

Review of the Wage Subsidy Scheme

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Goodbody Economic Consultants

Ballsbridge Park, Ballsbridge, Dublin 4

• Tel: 353-1-6410482 • Fax: 353-1-6682388

www.goodbody.ie/consultants/ • e-mail – econsultants@goodbody.ie

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Executive Summary

Findings

The Wage Subsidy Scheme (WSS) replaced the Employment Support Scheme (ESS) and the Pilot Programme for the Employment of People with Disabilities (PEP) in September 2005. Funding was committed to the WSS on a three year pilot basis. The WSS objectives are to:

- facilitate people with disabilities to enter full-time paid employment in the labour market;
- encourage employers, in both sheltered and mainstream settings, to employ people with disabilities; and
- give people with disabilities the opportunity to experience open labour market employment.

To qualify for the WSS, employees must work for at least 21 hours per week. They must also be subject to the same conditions of employment as other employees. The initial performance target was to employ 500 people with disabilities annually under the WSS.

Support to the Employer under the Wage Subsidy Scheme is structured under three separate strands. Strand I is a wage subsidy payment that is made to the employer to compensate for the reduced productivity of the employee. Strand II is a grant payment that is made to a company employing more than two people with disabilities to cover the additional supervisory, management and other work-based costs that might arise. Strand III is a grant payable of €30,000 to a company employing 30 or more workers with disabilities to help with the expense of employing an Employment Assistance Officer. Supports are provided to employees under the WSS by virtue of the fact that persons with disabilities who qualify for the Department of Social and Family Affairs Back to Work Allowance (BTWA) can avail of the Wage Subsidy Scheme when returning to work.

In addition to the WSS, there are a wide range of supports/options available to persons with disabilities contemplating engaging in work/employment activities. These include Sheltered Work; Sheltered Employment; Supported Employment; the Disability Allowance Disregard; the Employment Support Scheme; Community Employment; and the Employer Retention Grant Scheme. If a person is in receipt of support under the Supported Employment Programme there are not eligible for support under the WSS. Equally, persons engaging in employment through the DA Disregard are not eligible for the WSS.

The allocated budget to the WSS has been consistently under-spent each year since 2005, but the level of under-spend has diminished each year. Looked at in terms of the original target of moving 500 persons annually onto the WSS, take up under the Scheme to date has been low. Over the period September

2005 to December 2007 there were 330 new applicants to the Scheme. While take up onto the Scheme has been significantly below than anticipated at the time of its launch, there has been a steady flow of new applicants on to the WSS on a quarterly basis over the Scheme's lifetime. Monaghan has significantly out-performed all other counties in terms of take up levels on the WSS. The success of the WSS in Monaghan is largely due to the fact that a local team of job coaches use the WSS as one of their main tools to help people with disabilities into employment.

Take up of the Scheme by sheltered employment enterprises has not materialised with the sole exception of Rehab Enterprises. The potential take-up of the WSS by sheltered enterprises will be dependent on the outcome of the ongoing HSE Review of Sheltered Occupational Services. However, it is considered unlikely that there will be further take-up of the Scheme among sheltered employment enterprises in the absence of additional capital grants being made available.

On average, WSS employees work 35 hours per week. 85 per cent of WSS employees are in receipt of the higher level of subsidy payments. Based on a survey of WSS employers it emerged that 29 per cent of WSS employees are working for the minimum wage (€8.65 per hour). In total 93 per cent of WSS employees are paid less than €15 per hour. The vast majority of employers (88 per cent) employ just one person with a disability under the WSS and are small scale employers.

During the course of the extensive consultations held with stakeholders as part of the review of the Wage Subsidy Scheme a number of issues emerged as significant factors which are considered to have affected participation levels of the WSS. The single most important factor affecting employee participation on the Scheme, according to consulted stakeholders, is the loss of the medical card. Other factors affecting employee participation on the WSS include the loss of Disability Allowance (DA) status; the stipulation that employees must work in excess of 20 hours weekly; the attractiveness of the DA Disregard as an alternative option; the productivity labelling associated with the Scheme; and the lack of a permanent footing that has been accorded to the WSS.

Factors affecting negatively on employer participation in the WSS include the productivity labelling process and the lack of non-financial support available under the Scheme. Employers also expressed reservations around the capability of some people with disabilities to adapt to the modern changing work environment. Stakeholders also highlighted issues in relation to the promotion of the WSS, which is considered to be lacking, as well as the administration of the Scheme.

When compared over a ten year period, it was found that the net cost to the Exchequer of maintaining a single person on DA exceeds the equivalent cost of supporting a single person on the WSS. While in the first few years the accumulated Exchequer costs associated with supporting a single person on

the WSS exceed those associated with the DA; over time this situation reverses and a point is reached when the accumulated costs associated with the DA exceeds those associated with the WSS.

Not all participants on the WSS come from a social welfare background. And there are different costs and benefits associated with WSS participants depending on their background type. The net cost to the Exchequer over a ten year period of moving 100 representative participants onto the WSS can be kept low if the deadweight associated with the Scheme can be minimised.

In addition to net Exchequer costs, there are significant non-monetary benefits associated with the Scheme for the WSS employees. According to published findings in the area, there is strong evidence that a lack of work is generally harmful to health including: higher mortality; poorer general health; poorer mental health; and higher medical consultation, medication consumption and hospital admission rates. According to research findings health permitting disabled persons should be encouraged and supported to remain or to (re)-enter work as soon as possible because work helps to promote recovery and rehabilitation and leads to better health outcomes.

Recommendations

It is recommended that a two staged process of reform be implemented in relation to the WSS. In the first Stage a number of enhancements to the structure of the WSS should be implemented. These include:

- extending the medical card eligibility of WSS participants indefinitely;
- retaining WSS participant's link to their DA status;
- removing the productivity labelling process;
- introducing a training element to the WSS;
- allowing WSS participant employees and employers to avail of support under the Supported Employment Programme;
- giving the WSS a permanent footing;
- promoting the WSS to increase the awareness of the Scheme; and
- streamlining the administration of the Scheme.

If, on the basis of these changes, the Scheme can be shown to be successful in encouraging employers to offer employment opportunities to people with disabilities then Stage two can be implemented. Stage two would involve extending the WSS to DA Disregard participants.

1. Introduction

1.1 Terms of Reference

The FÁS Wage Subsidy Scheme (WSS) provides financial incentives to employers outside the public sector to employ people with disabilities who work more than 20 hours per week. The Scheme commenced operation in September 2005 as a three year pilot scheme and applies to those employees whose productivity is assessed at below 80 per cent of normal work performance.

As the three year pilot period approaches its end, the Department of Enterprise, Trade and Employment (DETE) now considers it timely to review the operation of the Scheme over its initial pilot phase and have commissioned Goodbody Economic Consultants (the Consultants) to carry out the Review.

The Department required the Consultants to assess the operation and impact of the WSS in terms of meeting its objectives of:

- Facilitating people with disabilities to enter full-time paid employment in the open labour market;
- Encouraging employers, in both sheltered and mainstream settings, to employ people with disabilities;
- Giving people with disabilities the opportunity to experience open labour market employment.

The Department also required the Consultants to examine the efficiency, cost effectiveness, performance and potential of the WSS to encourage and facilitate the increased labour market participation of people with disabilities, while having regard to the following considerations:

- The scope for and implications in extending WSS eligibility to persons employed under the Department of Social and Family Affairs Disability Allowance Disregard;
- The possible disincentive effect of secondary benefit withdrawal, after three years, on take up by people with disabilities;
- The effectiveness of the Scheme in providing incentives to employers to employ people with disabilities;
- The potential of the Scheme to incentivise sheltered workshops enterprises to provide sheltered employment;
- Simplifying the administration and operation of the WSS;

- Mechanisms through which relevant stakeholders could create greater awareness and use among employers and people with disabilities of the Scheme;
- The identification and quantification of the social, economic and financial benefits accruing to the State from the WSS; and based on the above
- Making recommendation for the future development of the WSS.

1.2 Approach of Consultants

The approach adopted by the Consultants in carrying out the Review involved a number of distinct tasks as follows:

Data Collection – data relating to expenditure on, and participation in, the WSS was assimilated and analysed;

Consultation with Stakeholders – extensive consultations were held with Government Departments, FÁS, representative employer organisations, non-participant employers, organisations representing people with disabilities and sheltered enterprises;

Consultation with WSS Participants – a survey was carried out of all WSS employers. Consultation were also held with a number of WSS employees and a free phone telephone service was set up and a sample of WSS employees were contacted and asked to provide feedback on the WSS via the free phone service;

Modelling – the incentives to participating in the Wage Subsidy Scheme and the Back to Work Allowance Scheme were modelled in terms of the competing option of the Department of Social and Family Affairs (DSFA) Disability Allowance Disregard;

Cost Benefit Analysis – the net costs and benefits associated the WSS were measured;

Evaluation and Formulation – the results of the tasks outlined above were brought together to formulate a set of conclusions and recommendations regarding the future of the WSS.

