



An Roinn Gnóthaí Fostaíochta
agus Coimirce Sóisialaí
Department of Employment Affairs
and Social Protection

IGEES

Irish Government Economic and
Evaluation Service

The Covid-19 Pandemic and the Labour Market: An Analysis of PUP Recipients

Ailbhe Brioscú

Department of Employment Affairs and Social Protection

Dublin Economic Workshop

8th September 2020

Please note: All figures are provisional only and are subject to revision.

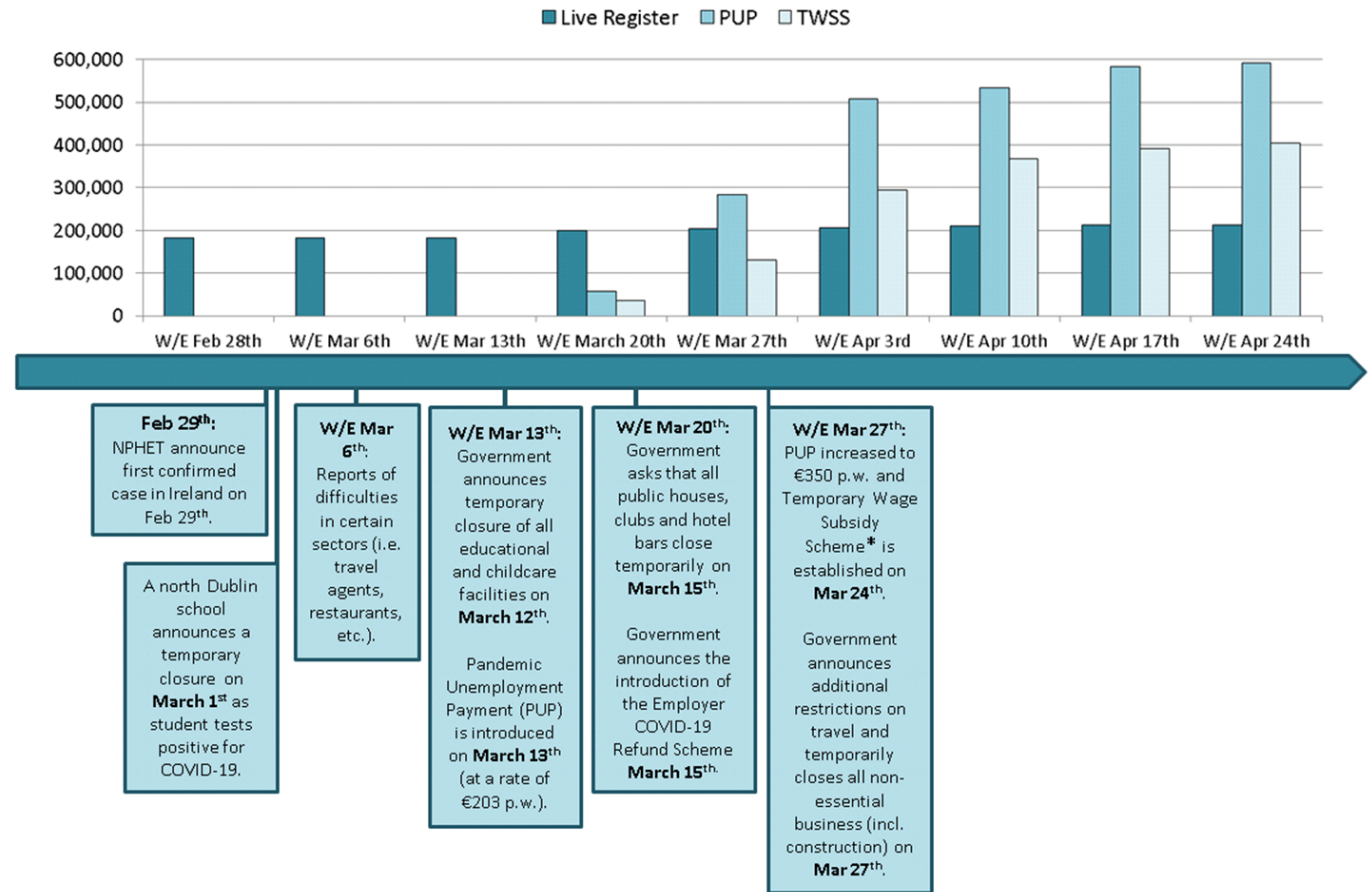
The Onset of the Pandemic

The pandemic was an abrupt & adverse shock to the economy.

With many sectors and activities forced to close in line with public health restrictions, COVID-19 adjusted unemployment peaked at 28.2 percent in April.

DEASP acted quickly to introduce emergency income supports to assist displaced workers.

By the end of April, over 1.1 million people were in receipt of State supports to the labour market, either via the LR, PUP or the TWSS.



The Onset of the Pandemic ... cont'd ...



A Working Paper, entitled “*The Initial Impacts of the COVID-19 Pandemic on Ireland’s Labour Market*”, was published on May 5th by DEASP, prepared in collaboration with the Central Bank of Ireland for consideration by the Labour Market Advisory Council.

This paper found that in the initial weeks of the pandemic:

- On the basis of jobs lost (or displaced), the most severely impacted sectors are Tourism, Hospitality and Food Services; Retail; and Construction.
- Those who had lost their jobs were more likely to be young, low-skilled and previously in part-time employment, than the population average - reflecting the higher share of these workers in the sectors most affected (Retail and Hospitality).
- In examining the financial position of households, those previously employed in sectors where the fall in employment is at least 25 per cent hold 2.4 per cent of their income as financial buffers, less than two weeks of gross income.

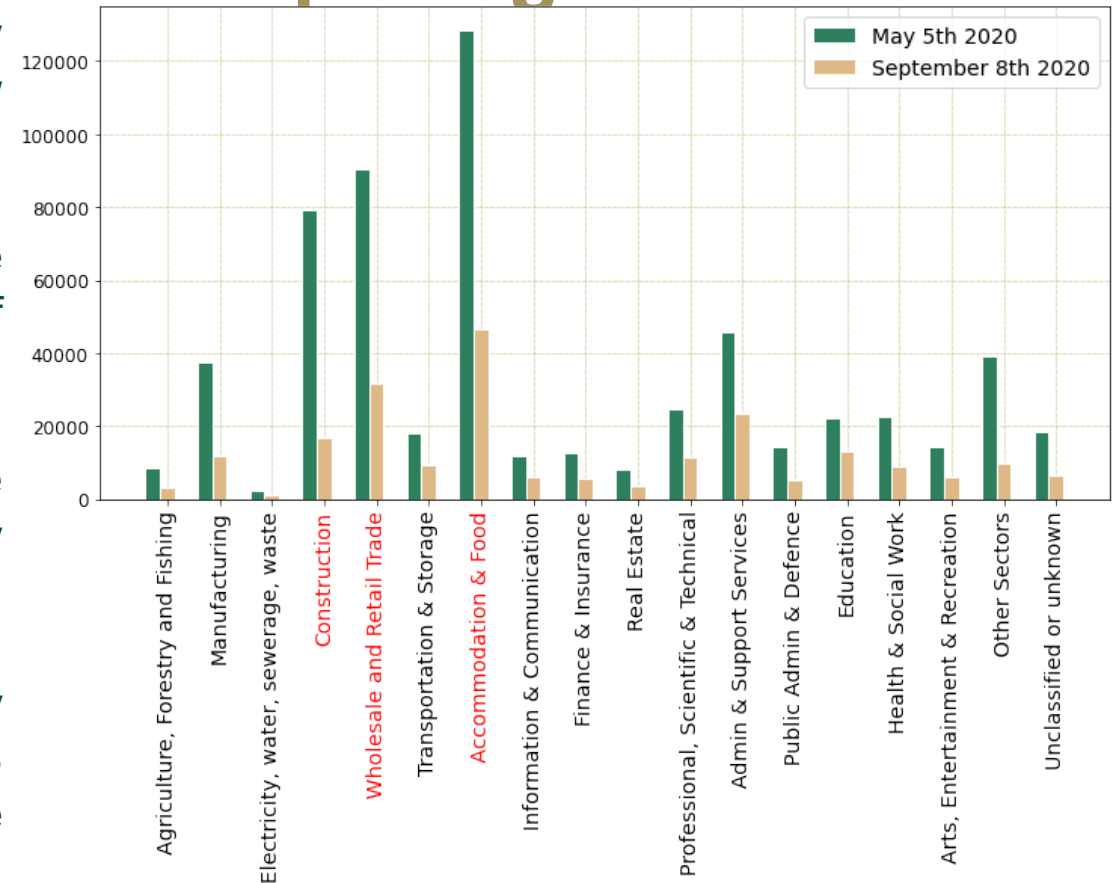
The Impacts of Reopening

Those sectors shutdown or most disrupted by the pandemic and containment measures, saw the largest inflows to the PUP (*in red*).

