings and other community infrastructure should be used to the maximum extent possible to deliver quality after-school and out of school options to children generally and to vulnerable children in particular.
- Any future extension of the Early Childhood Care and Education (ECCE) programme should pay particular attention to the underlying needs of children in disadvantaged families or children suffering from disability.

## Jobless Households and NEETs

In 2014 nearly one in five of all Irish people aged between 18 and 24 were not in employment education or training.<sup>21</sup> Yet relatively “little is known about NEETs in Ireland, either in terms of their profile or their labour market transitions, i.e., the extent to which youth NEETs have transitioned into employment.”<sup>22</sup> However, it is clear that any strategy for Jobless Households must include a strategy for NEETs generally and inactive NEETs in particular (see below). 13% of jobless householders are, as indicated above, either students over sixteen or are adults who are otherwise inactive in the labour market.

It is important to recognise that Ireland’s NEET problem is not just cyclical. It is also structural.

- First, even when Ireland was at full employment in 2007 our NEET ratio was around average for the 28 EU countries, at just more than one in 10. While this does not look too bad, “given the intensity of the jobs-rich boom, lots of further education opportunities and the €1bn annual budget of FAS, the state training agency, Ireland should have had a NEET rate similar to the northern Europeans...”<sup>23</sup>

18 Indecon Report on Support for Childcare for Working Families and Implications for Employment. Report for Donegal County Childcare Committee (2013).

19 European Commission, *Recommendation for a COUNCIL RECOMMENDATION on the 2015 National Reform Programme of Ireland and delivering a Council opinion the 2015 Stability Programme of Ireland*, 2015.

20 See, for instance, *Guardian* analysis, 28 March 2015.

21 Tom Healey, From Correction to Prevention, NERI blog, May 2015.

22 ESRI, *The Impact of the Recession on the Structure and Labour Market Success of Young NEET Individuals in Ireland*, 2013.

23 Dan O’Brien, *Irish Independent*, 7 March 2014.



- Second, Ireland has a general challenge in matching sectoral growth opportunities with the skills of the unemployed. Indeed, it has one of the highest skill mismatches in the OECD.<sup>24</sup>

The OECD has divided NEETs into two groups: Those looking for work and those who are “inactive” (about 50% of the total - which is somewhat below the OECD average reflecting Ireland’s overall level of unemployment). The latter includes a large number of individuals who describe themselves as students, although they are not formally in education, and individuals who have simply withdrawn from the labour market for a number of reasons and don’t appear in the unemployment statistics. The OECD has further suggested that policy in all of its member states “should treat inactive NEETs and unemployed NEETs as two separate groups, as only the share of unemployed reacts strongly to economic fluctuations.” Inactive NEETs should be the subject of “targeted policy interventions.”<sup>25</sup>

The Government already has in place a range of strategies for NEETs who are on the unemployment registry. We suggest, however, that Ireland also needs a strategy specifically focused on four groups of NEETs:

- First, those who describe themselves as students but are not in formal education or training. Many of these individuals may simply be in transition. However, it is also possible that many who describe themselves as students are in reality detached from both formal education and the labour market.
- Second, a small percentage of inactive NEETs who do not describe themselves as students. About 60% are carers – mostly women – and a further 20% are disabled.<sup>26</sup>
- Third, “discouraged” NEETs who have effectively given up on education and looking for employment for a variety of reason, ranging from a lack of skills to drug addiction.
- Finally, those jobless young people who are long-term unemployed. The goal must be to ensure that they do not become permanently excluded from the labour market even as the economy improves.<sup>27</sup>

A recent OECD report contains a series of possible measures to help support these groups of disadvantaged youths.<sup>28</sup> It emphasises the need for intervention in a number of key areas:

1. **Special School Programmes and School-Based Interventions.** “One of the best solutions to limit the risk of drop-out from education is to intervene early at school with special programmes suited to disadvantaged groups.” Second-Chance Programmes also offer a full set of services to youth who have left high school with no qualifications. The Collins Institute will examine these issue in a future paper on education.
2. **Mentoring Programmes:** A number of studies have identified the favourable impact of natural and durable relationships with caring adults other than parents on health, self-esteem, risky behaviour and the wellbeing of adolescents. There are many different models internationally, with different success rates, which the Institute will review in a later report. For instance:
  - a. In Portugal, the Entrepreneurs for Social Inclusion programme (EPSIS) consists of one-to-one or small-group meetings between trained professionals (often psychologists or specialists of educational sciences) and 13-15 year old students, in particular those most at risk of failing their year and/or dropping out. The EPSIS staff are located in local schools, and meetings take place outside class hours. The programme is tailored to each participant’s individual non-cognitive skill deficit using individual techniques (motivational discussions, self-control, problem-solving techniques) and group techniques (study methods, social competences training, management of criticism, anxiety self-control). Overall, the programme was successful and cost-effective.
  - b. In Germany, the Qualifications and Connections programme (Abschluss und Anschluss – Bildungsketten bis zum Ausbildungsabschluss) targets low-performing students around the age of 16 years in the lowest of the three German secondary-school types. It is a four-year programme to help youth make a smooth transition to the next educational level and avoid / prevent them from dropping out. The counsellors help increase motivation, define expectations, analyse students’ potential, identify the young participants’ interests and provide occupational guidance. Students are mentored until completion of their first year in vocational training. The programme involves over 1,000 basic and special secondary schools. Around 2,000 mentors were trained and recruited to work on the programme. The programme is too recent to have been comprehensively evaluated, but

<sup>24</sup> See *The Enabling State* report which accompanies this paper.

<sup>25</sup> OECD, *NEET Youth in the Aftermath of the Crisis*, 2015.

<sup>26</sup> DSP?, *Pathways to Work: The Implementation of the EU Council Recommendations for a Youth Guarantee*, 2013.

<sup>27</sup> See European Foundation for the Improvement of Living and Working Conditions, *NEETs: Characteristics, Costs and Policy Responses in Europe*, 2012.

<sup>28</sup> OECD, *NEET Youth*, 2015.



preliminary evidence suggests that even though no significant improvement in school grades can be found, transitions to vocational preparation programmes significantly increased.

c. In the United States, Big Brothers Big Sisters of America is one of the oldest and largest mentoring programmes. An estimated five million American youth are currently involved in volunteer mentoring programmes nationwide, including more than 100,000 participants in Big Brothers Big Sisters. Agency staff match volunteers with youth on the basis of a variety of factors, including shared interests. Mentors and mentees establish a relationship on evenings or the week-end outside school, and engage in various activities such as conversation, culture or sport. A 2002 study evaluated the impact of this programme on self-esteem and a number of educational and social outcomes, such as grades and school attendance, social assistance receipt, violence and drug use. It found that adolescents in mentoring relationships that lasted a year or longer reported the largest number of improvements, notably less violent behaviour and substance abuse and better school attendance, with progressively smaller effects emerging among youth who were in relationships that terminated earlier. Older adolescents, as well as those who had sustained emotional, sexual or physical abuse, were most likely to be in relationships terminating early.

3. **Apprenticeships:** Within Germany estimated returns to an apprenticeship have been calculated at between 15-20%. However, in order for apprenticeships to work for the most disadvantaged two things are necessary:
  - a. Training positions equivalent to apprenticeships must be created in sufficient numbers for those who fail to get one in the regular system; and
  - b. Preparation for apprenticeships is key to the successful transition from traditional education to training programmes, such as the Job Start scheme in Finland or the "pre-apprenticeship" training schemes in Germany.

The Government's announcement of an expanded apprenticeship programme in Ireland, earlier this year, provides an excellent platform onto which a strategy for inactive NEETs could be grafted.