1.3 Organisation of the Report

The report is organised as follows. Section 2 sets out the background to the Wage Subsidy Scheme and provides details of the operation of the Scheme. Section 3 then analyses the other employment avenues open to people with disabilities. The expenditure on and take up under the WSS is illustrated in Section 4. Section 5 profiles the employees and employers participating in the Scheme. Section 6 sets out the issues raised by stakeholders regarding the Scheme. The costs and benefits of the Scheme are examined in Section 7

while Section 8 presents an overview of the promotion and administration of the Scheme. Section 9 presents an overview of the policy context surrounding the future of the Scheme as well a discussion of the pertinent issues around the WSS. Section 10 presents the review findings and based on the findings makes proposals for change.

2. Background and Description of the Wage Subsidy Scheme

2.1 Background to the Wage Subsidy Scheme

Training, work and employment services for people with disabilities were restructured from June 2000 as part of the Government's policy for mainstreaming services to people with disabilities. Under the restructuring policy responsibility for the vocational training and employment, including sheltered employment¹, of people with disabilities was transferred from the Department of Health and Children to the Department of Enterprise, Trade and Employment (DETE)².

At the time of the transfer, eight enterprises in Ireland had been identified as sheltered employment enterprises, seven of which were being funded through the Pilot Programme for the Employment of People with Disabilities (PEP)³. With the transfer, responsibility for PEP was allocated to the Department of Enterprise, Trade and Employment. The Department decided that the future of PEP should be considered as part of a wider review of sheltered employment in Ireland. As such, they commissioned a Review of Sheltered Employment which was carried out by Tom Martin and Associates towards the end of 2001.

The Department's policy decisions regarding PEP, and more particularly sheltered employment, had to be taken in light of developments in the EU and other international fora as well as within other relevant government Departments. The Charter of Fundamental Rights of the EU as proclaimed at the Nice Summit in December 2000 had set out the full range of civil, political and social rights of all citizens including persons with disabilities including the right to engage in work and to pursue freely chosen or accepted occupations. The Regulation on State Aid for Employment 2002 had set out the parameters within which Member States could bring aid schemes into effect without notification to the European Commission. The Regulation recognised that workers with disabilities may need permanent help to enable them to remain in the labour market, going beyond aid for initial recruitment and possibly including participation in sheltered employment. Schemes providing aid for such purposes were intended to be exempt from notification provided that the aid could be shown to be no more than necessary to compensate for the lower productivity of the workers concerned, the ancillary costs of employing them or the costs of establishing or maintaining sheltered employment.

¹ See Section 3.3 for further details with respect to Sheltered Enterprises

² Responsibility for social skills/personal development training (also referred to as rehabilitative training) and Sheltered Workshops remained with the Department of Health and Children.

³ The PEP was introduced by the DOHC in 1994 as a three year pilot scheme to determine the feasibility of establishing commercially viable enterprises with a minimum staffing of 50 per cent employees with disabilities. The pilot was continuously extended so that it was still in operation in 2000. Under PEP initially wage subsidies were provided in respect of all employees in the company, capital grants were also provided by Forbairt for start up costs. Subsequently State support under PEP was limited to subsidising the wages of people with disabilities. Employees subsidised under PEP retained their medical card and other secondary benefits for the duration of the pilot programme. The seven PEP companies included six Gandon companies and Festina Lente. At that time, 182 positions in Gandon Enterprises were being subsidised under PEP.

In considering how to promote the employment of people with disabilities in mainstream or sheltered settings and in examining how the PEP would fit within the Department's objectives of promoting the employment of people with disabilities, the Department looked at a number of options, namely:

- Extending the PEP in its then present format;
- Mainstreaming Sheltered Employment enterprises into the Social Economy Programme; and
- Developing a new wage subsidy scheme along the lines of the Employment Support Scheme⁴.

Based on the Department's analysis of these options, it was decided not to establish a new programme along the lines of the PEP. It was considered that a programme like PEP tended to focus on funding the enterprise as opposed to compensating for the reduced productivity of workers with disabilities and as such it would not be fully consistent with the Regulation on Employment Aid. It was also considered appropriate to avoid setting up programmes that would potentially segregate disabled workers rather than integrating them into existing or emerging enterprises.

It was decided that it was not appropriate or feasible to mainstream sheltered employment enterprises into the Social Economy Programme for a number of reasons including, the objectives of the Social Economy Programme differed to Sheltered Employment as they were more social in nature. There were also questions as to whether the Social Economy Programme was a true labour market initiative and whether it properly resided within the remit of the Department of Enterprise, Trade and Employment.

It was considered that the Employment Support Scheme (ESS) provided possibilities for developing a new wage support scheme for sheltered employment enterprises which would be in keeping with the Regulation on Employment Aid and consistent with an approach to rationalising a scheme already available to companies who employed people with disabilities. The ESS had been introduced by the National Rehabilitation Board (NRB) in 1990 and provided a wage subsidy to employers employing people with disabilities, where the person's productivity was assessed as being 50-80 per cent of the average productivity of colleagues. There was no limit to the period for which the ESS could be paid. The subsidy paid to the employer related to a percentage of the employee's gross salary, up to a maximum limit of 50 per cent, and as such increased in line with the employee's salary.

It was decided that the new scheme would be based on an elaboration of the existing ESS. The key elements of the new scheme were outlined as follows:

- Eligibility for the scheme would be broadly confined to those in receipt of Disability Allowance or who would qualify for the allowance;

⁴ See Section 3.6 for further elaboration on the Employment Support Scheme.

- The scheme would automatically cover those employees already being supported under the PEP and ESS;
- The enterprise providing the employment would have to be a legal entity in itself;
- The new scheme would continue to assess the individual's loss of productivity;
- The amounts to be paid per employee would be determined with the assistance of relevant agencies, however the open-ended commitment to meet 50 per cent of salary costs under the ESS would be changed by the introduction of upper limits of subsidies payable;
- When a reasonably high proportion of employees have a disability, an additional allowance would be paid to the company to cover additional management and supervisory costs;
- The subsidy would be based on the company providing full employment for the disabled employees and meeting the full ambit of employment legislation in relation to that employment.

Based on the above, the Wage Subsidy Scheme was developed and came into operation in September 2005. At that time the ESS was frozen at its then current participation levels – approximately 466 participants. Thereafter participants on the ESS could continue to participate on the ESS, however if they left their ESS employment the place on the ESS would not be filled but rather it would cease to exist. The then current 187 PEP participants were absorbed into the Wage Subsidy Scheme.

2.2 Objectives and Targets of the Wage Subsidy Scheme

As outlined in Section 2.1 the Wage Subsidy Scheme replaced the Employment Support Scheme (ESS) and the Pilot Programme for the Employment of People with Disabilities (PEP). Funding was committed to the Scheme on a three year pilot basis. The Scheme objectives are to:

- facilitate people with disabilities to enter full-time paid employment in the labour market;
- encourage employers, in both sheltered and mainstream settings, to employ people with disabilities; and
- give people with disabilities the opportunity to experience open labour market employment.

Operated by FÁS, the Scheme aims to achieve these objectives by providing financial incentives to employers outside the public sector, who employ people with disabilities. To qualify for the Scheme, employees must work for at least 21 hours per week. They must also be subject to the same conditions of

employment as other employees, which include the same wage levels, employer PRSI contributions, annual leave, and tax deductions.

The initial performance target was to employ 500 people with disabilities annually under the WSS.

2.3 Operation of the Wage Subsidy Scheme

2.3.1 Supports for the Employer

The Wage Subsidy Scheme is structured under three separate strands and financial support can be provided to the employer⁵ under each strand.

Strand I is a wage subsidy payment that is made to the employer to compensate for the reduced productivity of the employee. Where it is agreed that an employee with a disability has a productivity level between 50 per cent and 80 per cent of normal work performance, a subsidy of €4.26 per hour worked is provided, to a maximum of 39 hours per week or €8,639 per annum. If it is agreed that the employee has a productivity level below 50 per cent of normal work performance, a subsidy of €5.30 per hour worked is provided, to a maximum of 39 hours per week or €10,748 per annum. The actual amount of the subsidy provided will therefore vary depending on the productivity level of the employee and the number of hours per week that the employee works. This is illustrated in Table 2.1 below. The subsidy is paid directly to the employer, who pays 100 per cent of the gross wage as advertised to the employee.