As the economy continues to reopen, these sectors are now seeing the highest levels of claims closed.

There are now 219,900 people in receipt of the PUP (Sept 8th), 63% reduction from the May 5th peak.

360,000 employees are currently supported by the TWSS, with ~ 242,400 moving from TWSS to non-subsidised employment to date (*Revenue release, Sept 3rd*).

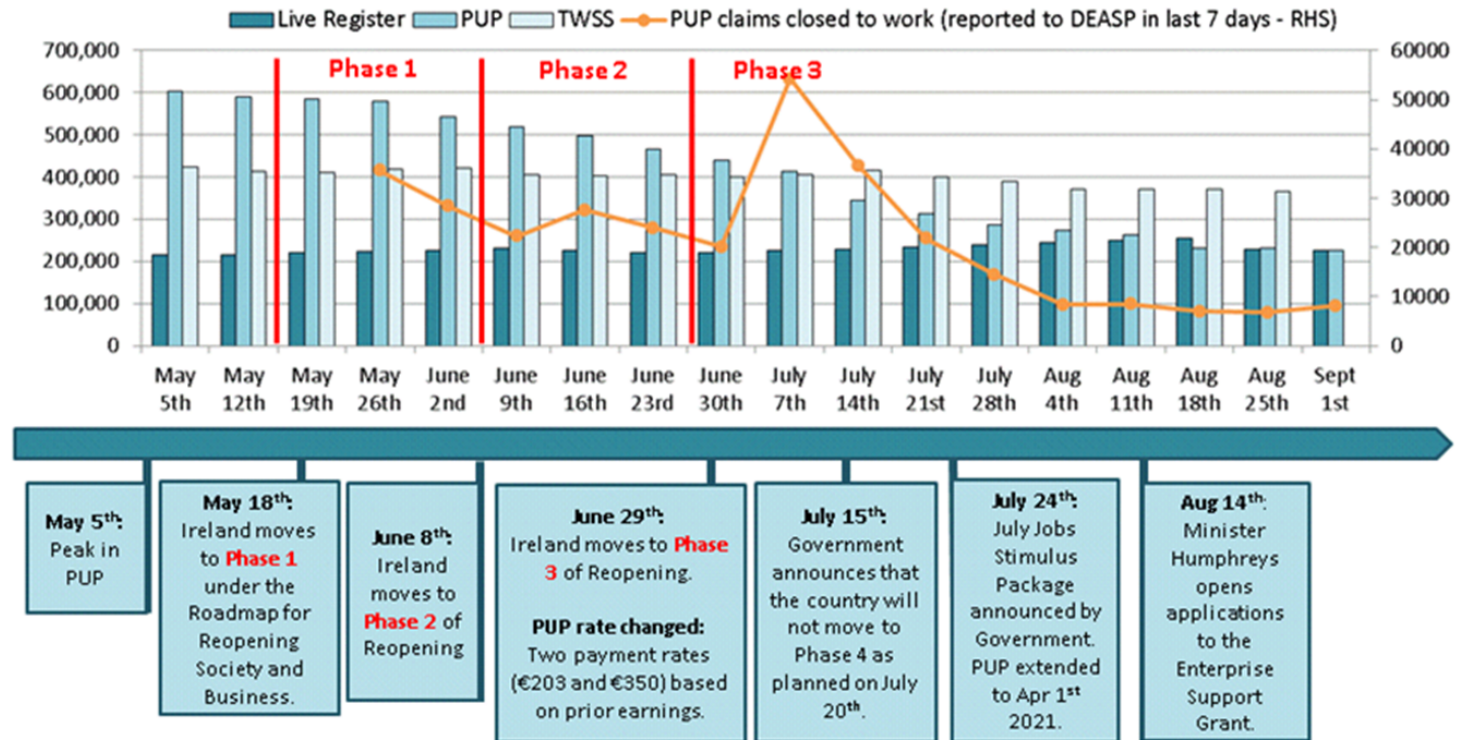


Data source: *DEASP Administrative Data* (note: Sectoral breakdown and data source differs to CSO sectoral breakdown).

The Impacts of Reopening ... cont'd ...

July's Covid-19 Adjusted Unemployment Rate was 16.7 percent, down from 23.1 percent in June.

Momentum in 'outflows' / 'claims closed' is anchored to reopening phases. The majority of outflow activity in sectors is during (and sometimes immediately prior to) their given reopening phase.



Note: For PUP claims closed, there is a time lag (approximately 10 days) between notification to DEASP and being reflected in the stock data.



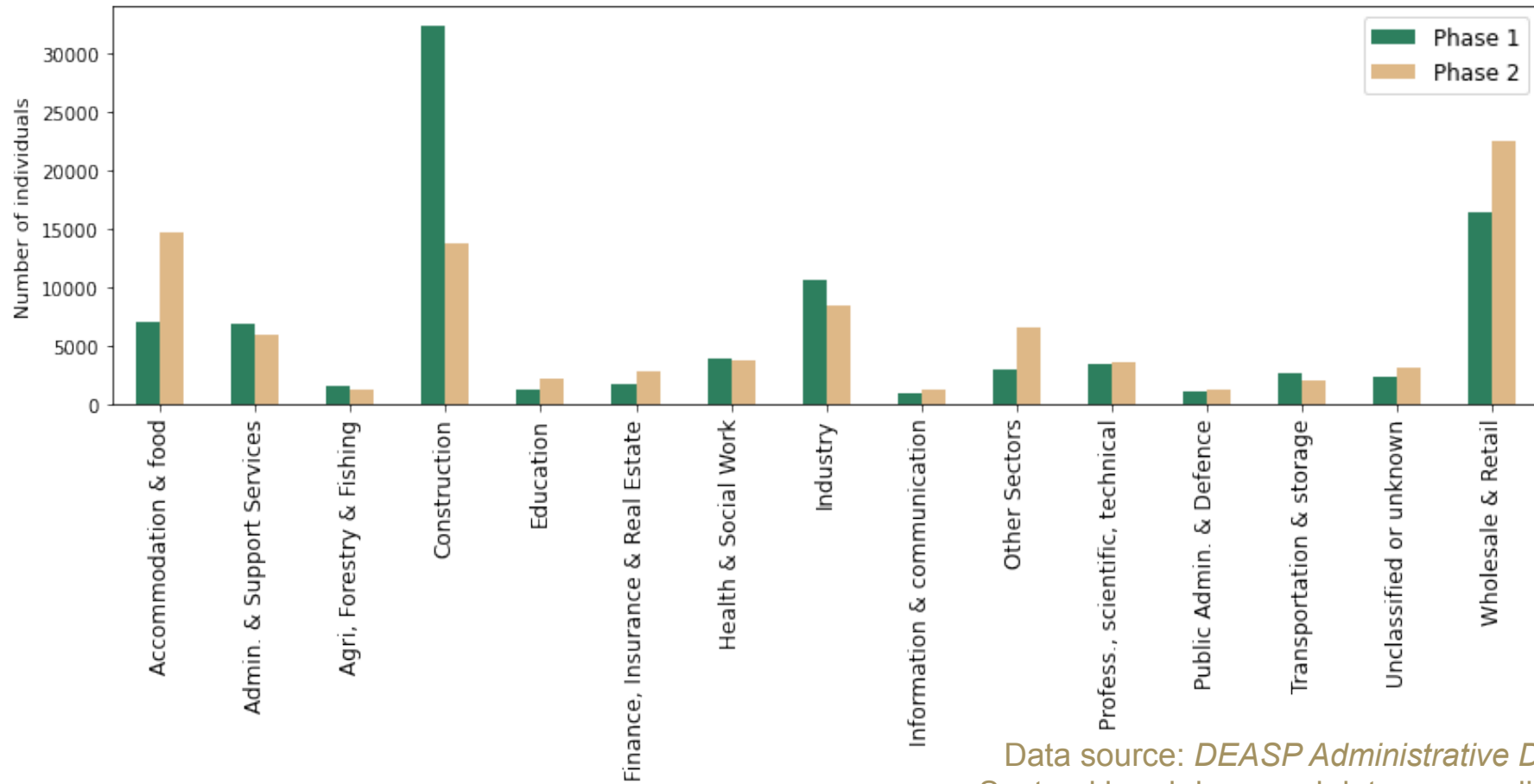
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Phase 1 and 2 Impacts:

Re-opening Ireland – Profiling those returning to work *

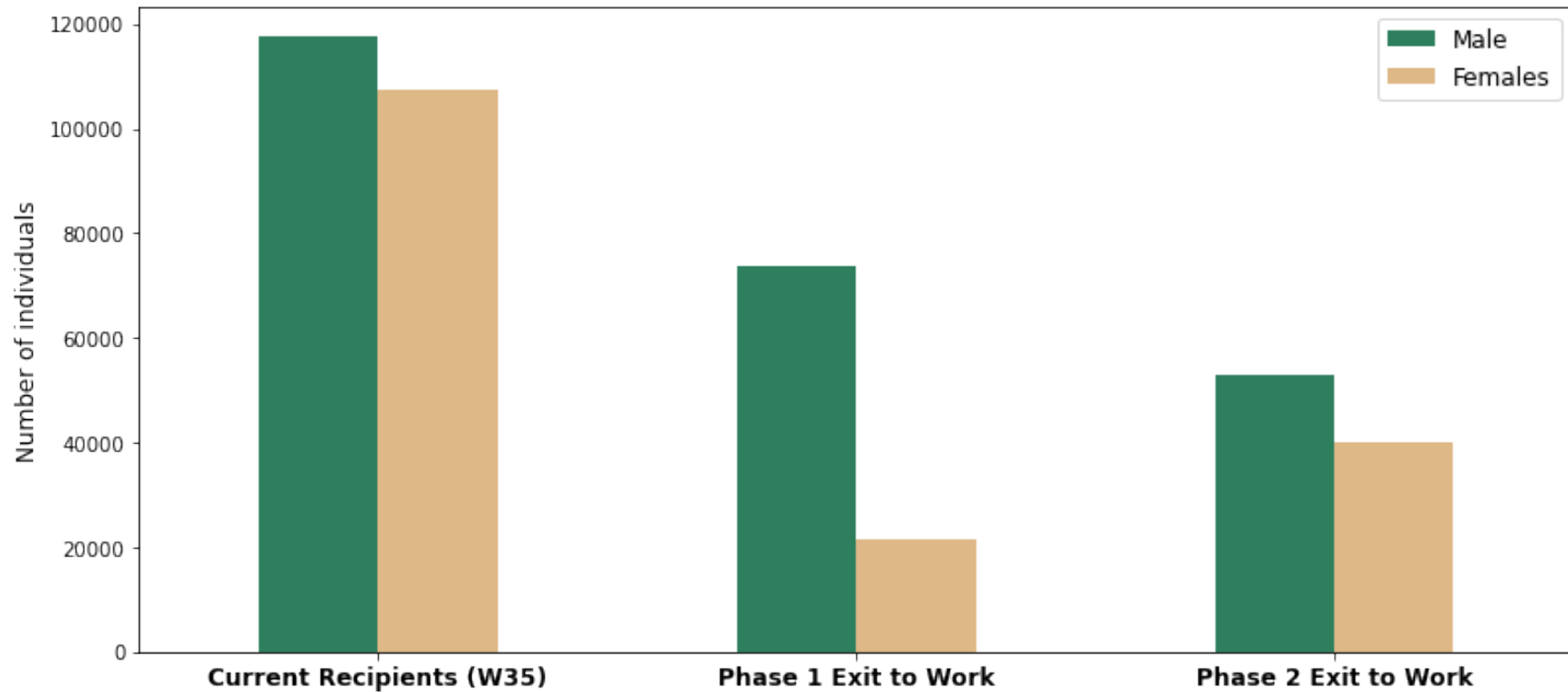
* *Exits or returns to work refer to individuals who closed their PUP claim and entered “Returning to Work” as their reason for doing so.*

Sectoral Breakdown of Phase 1 vs Phase 2 Exits to Work

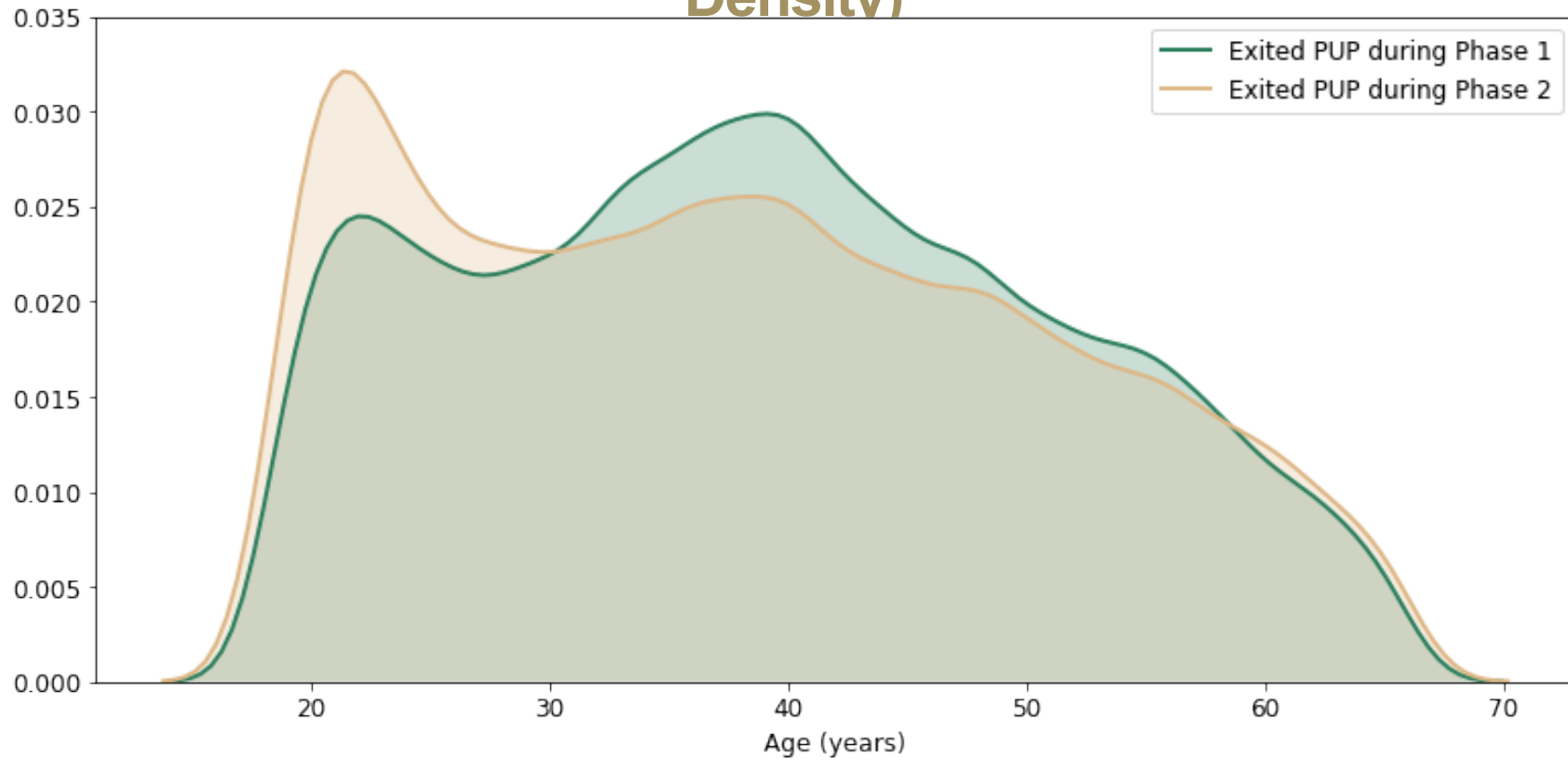


Data source: *DEASP Administrative Data* (note: Sectoral breakdown and data source differs to CSO sectoral breakdown).

