

14 The winding down of the Job Initiative scheme

- 14.1** The Department of Social Protection (the Department) oversees the provision of income support and other social services under a wide range of schemes. Scheme expenditure of €24.2 billion in 2023 was funded through the Vote for Social Protection and the Social Insurance Fund.
- 14.2** The Department managed over 90 schemes in 2023. Three of the schemes are closed to new applicants, but the existing participants on these schemes continue to receive income support. One such scheme is the Job Initiative (JI) scheme which has been closed to new applicants since 2004, and cost €10.7 million in 2023.
- 14.3** This examination was undertaken to review the structure and control environment of the JI scheme, and to assess the Department's strategy to wind down the scheme. The examination team reviewed key documents and data produced by the Department, interviewed relevant members of the Department staff, and analysed the scheme data.

Background to the Job Initiative scheme

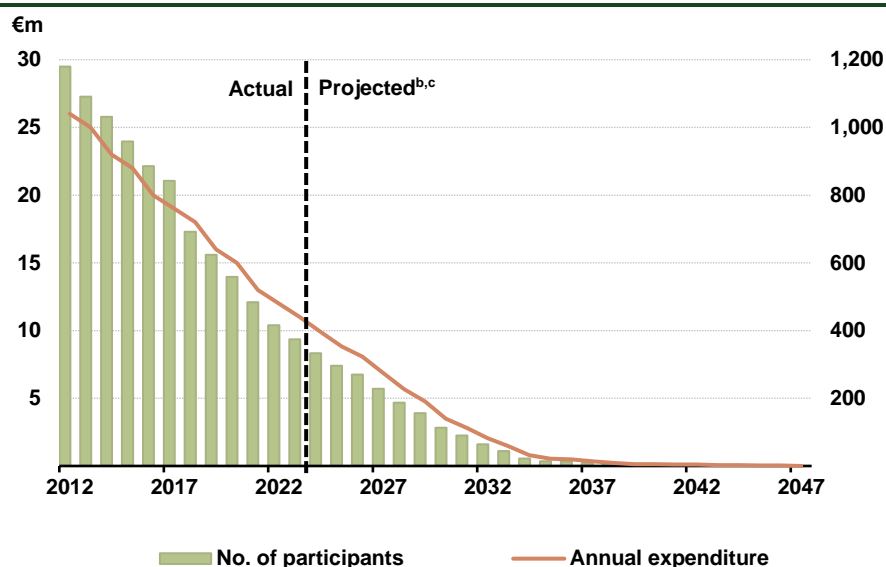
- 14.4** The JI scheme was launched by the Minister for Enterprise and Employment in 1996 as a labour market activation initiative. The main purpose of the scheme was to assist long-term unemployed people to prepare for work by providing participants with work experience, and training and development opportunities. The scheme was designed to provide full-time employment for a fixed-term of three years to persons who met the eligibility criteria. Applicants for the scheme had to be
- 35 years of age or over
 - on the live register, and
 - in receipt of unemployment allowance/benefit or lone parent allowance for five years or more.¹

1 Members of the Irish Traveller community, of any age, were also eligible to apply providing they had been in receipt of lone parent allowance for one year, or in receipt of unemployment assistance for any period.

2 Responsibility for the JI scheme was transferred to the Department of Social Protection with effect from 1 January 2012.

3 The JI scheme weekly rate effective from 1 January 2024 is €519. Rate increases are aligned with social welfare budgetary increases and cost of living increases.