Table 2.1: Strand I Subsidy Payments

| | Hours Worked per Week | Hourly Subsidy (€) | Weekly Subsidy (€) | Annual Subsidy (€) |
|--------------------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| <u>50% - 80% Productivity:</u> | | | | |
| | 21 (min) | 4.26 | 89.46 | 4,652 |
| | 25 | 4.26 | 106.50 | 5,538 |
| | 30 | 4.26 | 127.80 | 6,646 |
| | 35 | 4.26 | 149.10 | 7,753 |
| | 39 (max) | 4.26 | 166.14 | 8,639 |
| <u><50% Productivity:</u> | | | | |
| | 21 (min) | 5.30 | 111.30 | 5,788 |
| | 25 | 5.30 | 132.50 | 6,890 |
| | 30 | 5.30 | 159.00 | 8,268 |
| | 35 | 5.30 | 185.50 | 9,646 |
| | 39 (max) | 5.30 | 206.70 | 10,748 |

Source: FÁS

⁵ The Scheme is available to all employers with the exception of public service employers and/or any employees or schemes where wages are funded by FÁS.

Strand II is a grant payment that is made to a company employing more than two people with disabilities under the Wage Subsidy Scheme. The grant is to cover the additional supervisory, management and other work-based costs that might arise. The amount payable is based on the number of employees with disabilities and is calculated as a proportion of the Strand I wage subsidy paid. The rates, which are indicated in Table 2.2 below, vary according to the number of employees with disabilities employed in the enterprise.

Table 2.2: Strand II Grant Rates

| Number of Employees with Disabilities | Grant/Top-up Rate Applied |
|---------------------------------------|--------------------------------|
| 3 to 6 employees with disabilities | 10% top-up of Strand I subsidy |
| 7 to 11 employees with disabilities | 20% top-up of Strand I subsidy |
| 12 to 16 employees with disabilities | 30% top-up of Strand I subsidy |
| 17 to 22 employees with disabilities | 40% top-up of Strand I subsidy |
| 23+ employees with disabilities | 50% top-up of Strand I subsidy |

Source: FÁS

Strand III is a grant payable to a company employing 30 or more workers with disabilities. This grant, of €30,000 per annum (or €2,500 per calendar month), is to help with the expense of employing an Employment Assistance Officer. The role of an Employment Assistance Officer is to support employees with disabilities and assist them with their needs in employment. These needs may relate to personal, social, health or family circumstances.

The grant is paid monthly and if the number of employees with disabilities falls below the quota of 30 workers, payment ceases until this quota has been reached again. The grant is not payable on a pro-rata basis, so a company in receipt of a grant can only apply for a second grant if the number of people with disabilities that it employs reaches 60.

2.3.2 Supports for the Employee

Supports are provided to employees by virtue of the fact that persons with disabilities who qualify for the Department of Social and Family Affairs Back to Work Allowance (BTWA) can avail of the Wage Subsidy Scheme when returning to work.

Under the BTWA scheme, individuals are allowed to retain a proportion of their existing primary social welfare entitlements (in addition to their wages), for the first three years of employment, without having to pay PAYE or PRSI on their welfare entitlement. To qualify for a BTWA, an individual must satisfy one of the following criteria:

- Have been unemployed for at least 2 years;

- Have been in receipt of a Disability Allowance for 15 months (or 12 months if aged 50 or over);
- Have been in receipt of a Blind Pension for 15 months (or 12 months if aged 50 or over);
- Have been in receipt of an Invalidity Pension for 15 months (or 12 months if aged 50 or over); or
- Have been in receipt of Illness Benefit for at least 3 years.

Under the BTWA scheme, the primary social welfare benefit that the employee was in receipt of prior to taking up employment is reduced incrementally over a three-year period. In year 1 of their return to employment, they receive 75 per cent of the primary benefit, in year 2 they receive 50 per cent, and in year 3 they receive 25 per cent. Table 2.3 below gives an indication of the weekly BTWA payments that would be made to a single individual whose primary social welfare benefit prior to taking up employment had been a full Disability Allowance, which is currently €197.80 per week.

Table 2.3: BTWA Payments for a Single Individual

| Years back in employment | Proportion of Primary Benefit Payable | BTWA Weekly Benefit |
|---------------------------------|--|----------------------------|
| Year 1 back in employment | 75% x €197.80 | 148.30 |
| Year 2 back in employment | 50% x €197.80 | 98.90 |
| Year 3 back in employment | 25% x €197.80 | 49.45 |
| Year 4 back in employment | 0% x €197.80 | 0.00 |

Source: Department of Social and Family Affairs

Individuals on a BTWA also retain for three years any secondary benefits they were in receipt of prior to taking up employment, if their gross weekly household income is less than €17.43⁶. These may include one or more of: a Medical Card; a Travel Pass; a Fuel Allowance; a Household Benefits Package; a Welfare Christmas Bonus; a Back to School Clothing and Footwear Allowance; a Rent and Mortgage Interest Supplement⁷; and a Diet Supplement. However, the €17.43 limit does not apply to the Medical Card or the Welfare Christmas Bonus, which may be retained for three years regardless.

It should be noted that people with disabilities not in receipt of the BTWA may also apply for the Wage Subsidy Scheme.

⁶ Back to Work Allowance payments and Family Income Supplement payments are not taken into account for the €17.43 limit.

⁷ The Rent or Mortgage Interest Supplement may be paid on a reducing scale over four years: 75% in year 1, 50% in year 2 and 25% in years 3 and 4.

3. The WSS in the Context of Other Employment Options Open to People with Disabilities

3.1 Introduction

This Section of the report provides further context for the Wage Subsidy Scheme by considering differing work and employment supports that are currently available to people with disabilities. They include:

- Sheltered Workshops;
- Sheltered Enterprises;
- Supported Employment;
- Disability Allowance (DA) Disregard;
- FÁS Employment Support Scheme (ESS);
- FÁS Community Employment Scheme (CE); and
- FÁS Employee Retention Grant Scheme.

3.2 Sheltered Workshops

When the Department of Enterprise, Trade and Employment acquired policy responsibility for the vocational training and employment of people with disabilities in 2000, responsibility for social skills/personal development training, also referred to as rehabilitative training, and sheltered workshops remained with the Department of Health and Children.

There is as yet no single agreed definition in Ireland as to what constitutes a sheltered workshop or a sheltered enterprise (for further details on sheltered enterprises see Section 5.3).

Traditionally, sheltered work has been defined as work which people with disabilities undertook generally within a centre operated by a disability service provider for which they were provided with a discretionary payment on top of their disability allowance. In some instances, a proportion of the weekly payment was related to productivity and/or attendance. Sheltered work has its origins in the 1950s and 1960s when disability service providers sought to provide a variety of work-related opportunities for their service users⁸.

⁸ In their publication 'A Chance to Work' Inclusion Ireland set out alternative definitions of sheltered workshops. For example, the National Rehabilitation Board's National Advisory Committee on Training and Employment (NACTE) defined sheltered work as 'work undertaken by people with disabilities in workshops specifically established for that purpose. People working in sheltered workshops retain their social welfare benefits, typically Disability Allowance, and usually receive a small discretionary additional weekly payment from the work provider'. The Citizens Information Board for its part defines a sheltered workshop as a place where people with disabilities work under sheltered conditions. It is not regarded as 'normal' employment as the workers are not insurably employed and are not entitled to the same benefits experienced by employees.

The National Rehabilitation Board's National Advisory Committee on Training and Employment (NACTE) report⁹ in 1997 drew attention to the fact that people with disabilities involved in sheltered work had no legal protection, and highlighted that there were no quality standards in place to ensure that their rights and entitlements were protected. The concerns expressed about the position of people with disabilities in sheltered work led to the establishment of a working group in August 2000 by the Minister for Health and Children, on foot of a Programme for Prosperity and Fairness (PPF) commitment to develop a Code of Practice for the operation of sheltered workshops. Within the reconfiguration of services proposed in the Code of Practice on Sheltered Occupational Services (SOS), new and old sheltered services, including sheltered workshops, were to become known as Sheltered Occupational Services.

In October 2005, the Health Service Executive (HSE) commenced a National Review of Sheltered Services for People with Disabilities. This was initiated by the HSE as part of its obligations under Equality Legislation and the Disability Act. The purpose of that review was to obtain information on all aspects of sheltered services, including establishing a listing of services by location, capacity and occupational activities. The outcome from the initial review highlighted service delivery issues that needed to be addressed regarding existing sheltered work practices. The review recommended that in order to fully address all relevant issues, a review of all HSE funded Adult Day Services should be carried out. A National Working Group representative of all stakeholders was established in August 2007 to conduct such a National Review. The Review is currently under way and is scheduled to be completed within a 12 month timeframe from its date of commencement.