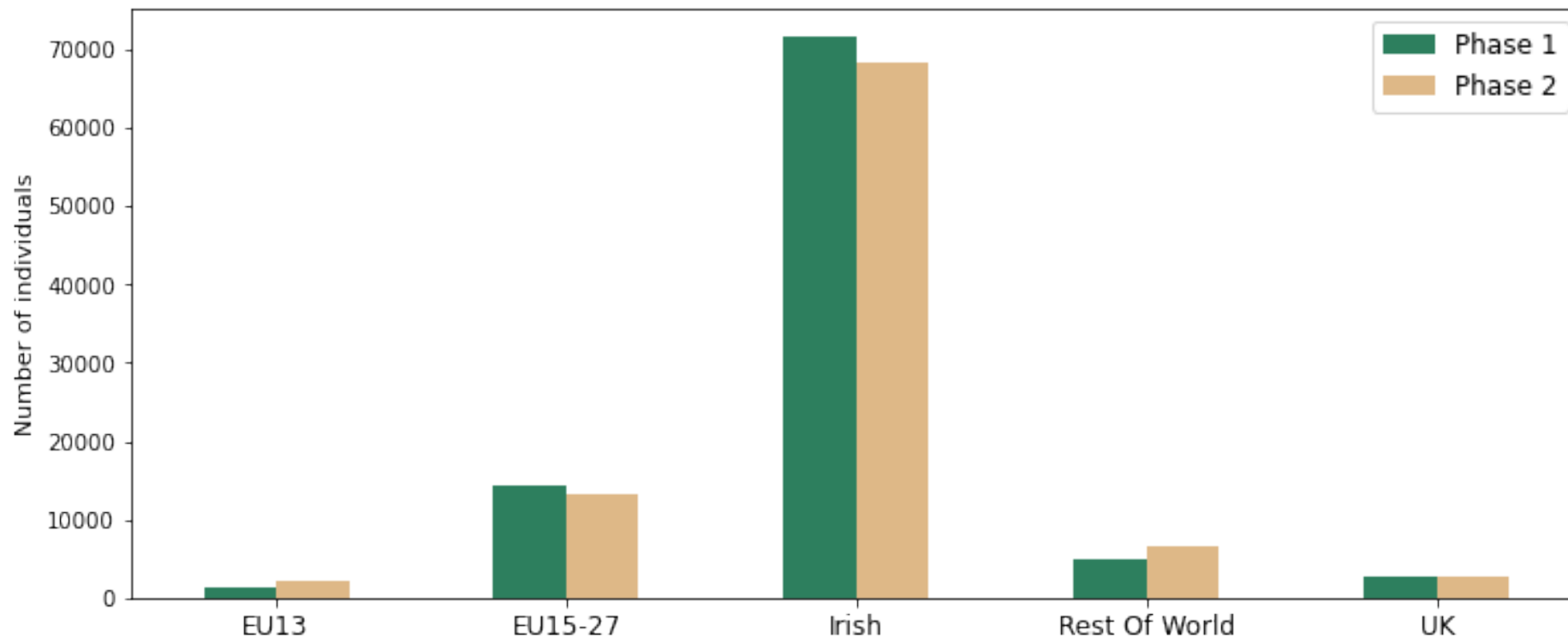
Gender Breakdown of Phase 1 and 2 exits to Work and Current Recipients (W35)



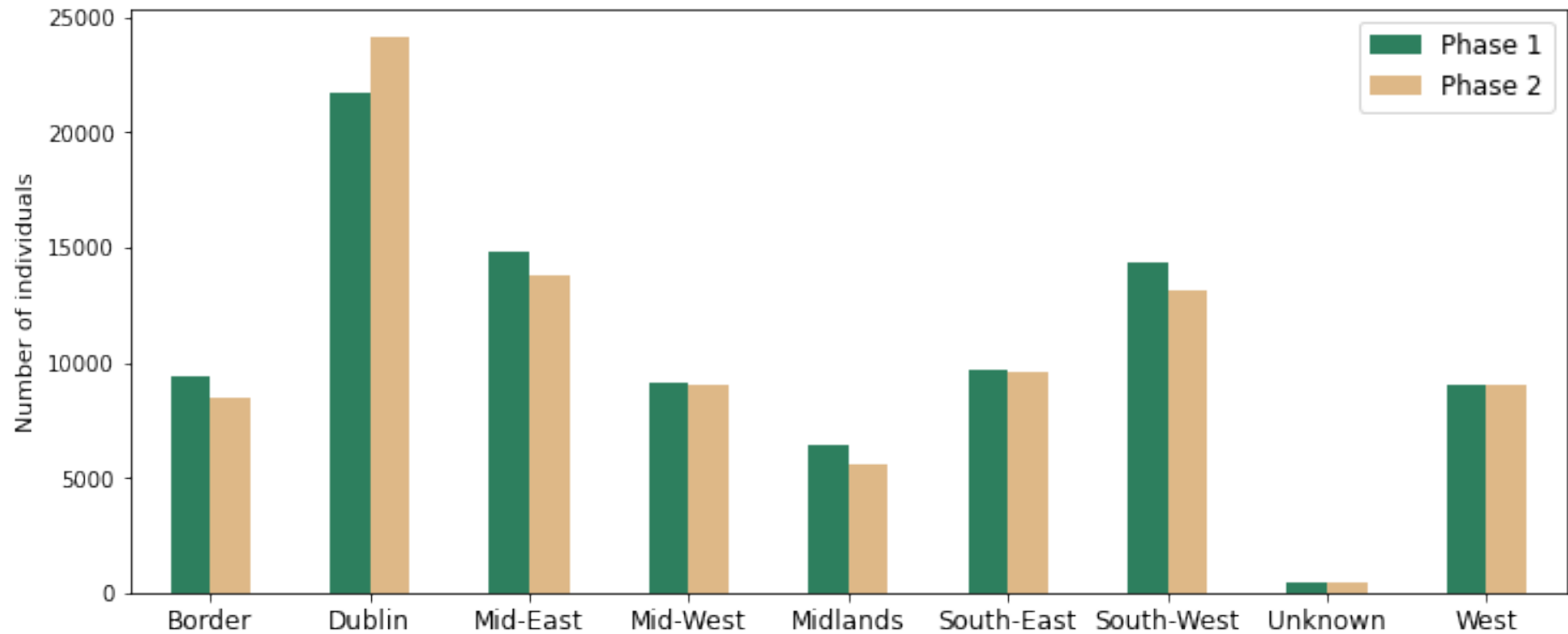
Age Distribution of Phase 1 and 2 Exits to Work (Kernel Density)