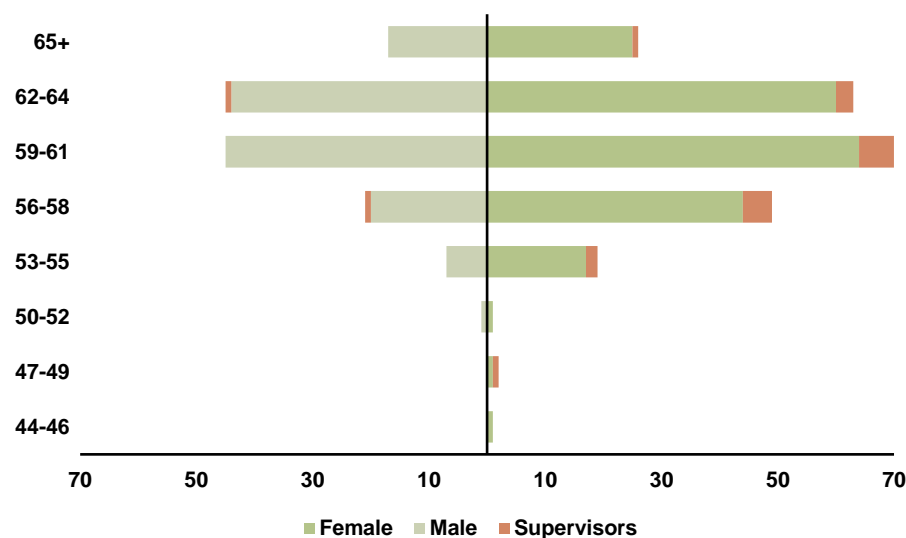
- 14.5** Recruitment onto the JI scheme ceased from 10 November 2004. At that time, the Minister announced that following a review of An Foras Áiseanna Saothair (FÁS) employment schemes, there would be no compulsory lay-offs from the JI scheme and those on the scheme would have their contracts renewed. As a result, those on the JI scheme at that date have a right to remain working on the scheme until they reach statutory retirement age.
- 14.6** Since the Department took over the administration of the JI scheme in 2012, participant numbers have decreased from 1,180 participants to 374 participants as at December 2023, a reduction of almost 70%.² Over the same period, scheme expenditure has decreased by almost 60% (see Figure 14.1). The Department funds the scheme through payments based on a standard weekly rate per participant, plus an allowance for materials costs.³

Figure 14.1 JI scheme expenditure and participant numbers, 2012 to 2046^a

Source: Department of Social Protection. Analysis by the Office of the Comptroller and Auditor General.

- Notes:
- a In line with the approach of the Department to retain participants on their existing employment schemes throughout periods of lockdown, participants continued to receive their full payment during 2020 and 2021.
 - b Projected participant numbers 2024 – 2046 are based on participants exiting the scheme at retirement age only.
 - c Projected expenditure is estimated using rates as of 1 January 2024 and includes participant's wages, material costs, Christmas bonus and supervisory rates.

14.7 Around 70% of current participants will leave the JI scheme in the next eight years as they reach the mandatory retirement age of 66 (see Figure 14.2). However, with effect from January 2024, supervisors on the scheme can opt to defer retirement up to the age of 70.¹ If all participants were to remain on the scheme until mandatory retirement, the scheme would naturally come to an end in 2046.

Figure 14.2 Age profile of JI scheme participants at December 2023

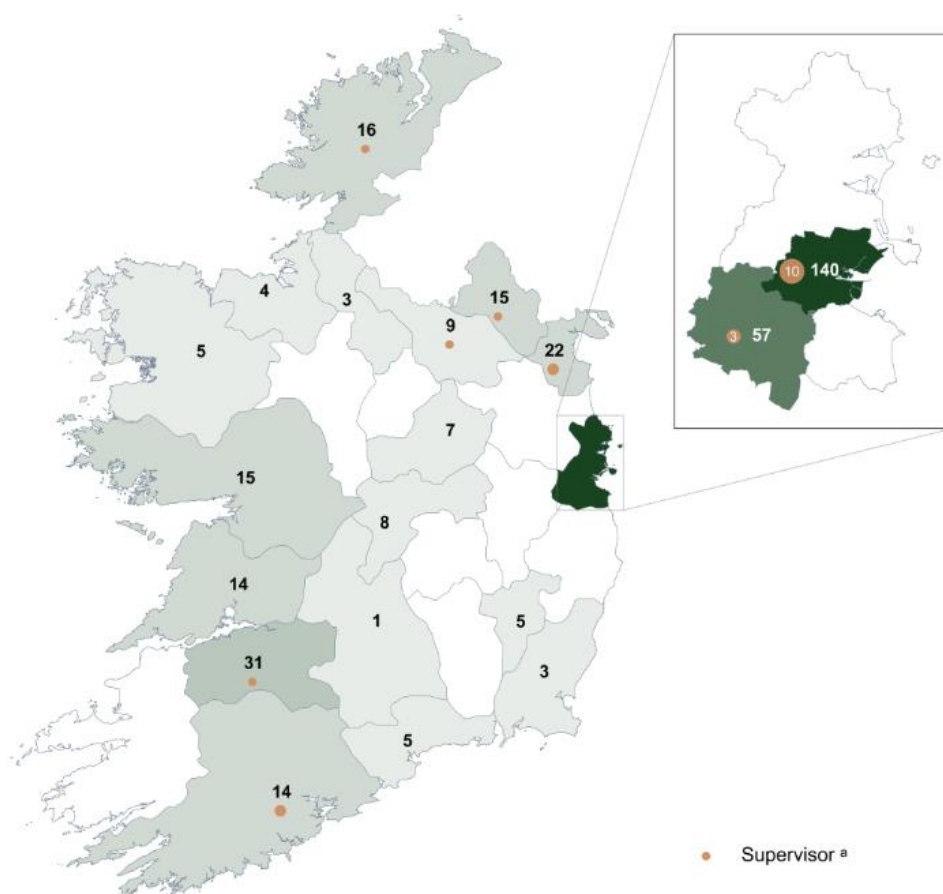
¹ Introduction of pension reforms, effective from 1 January 2024, provided supervisors with flexibility to retire on any date between the age of 66 and 70.