The NACTE 1997 report estimated that the number of people with disabilities involved in sheltered work was approximately 7,900 in some 215 centres. Upon completion of the review, there will be greater clarity around the number of sheltered occupational services in place in Ireland as well their role in terms of the provision of work activities for persons with disabilities going forward.

Because persons working in sheltered workshops traditionally do not have contracts of employment, they are not eligible to participate in the Wage Subsidy Scheme.

3.3 Sheltered Enterprises

The National Rehabilitation Board's National Advisory Committee on Training and Employment (NACTE) defined sheltered employment or a sheltered enterprise as 'employment in an enterprise established specifically for the employment of people with disabilities and which is in receipt of

⁹ National Rehabilitation Board (1997) Employment Challenges for the Millennium: A strategy for Employment for People with Disabilities. Report of the NACTE Steering Group on Sheltered and Supported Work and Employment NRB: Dublin

designated funding from the State. It refers to employment under sheltered conditions where workers have a contract of employment’.

When the Department of Enterprise, Trade and Employment acquired policy responsibility for the vocational training and employment of people with disabilities in 2000, they acquired responsibility for sheltered enterprises and the Programme on the Employment of People with Disabilities (PEP) which represented the main form of support provided in the area of sheltered employment at the time.

The Department of Enterprise, Trade and Employment decided that the future of PEP should be considered as part of a wider review of sheltered employment in Ireland. As such, they commissioned a review of sheltered employment which was carried out by Tom Martin and Associates towards the end of 2001. For the purposes of that review, sheltered employment was defined as ‘employment in an enterprise established specifically for the employment of people with disabilities, but which may also employ able-bodied people’. According to the definition used, sheltered enterprises should have a number of characteristics, including:

- entrepreneurial objectives with a view to generating sufficient revenue to achieve sustainability;
- operation in a commercial market place with a traded income;
- providing direct goods and/or services for sale in the market place in response to market needs; and
- compliance with all statutory requirements in relation to employment rights, PRSI and income tax liability.

The review found that up to 34 enterprises potentially fitted the description of sheltered employment enterprises. However, the group of 34 enterprises differed markedly in the terms and conditions offered to their employees with disabilities. They ranged from firms where the person with a disability had a contract of employment and was paid the minimum wage to enterprises where the employee with a disability did not have a contract of employment and was paid a discretionary top up payment in addition to their social welfare benefits. The review found that approximately 712 people with disabilities were employed in the 34 enterprises, along side 395 people without disabilities¹⁰.

Among the 34 enterprises, nine belonged to the Rehab Group of enterprises who were formerly in receipt of PEP funding and who transferred over the WSS in September 2005. None of the remaining enterprises identified in the Tom Martin report have participated in the WSS. Based on consultations with various stakeholders it emerged that one key reason for the non-participation of a number of the remaining 25 enterprises in the WSS lies with the fact that

¹⁰ A list of the 34 sheltered employment enterprises is set out in Appendix A.

they are long-term recipients of HSE funding and are not willing to risk losing HSE funding by participating in the WSS. Some of the enterprises have made the move from a work-based model of service provision to a non-work model of service provision, while other enterprises have ceased to exist.

3.4 Supported Employment

Supported employment involves the provision of supports and assistance to people with disabilities to get and retain employment. Though supported employment was first piloted in Ireland in the late 1980s, the first national programme, the FÁS Pilot Programme for Supported Employment, was launched in 2000.

The FÁS Supported Employment Programme operates through the funding of consortia of local organisations referred to as ‘sponsors’. The consortia mostly consist of organisations in the community and voluntary sectors that provide direct services to people with disabilities. There are currently 24 consortia operating nationally¹¹. The consortia employ project co-coordinators that supervise a team of job coaches whose role it is to assess people with disabilities career aspirations and match these with suitable job opportunities in the open labour market.

The FÁS Supported Employment Programme, though originally intended to last for 18 months, has twice been extended. The Programme is divided into four phases:

1. Needs Assessment;
2. Job Sourcing;
3. In employment with Job Coach Support; and
4. Job Placement with Aftercare or Mentoring.

People with disabilities can be identified as potential candidates for the Supported Employment Programme by the sponsors. Alternatively they can contact their local FÁS office and subsequently be referred onto the Programme by a FÁS Employment Service Officer or a Local Employment Service Mediator. The FÁS Employment Services or Local Employment Services Mediator may refer the candidate directly to any of the four phases, depending on their needs. When a person has been formally registered on the Supported Employment Programme, the local co-ordinator will assign a Job Coach to the person. The Job Coach will then:

- Assist in identifying the skills, interests and aspirations of the candidate.
- Help identify suitable employment opportunities where the skills, interests and talents of the candidate match the requirements of advertised jobs;

¹¹ Supported Employment existed in Ireland prior to the implementation of the National Supported Employment Programme in 2000. There are providers of Supported Employment services that exist outside the National Supported Employment Programme.

- Examine the various tasks involved in the job and plan any supports the candidate may need; and
- Help the candidate to develop the technical and social skills required to do the job.

The job coach also provides direct support to employers during the placement process by providing information, advice and ongoing support. When placed in employment the Job Coach provides ongoing support to participants in a number of ways. For some participants the Job Coach will assist with training on-the-job. For other participants, the Job Coach provides support and advice when they need it. Occasionally, the employer and employee may agree that the employment is not working out. If this happens, the Job Coach then steps in and re-assesses the situation with regard to further supports and assistance.

Participation in the FÁS Supported Employment Programme is free. Participants do not pay for any of the supports received as a result of participation in the Programme. A person who is placed in employment through the Programme has the same employment rights as other employees. The employer pays a salary for the job and the employee abides by the terms and conditions of employment in the same way as other employees.

Currently, a person in receipt of support under the FÁS Supported Employment Programme is not eligible to participate in the Wage Subsidy Scheme. This is because of a 'double funding' rule whereby persons can only avail of one form of employment support at any one time.

A Review of the National Supported Employment Programme is currently being carried out by WRC Consultants. The Review will be finalised shortly. Based on the preliminary results of the WRC Review it is estimated that there were 2,500 participants on the FÁS Supported Employment Programme in March 2007, 865 of whom were in employment.

3.5 Disability Allowance (DA) Disregard

Disability Allowance is a weekly allowance paid to people with a disability who are aged 16 or over and under age 66. The disability must be expected to last for at least one year and the allowance is subject to both a medical suitability and a means test. The medical criteria which must be satisfied in order to qualify for Disability Allowance are:

- The person must be suffering from an injury, disease, congenital deformity or physical or mental illness or defect which has continued or may reasonably be expected to continue for a period of at least a year; and
- As a result of the condition the person is substantially restricted in undertaking work which would otherwise be suitable having regard to the person's age, experience and qualifications.

Disability Allowance claimants must produce certified medical evidence which outlines various aspects of their medical condition¹².

When a person with a disability in receipt of Disability Allowance takes up employment that is considered to be rehabilitative in nature, they can have a certain amount of their earnings disregarded when being means tested for their Disability Allowance. If a person engages in rehabilitative employment and the Disability Allowance Disregard is applied, the individual has the first €120 of their weekly earnings disregarded when they are being means-tested for the benefit. A further 50 per cent of earnings between €120 and €350 are also disregarded. Some examples of how this effects Disability Allowance entitlements are given in Table 3.1 below.

Table 3.1: Disability Allowance Disregard and its Effects on Means-Testing

Sample Disability Allowance Disregard Calculations for a Single Individual

Example 1:

| | |
|--|--------|
| Net weekly income from earnings | €180 |
| minus first €120 disregarded | - €120 |
| | €60 |
| minus 50% of €60 (50% x €60 = €30) also disregarded | - €30 |
| Element of weekly earnings deemed as income for means test | €30 |

(An individual with a weekly income of €30 would be entitled to an additional weekly DA of €170.30)

Example 2:

| | |
|---|--------|
| Net weekly income from earnings | €400 |
| minus first €120 disregarded | - €120 |
| | €280 |
| minus 50% of €230 (€350 - €120) disregarded (50% x €230 = €115) | - €115 |
| Element of weekly earnings deemed as income for means test | €165 |

(An individual with a weekly income of €165 would be entitled to an additional weekly DA of €35.30)

Example 3:

| | |
|---|-----------|
| Net weekly income from earnings | €32.50 |
| minus first €120 disregarded | - €120.00 |
| | €12.50 |
| minus 50% of €230 (€350 - €120) disregarded (50% x €230 = €115) | - €115.00 |
| Element of weekly earnings deemed as income for means test | €197.50 |

(An individual with a weekly income of €197.50 would no longer be entitled to DA)

Source: Goodbody Economic Consultants

¹² In all cases an assessment is made by Departmental Medical Assessors of the evidence submitted, supplemented if necessary by a separate medical examination to determine the nature and extent of the disability and its effect on the person's capacity to work.