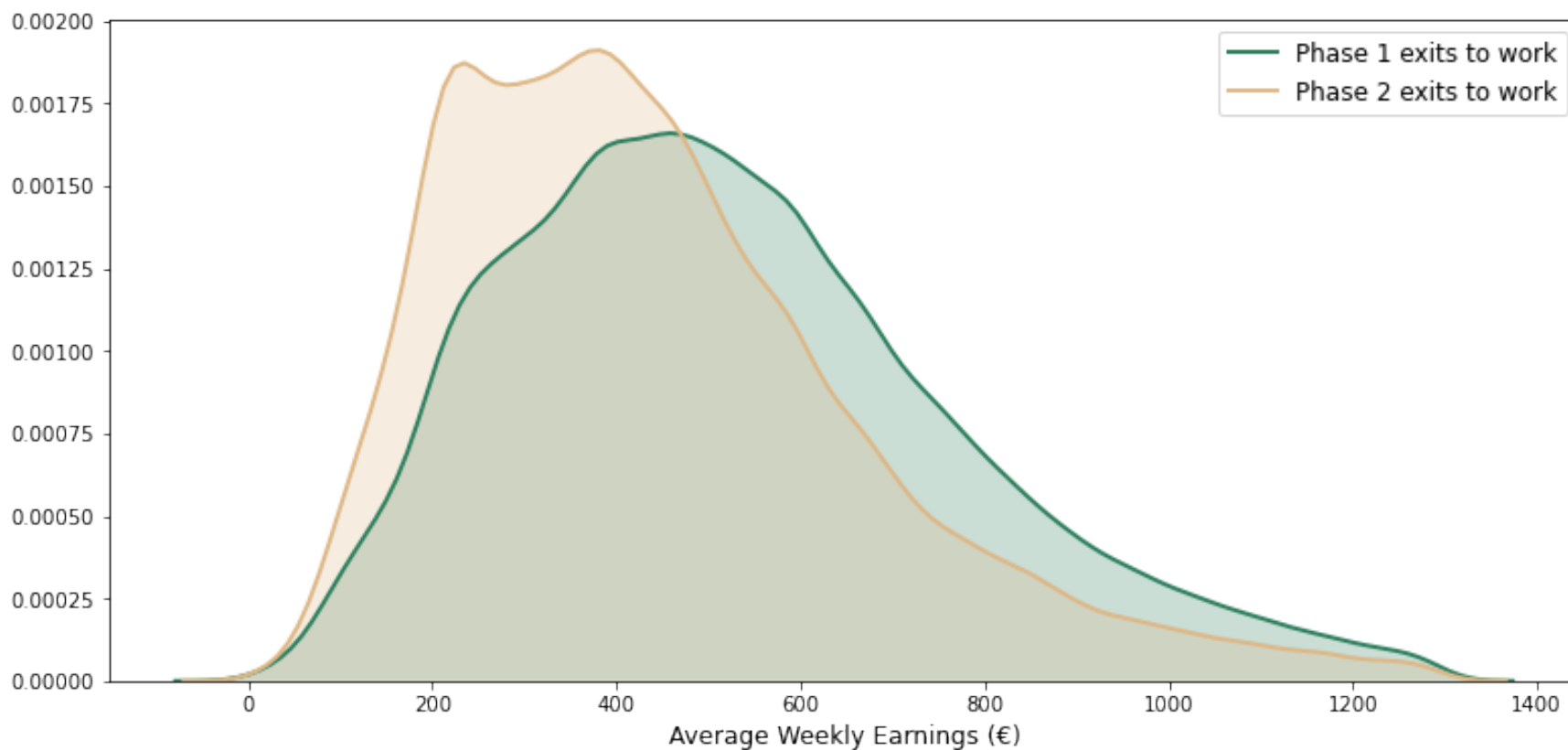
Nationality Profile of Phase 1 and Phase 2 Exits to Work



Regional Distribution of Phase 1 and Phase 2 Exits to Work



Average previous weekly earnings from employment of Phase 1 and 2 Exits to Work (values above 95th percentile removed, along with casual claimants)



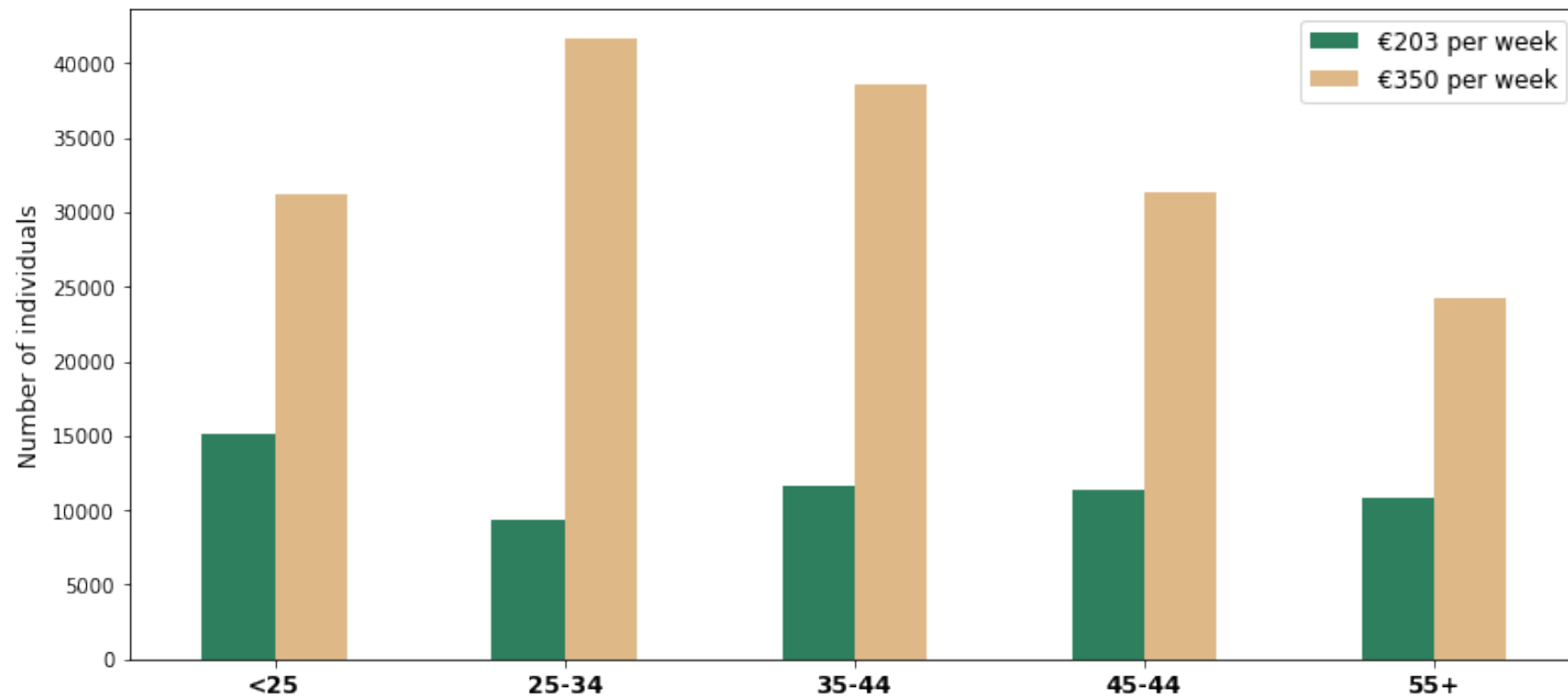


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What do our current PUP recipients look like? **

****** *Current recipients as of Week 35 (Week of September 1st).*

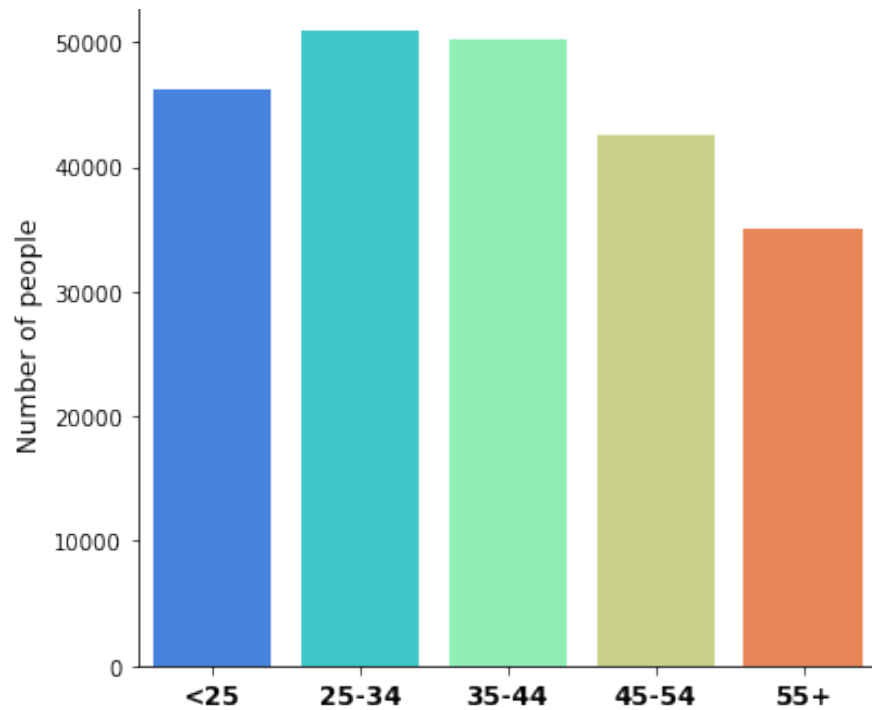
Distribution of Payment Rate by Age Group (W35)