Source: Department of Social Protection. Analysis by the Office of the Comptroller and Auditor General.

Job Initiative scheme projects

- 14.8** The JI scheme is sponsored by groups wishing to benefit local communities i.e. voluntary organisations, public bodies and those involved in not-for-profit activities. JI scheme participants are considered to be in full-time employment with wages paid by the project sponsor, and reimbursed by the Department on a four-week cycle basis. The responsibilities of the Department, the project sponsor, the participant and the supervisor are set out in Annex 14A.
- 14.9** As of December 2023, there were 38 active JI scheme projects funded by the Department, with the highest concentration of participants in the Dublin region (53%) and the remainder dispersed throughout the country (see Figure 14.3). Funding for existing JI sponsored projects is applied for on an annual basis. However, each project can fund a variety of employment roles in different locations (see example in Figure 14.4).

Figure 14.3 Distribution of JI scheme participants



Source: Department of Social Protection. Analysis by the Office of the Comptroller and Auditor General.

Note: a 21 of the 374 JI scheme participants act in a supervisory capacity. The number of participants shown in each region is inclusive of supervisors. 13 supervisors are active in the Dublin region. The remaining counties have between zero and two supervisors as denoted.

Figure 14.4 Outline of one Dublin based JI project with eight participants

Location	Job Description
Blanchardstown	Advocate on behalf of travellers
	Project support worker with early school-leavers
	Centre attendant — garden and building work
	Administration duties — reception and office duties
Coolmine	Administration duties for sports and leisure club
Dublin 15	Reception duties for psychotherapy service
Mulhuddart	Home support coordinator — persons with disabilities
Porterstown	Grounds person — maintain sports ground, grass cutting etc.

Source: Department of Social Protection

- 14.10** A number of project sponsors on the JI scheme are also sponsors of the Community Employment (CE) scheme. The CE scheme is an active employment programme similar in nature to the JI scheme.¹ The Department provides funding on both schemes for participant's wages, supervisor wages, materials costs and training and development.² However, CE placements are generally for a period of one year, while JI participants are effectively in permanent employment. Other key differences relate to the number of hours per week that are eligible for payment, and the weekly payment rate (see Figure 14.5).

Figure 14.5 Comparison of employment programmes

Programme	Aim	Weekly rate ^a	Hours per week	Hourly rate	Programme duration
Job Initiative scheme	To help people who are long-term unemployed to get back to work	€519	39	€13.31	Contracts renew annually until retirement age ^b
Community Employment scheme	To help people who are long-term unemployed to get back to work	€259.50	19.5	€13.31	One year with a further two year extension if training for a major education award, or if over 55 years of age ^c
Rural Social scheme	To help low-income farmers and those engaged in fishing	€259.50	19.5	€13.31	One year, but can be extended annually if participant continues to meet all the scheme criteria, until retirement age
Tús	To provide short-term working opportunities for unemployed people	€259.50	19.5	€13.31	One year work placement

Source: Department of Social Protection. Analysis by the Office of the Comptroller and Auditor General.

- Notes:
- a The rates shown are the minimum payment rates effective from January 2024.
 - b When active (from 1996 – 2004), programme participation was capped at three years.
 - c CE participants who are over 60 years of age can remain on the programme continuously until they qualify for a State pension.

1 When the JI scheme closed in 2004, the Minister stated that JI participants who leave voluntarily will be replaced by community employment participants to continue to support the service being provided.

2 Training and development is not actively promoted to participants on the JI scheme. JI participant training costs totalled €1,700 in 2023.