Currently the maximum Disability Allowance payable to a single person is €197.80 per week¹³. As example 3 above indicates, once the weekly earnings of a single individual employed through the DSFA Disability Allowance Disregard reaches €432.50, they lose their entitlement to any Disability Allowance.

Individuals employed through the DSFA Disability Allowance Disregard also retain any secondary benefits they were in receipt of prior to taking up employment until their income is assessed as being at a level which makes them ineligible for Disability Allowance (€432.50 per week or €197.50 after the ‘disregard’ calculations have been made, for a single individual). If their weekly income reaches this level, they lose their entitlements to secondary benefits. This applies to all secondary benefits except for the medical card. Medical cards are means-tested separately to an income threshold of €184 for a single individual. A single individual employed through the DSFA Disability Allowance Disregard is entitled to keep their medical card for a period of three years from the date that their weekly income reaches €184 or more. The ‘disregard’ calculations are not applied in this instance.

Table 3.2 sets out the number of persons currently employed under the Disability Allowance Disregard. As the Table outlines there were 8,941 persons employed under the Disregard in January 2008. Of these 2,853 were employed as part of the Community Employment Scheme. Of the remainder, it is noteworthy that 4,184 (69 per cent) are earning less than €120 weekly and are in receipt of their full DA payment.

Table 3.2: Number of Employees availing of Disability Allowance Disregard, June 06 – Jan 08

| | Full Rate - In Employment | Reduced Rate - In Employment | Reduced Rate - CE Scheme | Total DA Disregard¹⁴ | % Growth in DA Disregard |
|--------|----------------------------------|-------------------------------------|---------------------------------|--|---------------------------------|
| Jun-06 | na | na | na | 6,508 | na |
| Jan-07 | na | na | na | 7,282 | 11.9 |
| Jun-07 | 4,024 | 1,497 | 2,594 | 8,182 | 12.4 |
| Jan-08 | 4,184 | 1,830 | 2,853 | 8,941 | 9.3 |

Source: Department of Social and Family Affairs
na – not available

Table 3.3 sets out the earnings of persons working under the DA Disregard (excluding Community Employment participants) at June 07. As the Table highlights the vast majority of DA Disregard workers are earning less than

¹³ The maximum Disability Allowance payment differs if a person has child or adult dependants.

¹⁴ The disparity between overall total and the sub totals is caused by omission of self employed and farming groups receiving DA

€180 weekly (92.2 per cent). It is reasonable to assume that this is at least partly due to a desire to safeguard their medical card eligibility.

Table 3.3: Earnings of Persons on DA Disregard¹⁵ at June 2007

| Earnings € | No of DA Disregard Employees ¹² | % of DA Disregard Employees |
|------------|--|-----------------------------|
| < €120 | 4,025 | 72.9 |
| €120-180 | 1,067 | 19.3 |
| > €180 | 429 | 7.8 |
| Total | 5,521 | 100.0 |

Source: Department of Social and Family Affairs

Persons employed under the DA Disregard are not eligible to participate in the WSS.

3.6 FÁS Employment Support Scheme (ESS)

The Employment Support Scheme (ESS) was introduced in 1990 by the then Department of Health. It was initially administered by the National Rehabilitation Board (NRB). The ESS aimed to encourage employers to employ people with disabilities by providing a subsidy that would compensate the employer for any shortfall in productivity on the part of the disabled employee.

In 2000, following the dissolution of the NRB and as part of the mainstreaming of employment and labour market services for people with disabilities, FÁS assumed responsibility for the administration of the ESS. Under FÁS, private sector organisations only were eligible to apply for assistance under the Scheme. Under the ESS participant employees had to:

- Relinquish social welfare payments while retaining secondary benefits for a period of one year;
- Not avail of other employment incentives;
- Work a minimum of 20 hours per week;
- Operate at a productivity levels of 50 – 80 per cent to qualify for assistance;
- Work under the same conditions of employment as other employees in the enterprise where they were employed.

Those in employment under the Scheme were paid the going gross salary for the job. Under the Scheme, FÁS paid 25 per cent of the gross wage of the participant in the first month of employment during which time the productivity level of the participant was assessed by the employer and a

¹⁵ Excludes those employed on a Community Employment Scheme in receipt of a reduced rate DA payment

Productivity Level Report was submitted to FÁS. At this stage the employer and FÁS agreed on an appropriate subsidy level up to a maximum of 50 per cent of the gross salary. The productivity level was re-assessed after the initial six months in employment and thereafter on a 12 monthly basis.

A Review carried out of the ESS in 2005 revealed there were approximately 446 individuals participating in the ESS at December 2004. With the introduction of the WSS in September 2005, participation on the ESS was frozen at the then current participation levels. After that point if an ESS participant left the ESS their place could not be offered to another participant, rather it would cease to exist. There are currently 348 participants on the ESS which continues to be administered by FÁS.

3.7 FÁS Community Employment (CE) Scheme

The FÁS Community Employment (CE) scheme is a mainstream employment and training programme which helps long-term unemployed people to re-enter the workforce by breaking their experience of unemployment through a return to work routine. The programme assists them to enhance and develop both their technical and personal skills which can then be used in the workplace.

The CE scheme offers two options:

1. **The Part-time Integration Option** – this is for people aged 25 or over who have been in receipt of social welfare payments for 1 year or more, and people aged 18 or over who are in receipt of disability-related payments. Under this option, participants can work under the CE scheme for a maximum of one year, although it may be possible to have a placement extended to two years depending on the individual needs of the participant concerned. The average number of working hours is 39 per fortnight, or 19.5 per week.
2. **The Part-time Job Option** – this is for people aged 35 or over who have been in receipt of social welfare payments for 3 years or more, or who are in receipt of disability-related payments. Under this option, work placements can be up to 6 years for participants over 55 years of age, or up to 3 years for participants under 55 years.

Participants under both options are allowed to seek other part-time employment during their placement. They retain all the secondary benefits that they were receiving prior to taking up Community Employment, provided that their total income remains below €317.43 per week. They also retain their medical card.

The CE programme targets organisations wishing to benefit the local community, namely voluntary organisations and public bodies involved in not-for-profit activities. Under the programme, the organisation or employer, undertakes a project and is given the resources by FÁS to employ unemployed people as participants. To be eligible, projects must fulfil a number of criteria:

- Last for one to three years;
- Respond to an identified community need;
- Provide development for participants in areas involving heritage, arts, culture, tourism, sport and the environment;
- Have the agreement of relevant trade unions;
- Do not displace or replace existing jobs; and
- Offer valuable work experience for participants.

Under the programme FÁS gives financial support in the form of a wages grant to participants for the full period of employment. The grant is paid weekly by FÁS to the employer who then passes it on to the participant as a wage that is liable to tax and PRSI deductions. The level of the wages grant depends on whether CE participants have child or adult dependants. The weekly grant based on 19.5 hours worked for a CE worker is as follows:

Table 3.4 FÁS CE Scheme Wage Grant Rates

| Category of CE Participant | Weekly Wage Grant Paid (€) |
|----------------------------------|----------------------------|
| Participant without dependants | 222.20 |
| Participant with adult dependant | 353.50 * |
| Each child dependant (full rate) | 24.00 |
| Each child dependant (half rate) | 12.00 |

*Note: The amount of the increase for the adult dependant is assessed by the Department of Social and Family Affairs and the rate for a participant with an adult dependant may be reduced if the adult dependant has income, for example, from part-time employment.

Under the CE scheme, FÁS also makes a contribution towards full-time supervision and materials costs, and a skills training grant towards participant development. The PRSI liability for the employer is at the Occupational Injuries Benefit rate of 0.5 per cent. FÁS also contributes towards the PRSI costs of employing a supervisor. The training provided through the Community Employment scheme is delivered within the FETAC Quality Assurance framework.

Of the total number of persons who commenced on CE in 2007, persons in receipt of a state disability income represented 24.8 per cent or 7,649 persons.

3.8 FÁS Employee Retention Grant Scheme

The FÁS Employee Retention Grant Scheme (ERGS) gives financial assistance to employers wishing to retain employees who have acquired an illness, condition or impairment that impacts on their ability to carry out their job.

The assistance is given in the form of a grant, which is allocated over two stages. The first stage involves the development of a retention strategy that

identifies accommodation, such as work equipment adaptation, and training that will enable the employee to maintain their current position or to take up another one within the company. The second stage involves the implementation of the retention strategy. The scheme is open to all employers in the private sector.