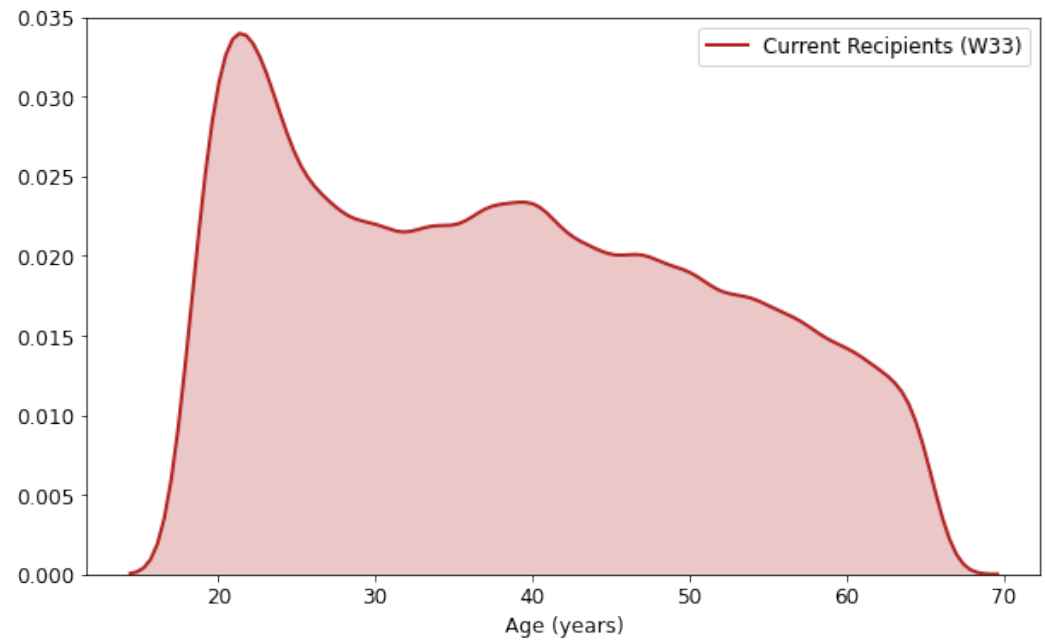
Age Breakdown of Current PUP Recipients (W35)



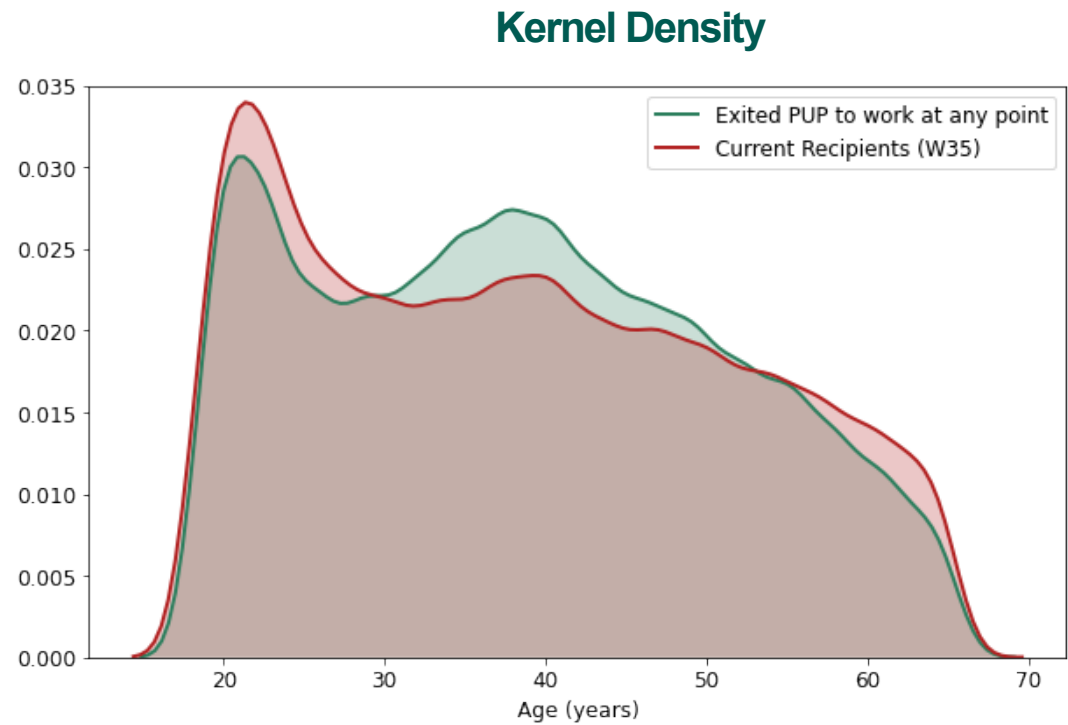
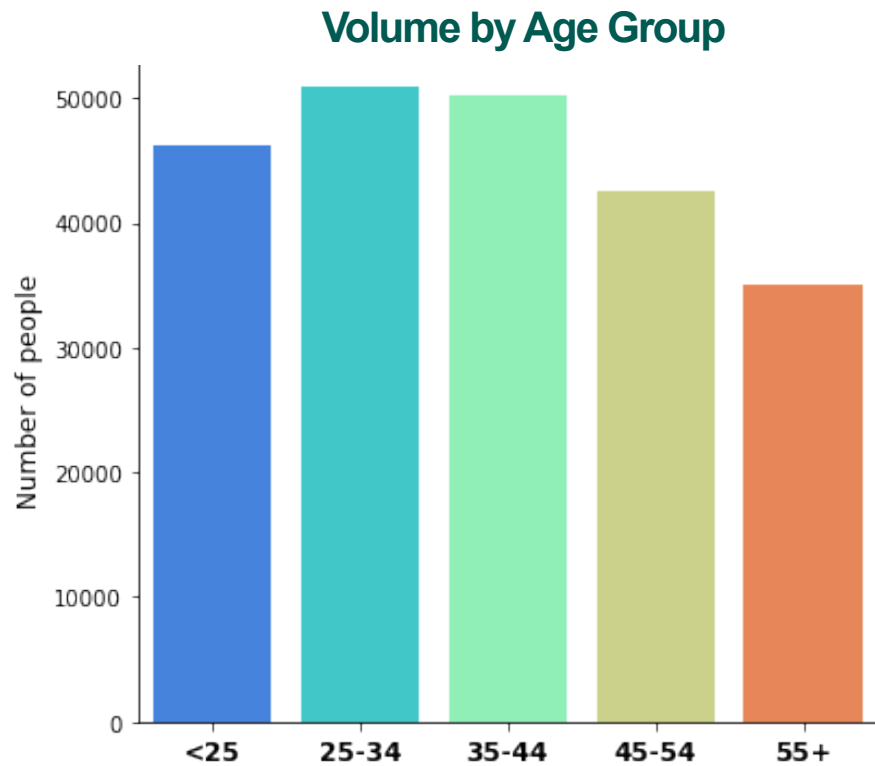
Volume by Age Group