Supervisors

- 14.11** 21 of the 374 JI scheme participants act in a supervisory capacity, paid on a scale ranging from €746.22 to €901.27 per week. Since the closure of the scheme in 2004, and the continuation of existing supervisors in their roles indefinitely, participants have been unable to progress to supervisor roles and as a general rule, supervisors who retire or resign are not replaced. The Department deals with gaps in supervision that arise on a case-by-case basis, to ensure that adequate supervision is provided.
- 14.12** The Department stated that while some participants may have been promoted to supervisor since 2012, it does not have reliable data on the number or timing of these promotions.

Effectiveness of the JI scheme

- 14.13** The initial purpose of the JI scheme was to assist long-term unemployed people to prepare for work opportunities, through providing participants with work experience and training and development opportunities for a maximum duration of three years. As JI participants now remain on the scheme until retirement age, it no longer functions as a labour activation scheme.
- 14.14** The JI scheme now provides full-time employment (for over 20 years), funded by the Department, in organisations benefiting the local community. The success of the scheme therefore cannot be measured through progression of participants into the workforce. The Department does not monitor or maintain records of the number of participants leaving the scheme for reasons other than reaching retirement age.
- 14.15** The JI scheme has evolved into a social inclusion scheme and the Department currently has no measures in place to monitor the effectiveness of the scheme in its current format.

Impact of declining numbers on the operation of the scheme

- 14.16** The examination team reviewed the Department's guidance for its staff and project sponsors, the controls in place for the funding of the JI scheme and the impact that declining participant numbers has had on the operation of the JI scheme in its current format (see Figure 14.6).

Figure 14.6 Observations on the current format of the scheme

Feature of the scheme	Observations of the examination team
Eligibility of participants is based on their employment status at the time the scheme closed in 2004.	<p>From a sample of 25 participants reviewed, the examination found that in one case, the participant was engaged in full-time employment with another body. This was in addition to the 39 hours per week worked with the project sponsor.</p> <p>The Department has stated that participants are entitled to undertake other employment outside of the 39 hours' attendance required under the JI scheme and that it is impossible to identify participants with more than one employment without examining each JI participant individually which is time consuming with the potential cost outweighing the benefit.</p> <p>Attendance checks are carried out by Community Development Officers (CDOs) as part of the financial monitoring process. If cases like this do come to light, the CDO is notified to confirm that 39 hours are being worked on the JI scheme.</p>
Guidance issued to the Department staff and JI scheme sponsors	<p>The guidance was last updated in 2019 and does not take into account the decline in participants and project numbers over recent years.</p> <p>It does not provide direction to Department staff on how to manage projects that are becoming unviable.</p> <p>Each project is dealt with on an ad-hoc or individual basis as issues arise.</p>
<p>Scheme funding conditions require project sponsors to have</p> <ul style="list-style-type: none"> ▪ audited financial statements ▪ independent audit reports ▪ insurance for the project ▪ a separate bank account 	<p>Out of five projects reviewed, in one case the Department accepted a copy of the financial statements without a signed independent auditor's report.</p> <p>The requirement to have a separate bank account for JI scheme funding applies to all projects, regardless of the number of participants. 45% of projects have five or less participants.</p> <p>Approximately half of the JI sponsors also sponsor a CE project and are therefore paying for two end of year audits and two insurance policies.</p>
Scheme administration	<p>There is an administrative cost burden for the Department as staff are required to undertake control checks on each four-week payment cycle and final reconciliations regardless of how small the project is.</p> <p>For those organisations that sponsor both CE and JI, administrative tasks are duplicated for both approval of the renewal application and payments.</p>
Monitoring visits	<p>The Department's practice is to carry out a minimum of one annual monitoring visit for each project. Meetings held as part of the visit are the only time the Department conducts interviews with the JI scheme participants and supervisors.</p> <p>During Covid-19, remote financial inspections were conducted. The Department stated during this review that on-site monitoring visits were reinstated in 2022.</p> <p>The examination team found that for one of the five JI projects reviewed, the Department had not carried out an on-site visit since 2019. However, a remote financial inspection was conducted in 2023.</p>

Source: Department of Social Protection. Analysis by the Office of the Comptroller and Auditor General.

Strategy for winding down the scheme

- 14.17** In 2023, the policy unit of the Department conducted an internal review of the JI scheme and considered three possible options for the future of the scheme (see Figure 14.7). However, no decision on the future of the JI scheme has been made to date. There is currently no formal strategy in place to wind down the JI scheme, and issues continue to be dealt with on an individual basis as they arise.

Figure 14.7 Options for winding down JI scheme

Continue to allow to phase out naturally

With the participants/supervisors remaining on the JI scheme until retirement age, the JI scheme may potentially go on until 2046 at an approximate cost of €60 million.