Under Stage 1 of the scheme, FÁS will pay the company 90 per cent of costs associated with the development of a written retention strategy, to a maximum of €2,500. This might involve the use of external specialist skills, knowledge and advice to develop a strategy that sets out the steps needed to accommodate and, if necessary train the employee to remain in his or her role. Alternatively, the strategy could outline where the employee could be re-deployed within the company and the accommodation or re-training needed to do this.

Then under Stage 2 of the scheme, FÁS will pay the company 90 per cent of associated implementation costs to a maximum of €12,500. This might include adapted or accessible equipment, re-training, job coaching, and the hiring of an external co-ordinator to oversee and manage the implementation.

Currently, only a handful of employers avail of the employee retention grant scheme annually. It is considered that the low level of take up is partly due to the fact that the WSS is more financially attractive as it is paid directly to the employer on an ongoing basis (approximately €10,000 annually) relative to the maximum grant payable (circa €15,000) for external expertise under the ERGS.

3.9 Conclusions

In addition to the WSS, there are a wide range of options available to persons with disabilities contemplating engaging in work/employment activities.

As Table 3.5 outlines, there are a significant number of persons with disabilities participating in the various employment options. While there may be some overlap between the options, for example where persons in receipt of Supported Employment support are availing of the DA Disregard, the Table suggests there are approximately 20,000 persons with disabilities engaged in work/employment activities in Ireland.

Table 3.5: Profile of Employment Avenues Open to People with Disabilities

| Employment Avenue | Number of Participants | Minimum No of Hours must Work Weekly | Eligibility for WSS | Type of Work Setting |
|---------------------------------|-------------------------------|---|----------------------------|-----------------------------|
| Sheltered Work | 7,900 ¹⁶ | No limits | Not Eligible | Sheltered |
| Sheltered Employment | 712 ¹⁷ | No limits | Eligible | Sheltered |
| Supported Employment | 1,250 ¹⁸ | No limits | Not Eligible | Open Labour Market |
| DA Disregard | 6,014 ¹⁹ | No limit | Not Eligible | Rehabilitative |
| Employment Support Scheme | 348 | 21 | Not Eligible | Open Labour Market |
| Community Employment | 7,649 | 19.5 | Not Eligible | Community |
| Employee Retention Grant Scheme | negligible | na | Not Eligible | Open Labour Market |

Source: Goodbody Economic Consultants
na – not applicable

The employment options available to people with disabilities vary in terms of their purpose. While the sheltered employment options aim to provide People with disabilities who are not ready or able to work in a more open labour market settings an experience of work, the DA Disregard supports people with disabilities working in rehabilitative employment, while the Supported Employment Programme supports people with disabilities seeking employment in the open labour market.

¹⁶ This figure dates from the NACTE Report in 1997.

¹⁷ Based on the findings of the Tom Martin Review of Sheltered Employment in 2001

¹⁸ Based on the findings of the WRC Review of Supported Employment 2008

¹⁹ Excludes DA Disregard persons participating on the Community Employment Programme

4. Expenditure on and Take up of the WSS, 2005 – 2007

This Section of the report gives a brief overview of the budget allocated to the Scheme, the actual expenditure incurred, as well as details of the take-up under the Wage Subsidy Scheme to date.

4.1 Budget Allocations to WSS 2005 -2007

As already mention in Section 2, when the WSS began operating in September 2005, it replaced the Programme for the Employment of People with Disabilities (PEP) and the Employment Support Scheme (ESS). All participants on the PEP transferred to the WSS but those participating in the ESS scheme were given the choice of transferring over or remaining on the ESS if they wished to do so, even though the ESS was being discontinued for new applicants. The 2005 budget for the WSS therefore comprised the original provision for the PEP and the ESS, as well as an additional €5 million that was allocated at the launch of the WSS²⁰. The budgets for 2006 and 2007 then comprised allocations for the WSS and allocations to cover continuing ESS participants. As Table 3.1 indicates, the total budget has increased marginally each year since the WSS was introduced.

Table 4.1 Budget Allocations for the WSS, 2005 – 2007

| Year | Budget Allocations (€m) |
|------|----------------------------|
| 2005 | 8.194 |
| 2006 | 10.250 |
| 2007 | 10.500 |

Source: FÁS Board Reports for relevant years

4.2 Expenditure on WSS 2005 -2007

Table 4.2 gives an indication of total expenditure on the WSS, separating out expenditure on the ESS. It should be noted that expenditure on the three funding Strands of the WSS in 2005 was relatively low as the Scheme only began operating in September of that year. It increased more than three-fold in 2006 to reach €3.4 million, and by a further 38.5 per cent in 2007 to reach €4.7 million. Expenditure on continuing ESS participants remained at a similar level (just under €3 million) over the three year period. Expenditure listed under “Other” in Table 4.2 relates to expenditure on the PEP programme in 2005 before the WSS got underway. It also includes expenditure for the December months of each year, which was booked in FÁS’s accounting

²⁰ This additional €5 million was announced by Minister Martin at the launch of the Scheme on 19th July 2005.

system when the management accounts for each year were being prepared, but which had not yet been allocated across the various headings.

Table 4.2 Expenditure on the WSS (encompassing the ESS), 2005 - 2007

| Year | Expenditure on WSS Strands I, II & III (€m) | Expenditure on ESS (€m) | Other* (€m) | Total (€m) |
|------|---|-------------------------|-------------|------------|
| 2005 | 0.839 | 2.999 | 1.044 | 4.882 |
| 2006 | 3.407 | 2.885 | 0.402 | 6.694 |
| 2007 | 4.719 | 2.833 | 0.058 | 7.610 |

Source: FÁS

*Note: These figures include expenditure on the PEP programme in 2005, as well as expenditure for the December months of each year that was already booked in SAP GL but which had not yet been allocated across the various headings when the management accounts for each year were being prepared.

Table 4.3 below breaks down the annual expenditure on the WSS by each of the three strands in 2005, 2006 and 2007. Expenditure in 2005 was low as the Scheme only began operating in September of that year. In 2006, it reached €3.4 million, of which 65.2 per cent related to Strand I funding and 28.9 per cent related to funding under Strand II. In 2007 total expenditure increased by 38.5 per cent to €4.7 million. That year, a larger proportion (72.0 per cent) of expenditure related to Strand I funding, with 23.5 per cent relating to Strand II and 4.5 per cent relating to Strand III.

Table 4.3 Expenditure on the WSS by Funding Strand, 2005 – 2007

| Year | Strand I (€000s) | Strand II (€000s) | Strand III (€000s) | Total (€000s) |
|------|-------------------|-------------------|--------------------|--------------------|
| 2005 | 533.7 63.7 % | 266.9 31.8 % | 37.5 4.5 % | 838.1 100.0 % |
| 2006 | 2,222.8 65.2 % | 983.8 28.9 % | 200.0 5.9 % | 3,406.7 100.0 % |
| 2007 | 3,398.3 72.0 % | 1,110.7 23.5 % | 210.0 4.5 % | 4,719.0 100.0 % |

Source: FÁS

When expenditure under the WSS is compared to the allocated budget, it is immediately clear that there has been a consistent under-spending of the budget, but that the level of under-spend has diminished each year. In 2005, expenditure fell short of the budget by €3.3 million, representing 40.4 per cent of the total amount allocated; in 2006, the shortfall was €3.6 million or 34.7

per cent of the allocated budget; and in 2007, the shortfall was €2.9 million or 27.5 per cent of the total amount allocated.

Table 4.4 Under-Spend on the WSS, 2005 – 2007

| Year | Allocated Budget (€m) | Expenditure (€m) | Under-Spend (€m) |
|-------------|----------------------------------|-----------------------------|-----------------------------|
| 2005 | 8.194 | 4.882 | 3.312 |
| 2006 | 10.250 | 6.694 | 3.556 |
| 2007 | 10.500 | 7.610 | 2.890 |

Source: FÁS

4.3 Take-up under WSS 2005 -2007

4.3.1 Overall Take-up of the WSS

As part of the Review, FÁS provided the Consultants with details of participation levels on the Wage Subsidy Scheme. The data was analysed to establish a picture of take up of the WSS by employees over the period September 2005 – December 2007.

Table 4.5 sets out the total number of employees employed under the WSS over the period September 2005 – December 2007. As the Table highlights in total 536 employees participated on the WSS over this period. Of these, 330 were new applicants to the Scheme, 187 were transferees from PEP and 19 were ESS transferees.