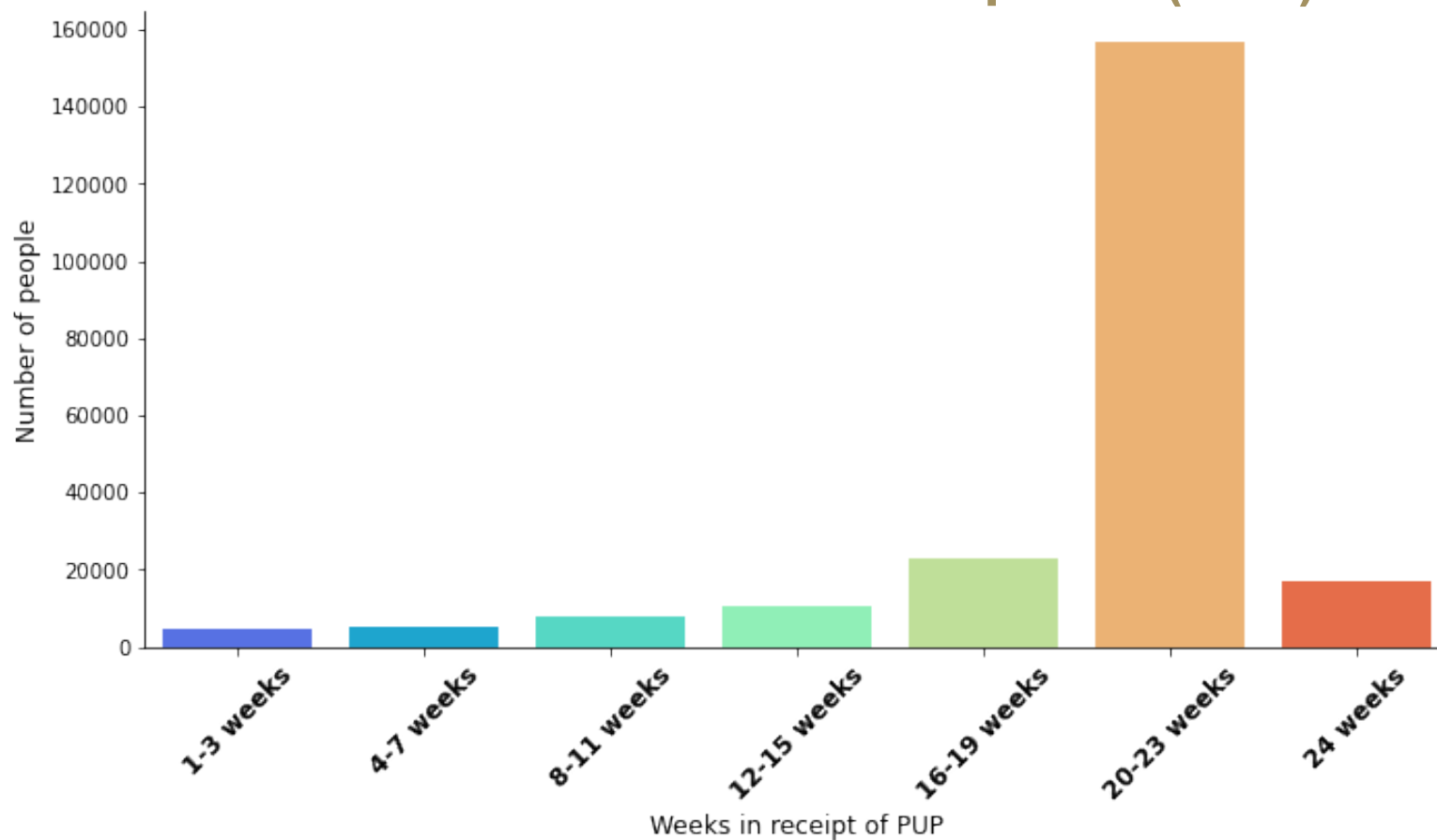
Kernel Density



Age Breakdown of Current PUP Recipients (W35)

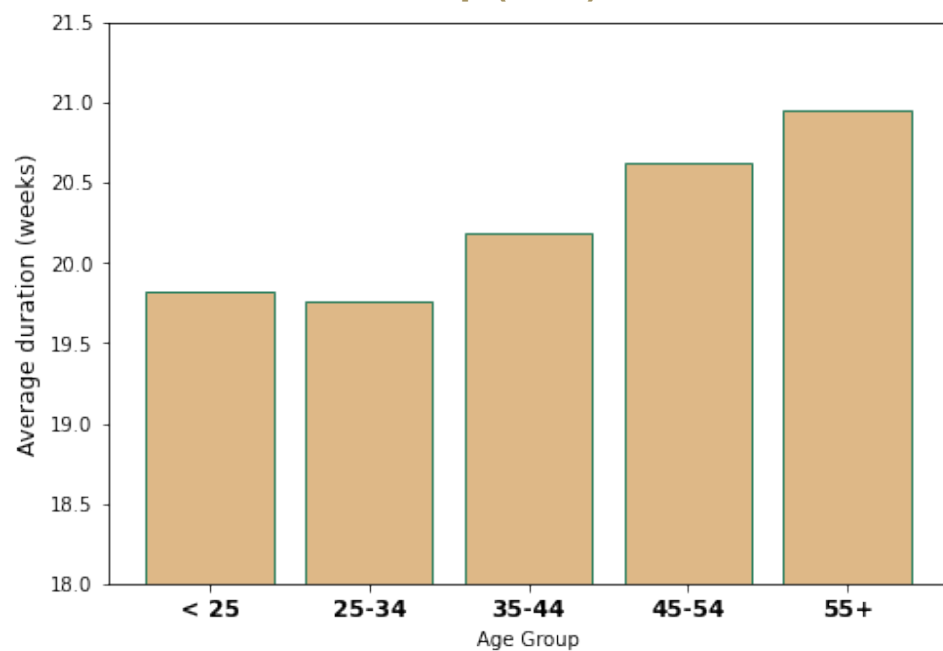


Duration on PUP of Current Recipients (W35)

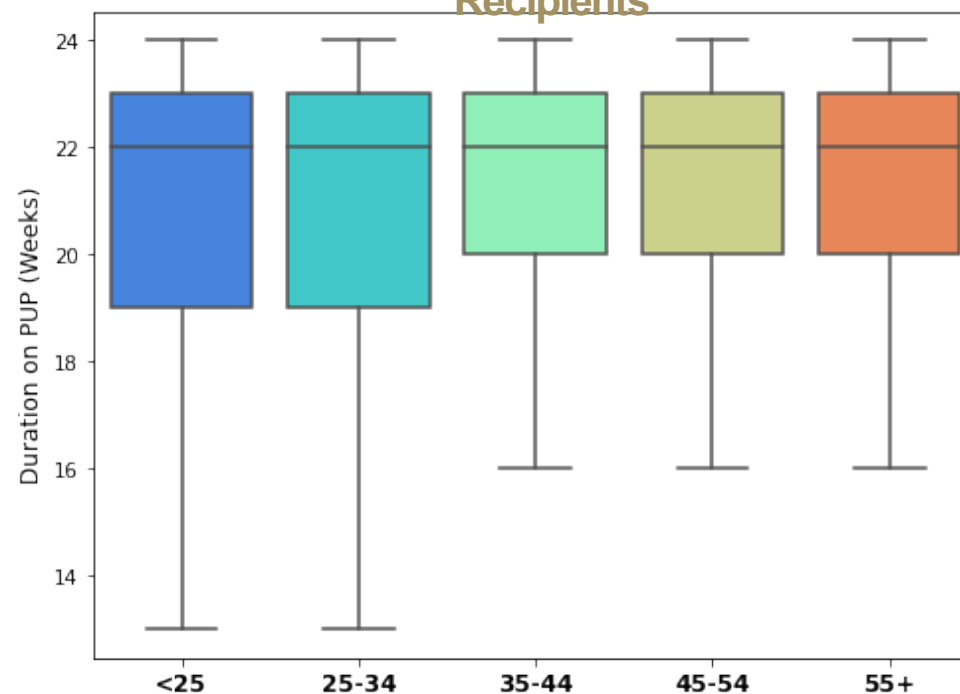




Average Duration of current Recipients by Age Group (W35)