Considerations:

- Some closures and amalgamations of individual JI scheme projects due to the decrease in participants have already begun.
- While it may be a feasible option for the Dublin-based projects to amalgamate, this is not the case for other parts of the country (see Figure 14.3).
- There is a risk of supervisors continuing in employment with no participants to supervise, and vice versa.

It is evident that as the numbers on the programme decline, the programme becomes financially unviable for sponsors.

Merge with Community Employment scheme

The Department could provide the facility for CE sponsors to take over the management of JI scheme employees. With the JI scheme merging with the CE scheme, the approximate cost will remain at €60 million plus additional administrative/IT costs to facilitate the move.

Considerations:

- This would need to be done in compliance with TUPE provisions.¹
- Suitability of the Department systems to hold dual schemes/roles for the same sponsor.
- Material and payment rate differences and how this would impact the scheme budget.

This may be of particular interest to those sponsors who operate both JI and CE schemes, where the participants can continue their employment with the same employer with no change to their terms of employment.

Discontinue the scheme

The scheme could be discontinued at a point in time.

Considerations:

- A redundancy package would need to be in place in line with standard employment laws.
- Savings to the Exchequer could be partly offset by a move of the participants to another social welfare payment scheme (e.g. jobseekers benefit).
- This could have the effect of increasing the number on the live register.

An assessment would need to be carried out as to how the current services delivered under the scheme can be replaced and at what cost to the Exchequer. There are also significant contractual and legal factors to be considered prior to pursuing this option.

Source: Department of Social Protection.

¹ TUPE is the term used for a transfer of undertakings when employees are moved to a new employer as part of a legal merger or the sale of a business and is covered by the [European Communities \(Protection of Employees on Transfer of Undertakings\) Regulations 2003](#).

Conclusions and recommendations

- 14.18** With no recruitment since 2004, JI scheme participants have been part of an inactive programme for 20 years. The scheme no longer functions as a labour activation scheme with the aim of preparing participants for work opportunities. The scheme provides full-time employment for the participants, in organisations that benefit their local communities and so has evolved into a social inclusion scheme, the positive outcomes of which are difficult to evaluate. As a result, the success of the scheme can no longer be measured through progression of participants into the workforce.
- 14.19** The audit found evidence from a sample of 25 participants examined that one was also working full-time outside of the scheme. This is not contrary to scheme rules.
- 14.20** Due to the age profile of the current participants, the JI scheme will come to an end in 2046 with the participant number reaching single digits by 2037 (see Figure 14.1). Department staff and project sponsors have begun to address issues arising due to project viability on an individual and ad-hoc basis, with no formal strategy or common approach adopted or documented.
- 14.21** The procedures in place have not been reviewed for a number of years and may not reflect the current circumstances of the scheme. The processes and controls are no longer commensurate with the number of participants on the scheme or reflective of the resulting challenges (see Figure 14.6).

Recommendation 14.1

For schemes that are designed to wind down over a protracted period, the Department should periodically (e.g. at least every three years) review the operating controls and procedures in place to ensure that they are still fit for purpose as the numbers on the scheme decline.

Accounting Officer's response

Agreed

Timeline for implementation

The Department will review the Job Initiative scheme in the second half of 2025 and every three years thereafter.

Annex 14A Roles and responsibilities

Roles	Responsibilities
The Department	<ul style="list-style-type: none"> ▪ Approves funding on an annual basis for each project ▪ Issues an annual grant agreement to the project sponsor ▪ Carries out financial monitoring visits ▪ Reviews the income and expenditure statement of the project prior to final payment
Project sponsor	<ul style="list-style-type: none"> ▪ Applies for project renewal on an annual basis ▪ Issues the employment contract to the participant^a ▪ Provides an organised work programme to the participant and ensures insurance policy is in place ▪ Submits claims for payment in four-week cycle ▪ Facilitates financial monitoring visits ▪ Provides supporting documentation, audited accounts, and an auditor's report to the Department
Participant	<ul style="list-style-type: none"> ▪ Completes 39 hours work per week ▪ Signs a daily attendance record ▪ Is available for interview as part of the Department monitoring visits
Supervisor	<ul style="list-style-type: none"> ▪ Completes 39 hours work per week ▪ Oversees the administrative, technical and participant development aspects of the project ▪ Attends training and briefing sessions organised by the Department

Source: Department of Social Protection. Analysis by the Office of the Comptroller and Auditor General.

Note: a JI scheme participants are employees of the project sponsor and not of the Department.