Table 4.5: Origin of All Employees who participated in WSS, Sept 2005 – Dec 2007

| Origin | No of Employees |
|-------------------|------------------------|
| New Applicant | 330 |
| Transfer from ESS | 19 |
| Transfer from PEP | 187 |
| Total | 536 |

Source: Goodbody analysis of FÁS data

Between September 2005 and December 2007, 39 employees on the WSS terminated their participation on the Scheme, representing an attrition rate of 7 per cent.

4.3.2 Take-up of the WSS among Sheltered Enterprises

The Department of Enterprise, Trade and Employment originally envisaged that sheltered employment enterprises would avail of the Scheme to promote the employment opportunities available to people with disabilities. In the review of sheltered employment carried out by Tom Martin in 2001 34 enterprises (nine of which were Rehab enterprises) had been identified as sheltered employment enterprises. However since the commencement of the WSS in September 2005, only one sheltered employment enterprise has availed of the Scheme, namely Rehab Enterprises. Rehab Enterprises²¹ employ 215 WSS employees under the WSS, representing 43 per cent of the total participants. Among the 215 Rehab WSS employees, 170 were original PEP participants who transferred onto the WSS and 45 represent new applicants on to the Scheme.

4.3.3 New Applicants onto the WSS

Table 4.6 sets out the origin of the 497 WSS participants that were participating in the WSS at December 2007. As the Table highlights, among the 305 New Applicants to the Scheme, approximately 100 commenced employment during the first year of the Scheme, while almost 200 employees commenced employment between September 2006 and December 2007.

Table 4.6: Origin of Current WSS Employees, Dec 2007

| | New Applicant | Transfer from PEP | Transfer from ESS | Total |
|--------|----------------------|--------------------------|--------------------------|--------------|
| Sep-05 | 7 | 182 | 0 | 189 |
| Sep-06 | 109 | 182 | 8 | 299 |
| Dec-07 | 305 | 173 ²² | 19 | 497 |

Source: Goodbody analysis of FÁS data

When we look at the number of new applicants onto the WSS on a quarterly basis it is clear that there has been a fairly steady flow of new applicants onto the WSS on a quarterly basis over its lifetime to date. See Table 4.7.

²¹ Rehab Enterprises (formerly Gandon Enterprises who participated in PEP) is one of Ireland's largest single employers of workers with disabilities.

²² Three of the 173 PEP transferees have changed employers and are no longer employed by Rehab Enterprises. However, they are listed as PEP transferees as they were originally transferred from the PEP Programme.

Table 4.7: Number of New Applicants on a Quarterly Basis, Sept 2005 – Dec 2007

| Quarter | No of Employees |
|-----------------|------------------------|
| Sep – Nov 2005 | 13 |
| Dec – Feb 2006 | 36 |
| Mar – May 2006 | 15 |
| Jun – Aug 2006 | 26 |
| Sep – Nov 2006 | 39 |
| Dec – Feb 2007 | 38 |
| Mar – May 2007 | 43 |
| Jun – Aug 2007 | 33 |
| Sept – Nov 2007 | 57 |
| Dec*- 2007 | 5 |
| Total | 305 |

Source: Goodbody analysis of FÁS data

* Number of new applicants between the 1st and 12th of Dec 2007

From the analysis above it is clear that when considered in terms of the original target of attracting 500 persons annually on to the WSS, the level of new applicants on to the WSS is significantly below that envisaged when the Scheme was introduced in September 2005. It is also the case that the Scheme has not been availed of by sheltered employment enterprises with the sole exception of Rehab Enterprises.

4.3.4 Geographical Spread of Take up under the WSS, 2005 -2007

Analysis of the geographical spread of participation on the WSS reveals significant variation on the country level of take up under the Scheme. Table 4.8 sets out the WSS employees by their county of employment at December 2007. As the Table outlines, Dublin accounts for the place of employment of almost one quarter of all WSS employees. Other significant employment centres include Mayo, Limerick, Cork and Monaghan.

In order to estimate the rate of take up across counties, the number of WSS employees per county was expressed as a proportion of the total number of Disability Allowance (DA) recipients in each respective county. The results are set out in Table 4.8. As the Table highlights, Monaghan significantly outperforms all other counties in terms of the proportion of its DA population that are employed under the WSS²³.

²³ It should be noted that not all WSS employees were previously DA recipients. The analysis in Table 4.4 is for illustrative purposes only, to show the proportion of each county's DA population that are employed under the WSS.

Table 4.8: County of Employment of Current WSS Employees, Dec 2007

| County | No of WSS Employees | % of WSS Employees | Total No of DA Recipients | % of DA Recipients | WSS as % of DA Recipients |
|---------------|----------------------------|---------------------------|----------------------------------|---------------------------|----------------------------------|
| Carlow | 4 | 0.8 | 1,136 | 1.4 | 0.4 |
| Cavan | 4 | 0.8 | 1,042 | 1.3 | 0.4 |
| Cork | 29 | 5.8 | 10,342 | 12.8 | 0.3 |
| Donegal | 14 | 2.8 | 3,861 | 4.8 | 0.4 |
| Dublin | 116 | 23.3 | 20,939 | 25.9 | 0.6 |
| Galway | 16 | 3.2 | 5,032 | 6.2 | 0.3 |
| Kerry | 17 | 3.4 | 3,517 | 4.3 | 0.5 |
| Kildare | 1 | 0.2 | 2,528 | 3.1 | 0.0 |
| Kilkenny | 21 | 4.2 | 1,554 | 1.9 | 1.4 |
| Laois | 19 | 3.8 | 1,191 | 1.5 | 1.6 |
| Limerick | 48 | 9.7 | 4,405 | 5.4 | 1.1 |
| Longford | 14 | 2.8 | 851 | 1.1 | 1.6 |
| Louth | 12 | 2.4 | 2,192 | 2.7 | 0.5 |
| Mayo | 68 | 13.7 | 3,143 | 3.9 | 2.2 |
| Meath | 9 | 1.8 | 1,778 | 2.2 | 0.5 |
| Monaghan | 29 | 5.8 | 1,076 | 1.3 | 2.7 |
| Offaly | 10 | 2.0 | 1,348 | 1.7 | 0.7 |
| Roscommon | 5 | 1.0 | 1,143 | 1.4 | 0.4 |
| Sligo | 4 | 0.8 | 1,487 | 1.8 | 0.3 |
| Tipperary | 21 | 4.2 | 3,762 | 4.6 | 0.6 |
| Waterford | 4 | 0.8 | 2,131 | 2.6 | 0.2 |
| Westmeath | 11 | 2.2 | 1,567 | 1.9 | 0.7 |
| Wexford | 18 | 3.6 | 2,866 | 3.5 | 0.6 |
| Wicklow | 3 | 0.6 | 2,071 | 2.6 | 0.1 |
| Total | 497 | 100.0 | 80,964 | 100.0 | 0.6 |

Source: Goodbody analysis of FÁS data

At December 2007, 215 of the total WSS employees were employed by Rehab Enterprises. Rehab Enterprises provides employment opportunities for people with disabilities under the WSS in a number of locations throughout the country including Dublin, Mayo and Limerick. As a result when Rehab employees are excluded from the analysis, the number of WSS employees in Dublin, Limerick and Mayo are significantly reduced. Monaghan however, retains its position of the county with the highest proportion of DA recipients employed under the WSS. See Table 4.9.

Table 4.9: County of Employment of Current WSS Employees excluding Rehab, Dec 2007

| County | No of WSS Employees | % of WSS Employees | Total No of DA Recipients | % of DA Recipients | WSS as % of DA Recipients |
|---------------|----------------------------|---------------------------|----------------------------------|---------------------------|----------------------------------|
| Carlow | 4 | 1.4 | 1,136 | 1.4 | 0.4 |
| Cavan | 4 | 1.4 | 1,042 | 1.3 | 0.4 |
| Cork | 29 | 10.3 | 10,342 | 12.8 | 0.3 |
| Donegal | 14 | 5.0 | 3,861 | 4.8 | 0.4 |
| Dublin | 35 | 12.4 | 20,939 | 25.9 | 0.2 |
| Galway | 16 | 5.7 | 5,032 | 6.2 | 0.3 |
| Kerry | 6 | 2.1 | 3,517 | 4.3 | 0.2 |
| Kildare | 1 | 0.4 | 2,528 | 3.1 | 0.0 |
| Kilkenny | 5 | 1.8 | 1,554 | 1.9 | 0.3 |
| Laois | 7 | 2.5 | 1,191 | 1.5 | 0.6 |
| Limerick | 4 | 1.4 | 4,405 | 5.4 | 0.1 |
| Longford | 14 | 5.0 | 851 | 1.1 | 1.6 |
| Louth | 12 | 4.3 | 2,192 | 2.7 | 0.5 |
| Mayo | 17 | 6.0 | 3,143 | 3.9 | 0.5 |
| Meath | 9 | 3.2 | 1,778 | 2.2 | 0.5 |
| Monaghan | 29 | 10.3 | 1,076 | 1.3 | 2.7 |
| Offaly | 10 | 3.5 | 1,348 | 1.7 | 0.7 |
| Roscommon | 5 | 1.8 | 1,143 | 1.4 | 0.4 |
| Sligo | 4 | 1.4 | 1,487 | 1.8 | 0.3 |
| Tipperary | 21 | 7.4 | 3,762 | 4.6 | 0.6 |
| Waterford | 4 | 1.4 | 2,131 | 2.6 | 0.2 |
| Westmeath | 11 | 3.9 | 1,567 | 1.9 | 0.7 |
| Wexford | 18 | 6.4 | 2,866 | 3.5 | 0.6 |
| Wicklow | 3 | 1.1 | 2,071 | 2.6 | 0.1 |
| Total | 282 | 100.0 | 80,964 | 100.0 | 0.4 |