## Jobless Households and Geography

The OECD has stated that one of the key challenges facing the delivery of welfare in Ireland is its limited flexibility at local level. This lack of local control is a particular problem for any strategy with respect to Jobless Households, since the prevalence of household joblessness varies significantly by geography with the border counties experience particularly high rates.<sup>29</sup> In order to address this issue we have included below a series of proposals to make local services much more focused on Jobless Households and to give the Social Enterprise sector an important role in the overall strategy.<sup>30</sup>

### A More Localised and Flexible Intreo Service

Intreo is a relatively new service from the Department of Social Protection which acts as a single point of contact for all employment and income supports. We propose that its local offices should be given much more control and flexibility, following the model developed by the German "Perspective 50 Plus" plan. This plan identified two strategic priorities:

- Tackling the challenge of long-term unemployment of older workers; and
- The need for greater involvement of local stakeholders in tackling this problem.

Rather than mandating a specific approach, the Ministry of Labour and Social Affairs launched a call for proposals from all 453 job centres across the country. Sixty-two employment pacts with 93 joint agencies or local authorities (job centres) were chosen. The successful projects received a total of €250 million in grants to implement their ideas and schemes. Subsequent evaluations of this initiative<sup>31</sup> have been very positive indicating that the programme managed to re-integrate substantial numbers of long-term unemployed workers (in excess of 22,000 in 2 years). Evaluations of the programme have pointed to three elements that were identified as key drivers of success: a) a relatively free budget; b) a regional and local approach; and c) high flexibility of the instruments.

We propose that a similar type scheme be rolled out across Ireland's network of Intreo office, working closely with local agencies, businesses and CSOs. As in Germany successful applicants should be given more flexible budgets. However, we recommend

29 NESC, 2014. ESRI, 2015.

30 See also our accompanying report, *The Enabling State* at [www.collinsinstitute.ie](http://www.collinsinstitute.ie).

31 See, for instance, [www.oecd.org/employment/leed/37729545.pdf](http://www.oecd.org/employment/leed/37729545.pdf).

that the concept should be expanded beyond the long term unemployed and be used to help deliver innovative new policies to reduce Ireland's rate of Jobless Households. It should focus, in particular, on three groups besides the long term unemployed:

1. NEETS;
2. People with Disability; and
3. Single Parents.

However, it is clear that any increased flexibility at local level will also require at a minimum:

- A reduction in the ratio of clients to case officers which currently stands at around 500:1; and
- A reporting system which will allow the performance of local offices, with respect to specific targets, to be assessed.

We also propose that a Single Assessment Tool should be rolled out across government with the goal, among other things, that welfare clients need only need submit their information once. That information should then be used, with all essential safeguards in place, by any authorised agency or body from which the client wishes to receive a service. Such a system will, in our view, help ensure that a more decentralised system can work as efficiently as possible

### The Social Enterprise Sector

With their combination of social and economic goals, we believe that Social Enterprises are potentially well placed to reach out to many of the marginalised groups of citizens who constitute Jobless Households in Ireland. Our accompanying report, *The Enabling State*, recommends that the Social Enterprise sector in Ireland could be energised through the rollout of Social Impact Bonds<sup>32</sup> and the creation of a Social Action Fund.

- We propose that the Department of Social Protection establish a Social Innovation Fund to test new social investment and delivery models to help reduce Jobless Households in Ireland. It should be 100% based on payment by results and be commissioned by open competition. External investment of up to €25 million should be sought initially, supporting a range of different Social Impact Bonds.
- We also recommend that the Government creates a Centre for Social Action to support and grant aid programmes which, among other things, support formal and informal volunteering at a local level which is focused on key groups of citizens within Jobless Households, e.g., carers. A similar type centre in the UK provides funding in the form of grants, between £50,000 and £500,000, to local social enterprises with the potential of national scaling. The grant is managed in a similar way as a venture capital investment with additional non-financial support provided as required.

<sup>32</sup> Under this model investors fund the costs of an individual welfare project or service, with clearly identified social targets, and are paid back based the outcomes achieved. The evidence from the UK and elsewhere suggests that this approach can deliver significant results.



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