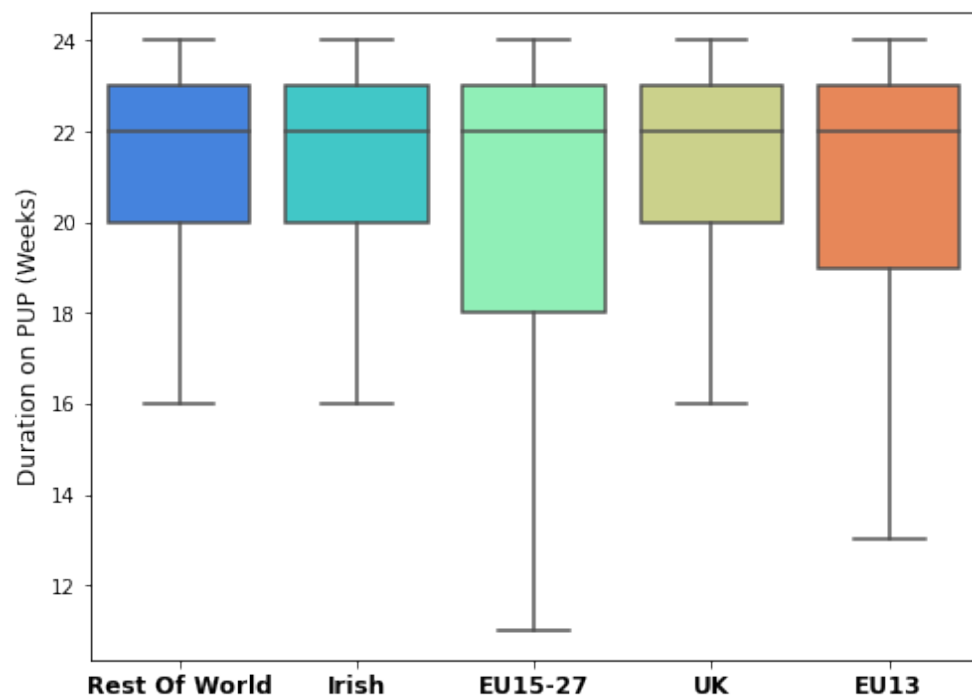


Boxplot: Duration by Age Group of Current Recipients

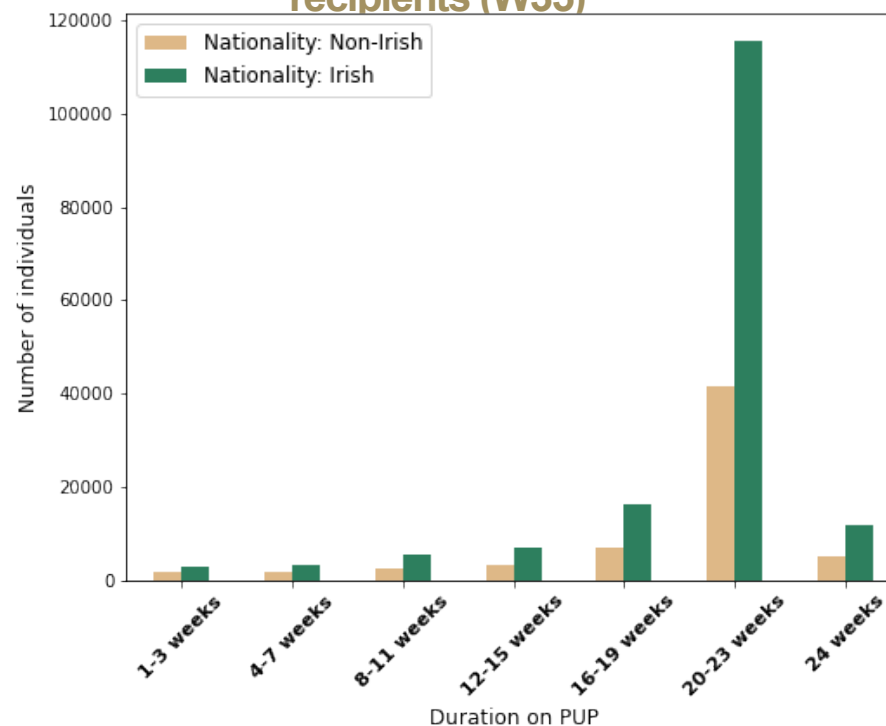




Boxplot: Duration by nationality of current recipients (W35)

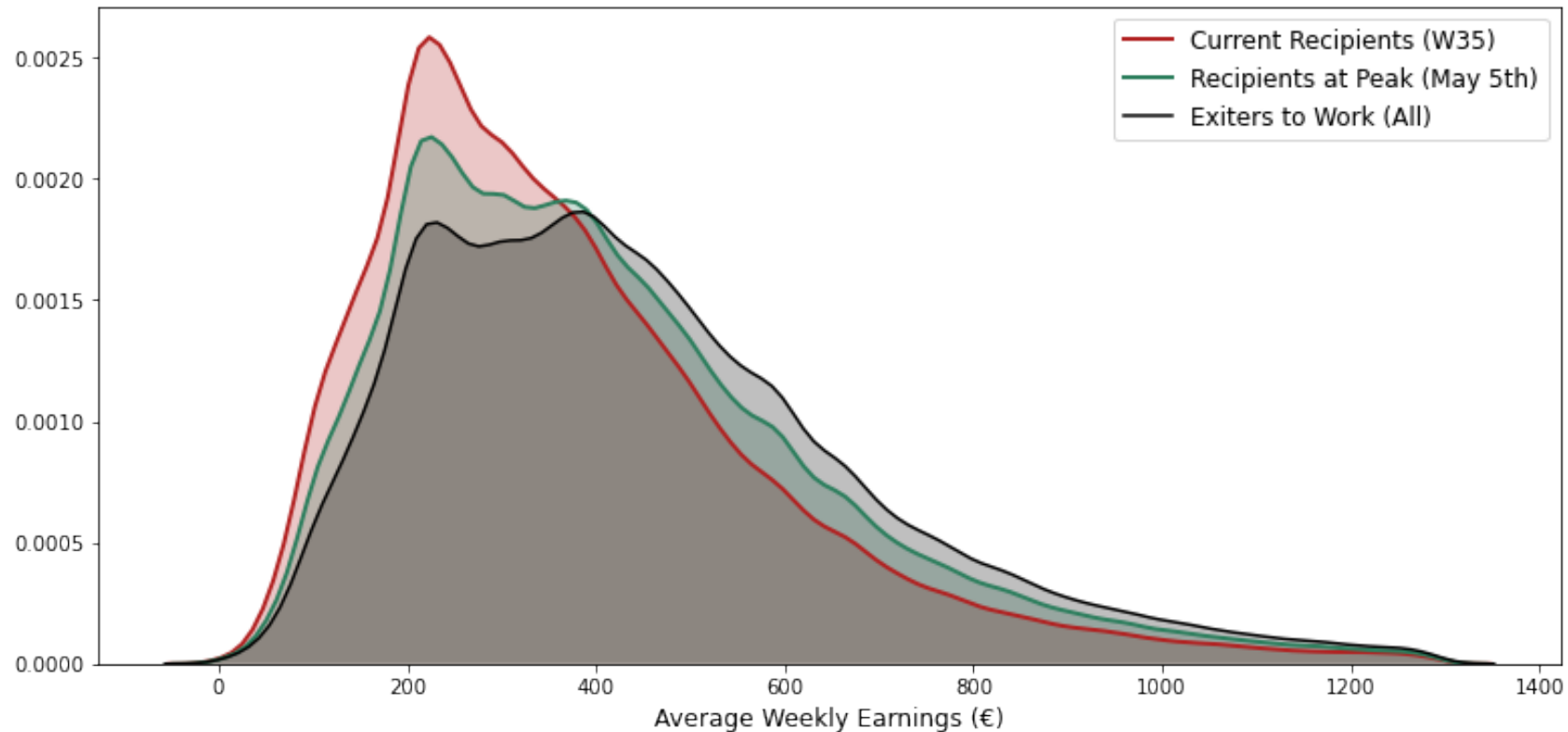


Duration on PUP by Nationality of Current recipients (W35)



Average Previous Weekly Earnings from employment of **Current Recipients**, **Recipients at Peak** and **Exiters to Work (All)**

- Kernel Density (values above 95th percentile removed, along with casual claimants)



Conclusion

Exits to work from PUP as a result of reopening the economy have led to shifts in the underlying stock of PUP recipients.

Although there is a constant churn of inflows and outflows, the majority of current recipients have been in receipt of the payment since the first few weeks of the scheme. This trend is broadly consistent across age groups, sectors, as well as nationality and sex.

Compared to current recipients, those who have exited PUP to work have been more likely to be classified as prime working age and typically have higher earnings.

The larger share of younger and older workers remaining on the payment, provides insight into the potential challenge to be faced by the PES; we will need to ensure that these cohorts are given the best possible chance to get back to work.

Looking forward, it is worth noting that while economic conditions rapidly deteriorated at the hands of the pandemic, it cannot be assumed that the same pace can be applied to the recovery.

→ However, of the economic forecasts conducted to date, all point to the idea that we have already experienced the peak in unemployment. This has been reinforced by the significant decline in PUP recipients and in the Covid-19 adjusted unemployment rate.



Thank you for listening...