Source: Goodbody analysis of FÁS data

It is noteworthy that 78 per cent of WSS employees in Monaghan are employed in enterprises employing one WSS employee only. There is no large scale employer of people with disabilities in the county. See Table 4.10.

Table 4.10: Number of Employers by Number of WSS Employees in Monaghan, Dec 2007

| No of Employees employed within WSS | No of Employers | % of Employees |
|--|------------------------|-----------------------|
| 1 | 18 | 78.3 |
| 2 | 4 | 17.4 |
| 3 | 1 | 4.3 |
| Total | 23 | 100.0 |

Source: Goodbody analysis of FÁS data

Based on consultations with relevant stakeholders in the area it emerged that the success of the WSS in Monaghan is largely due to the fact that a local team of job coaches use the WSS as one of their main tools to help people with disabilities into employment. The job coaches hold breakfast meetings and other promotional events for potential employers, to raise their awareness of the Scheme and introduce them to other employers who have already benefited from the Scheme. The job coaches also offer disability awareness training to local employers. This approach has proved successful in getting people with disabilities into employment in Monaghan.

4.4 Conclusions

The allocated budget to the WSS has been consistently under-spent annually since 2005, but the level of under-spend has diminished each year. In terms of the original target of moving 500 persons annually onto the WSS, take up under the Scheme to date has been disappointing. In total there have been 330 new applicants onto the WSS. Total participation in the Scheme has been 536 participants, which includes 187 transferees from the PEP programme and 19 transferees from the ESS. There have been on average 33 new applicants participating on the Scheme quarterly since it commenced. Take up of the Scheme by sheltered employment enterprises has not materialised with the sole exception of Rehab Enterprises.

Monaghan significantly out performs all other counties in terms of its participation on the WSS to the extent that persons with disabilities are five times more likely to be employed under the Scheme in Monaghan. The success of the WSS in Monaghan is largely due to the fact that a local team of job coaches use the WSS as one of their main tools to help people with disabilities into employment. A replication of the success achieved in Monaghan in all other counties would significantly increase take up under the WSS.

5. Profile of Participants on the Wage Subsidy Scheme

5.1 Introduction

As previously outlined in Section 4.3 the Consultants were provided with details of participants on the Wage Subsidy Scheme by FÁS. The data were analysed to profile WSS employees in terms of their age, gender, type of industry worked in, productivity levels as well as hours worked weekly. The FÁS data were also analysed to profile WSS employers in terms of the number of WSS employees they employ. These data were supplemented by a survey of WSS employers carried out by the Consultants which enabled a profiling of the wage levels payable to WSS employees as well as the company size of WSS employers.

5.2 Profile of WSS Employees

There are twice as many males participating in the WSS as there are females. The age profile of both male and female participants is relatively similar. The average age of WSS participants is 32 years. See Table 5.1.

Table 5.1: Distribution of WSS Participants by Gender and Age, Dec 2007

| | All | <21 years | 21-30 years | 31-40 years | 41-50 years | 50+ years | Avg. age |
|-----------|-------|--------------|----------------|----------------|----------------|--------------|-------------|
| Male | 340 | 10 | 100 | 120 | 73 | 37 | 32.3 |
| % Males | 100.0 | 2.9 | 29.4 | 35.3 | 21.5 | 10.9 | |
| Female | 157 | 2 | 37 | 51 | 44 | 23 | 32.9 |
| % Females | 100.0 | 1.3 | 23.6 | 32.5 | 28.0 | 14.6 | |
| Total | 497 | 12 | 137 | 171 | 117 | 60 | 32.5 |
| % Total | 100.0 | 2.4 | 27.6 | 34.4 | 23.5 | 12.1 | |

Source: Goodbody analysis of FÁS data

Over half (53 per cent) of WSS employees are employed in ‘Factory, Production and related Services’ type enterprises. Other significant enterprise-types include ‘Sales, Marketing, PR and Advertising’ as well as ‘Professional, Administration and Clerical’ enterprises which account for 9.7 and 8.0 per cent of enterprises respectively.

Table 5.2: Distribution of WSS Participants by Employment Industry Type, Dec 2007

| Employment Industry Type | No of Employees | % of Employees |
|--|------------------------|-----------------------|
| Animal, Land Marine | 13 | 2.6 |
| Arts Literature | 3 | 0.6 |
| Cleaning, Security, Maintenance | 10 | 2.0 |
| Factory, Production and related Services | 265 | 53.3 |
| Hair and Beauty | 4 | 0.8 |
| Hotel, Tourism, Travel and Catering | 27 | 5.4 |
| Information Technology | 6 | 1.2 |
| Professional, Admin, Clerical | 40 | 8.0 |
| Purchasing, Warehouse, Transport | 22 | 4.4 |
| Sales, Marketing, PR, Advertising | 48 | 9.7 |
| Social, Health, Welfare, Childcare | 27 | 5.4 |
| Sport & Leisure | 6 | 1.2 |
| Trades & related Occupations | 23 | 4.6 |
| Training & Education | 3 | 0.6 |
| Total | 497 | 100.0 |

Source: Goodbody analysis of FÁS data

When Rehab Enterprises are excluded from the analysis of enterprise type, the proportion of WSS employees employed in 'Factory, Production and related Services' falls to 19 per cent. Among non-Rehab employees, 'Sales, Marketing, PR and Advertising' (17 per cent), 'Professional, Administration and Clerical' (13.1 per cent), 'Hotel, Tourism, Travel and Catering' (9.6 per cent) and 'Social, Health, Welfare and Childcare' (9.6 per cent) are all significant enterprise types employing WSS employees. See Table 5.3.

Table 5.3: Distribution of WSS Participants (excluding Rehab) by Employment Industry Type, Dec 2007

| Employment Industry Type | No of Employees | % of Employees |
|--|------------------------|-----------------------|
| Animal, Land Marine | 13 | 4.6 |
| Arts Literature | 3 | 1.1 |
| Cleaning, Security, Maintenance | 10 | 3.5 |
| Factory, Production and related Services | 53 | 18.8 |
| Hair and Beauty | 4 | 1.4 |
| Hotel, Tourism, Travel and Catering | 27 | 9.6 |
| Information Technology | 6 | 2.1 |
| Professional, Admin, Clerical | 37 | 13.1 |
| Purchasing, Warehouse, Transport | 22 | 7.8 |
| Sales, Marketing, PR, Advertising | 48 | 17.0 |
| Social, Health, Welfare, Childcare | 27 | 9.6 |
| Sport & Leisure | 6 | 2.1 |
| Trades & related Occupations | 23 | 8.2 |
| Training & Education | 3 | 1.1 |
| Total | 282 | 100.0 |

Source: Goodbody analysis of FÁS data

Persons with disabilities employed under the WSS must work in excess of 20 hours weekly. Table 5.4 sets out the number of WSS employees by the number of hours they work weekly. On average, WSS employees work 35 hours per week. As Table 5.4 highlights, almost two thirds (65 per cent) of all WSS employees are working the maximum number of hours weekly. Among the remainder of WSS employees, 12 per cent work the minimum number of hours weekly.

Table 5.4: Distribution of WSS Participants by Hours Worked Weekly, Dec 2007

| Hours Worked Weekly | No of Employees | % of Employees |
|-----------------------------|------------------------|-----------------------|
| 21 | 59 | 11.9 |
| 22 – 30 | 57 | 11.5 |
| 31 – 38 | 58 | 11.7 |
| 39 | 323 | 64.9 |
| Total | 497 | 100.0 |
| | | |
| Average hours worked weekly | 34.9 | |

Source: Goodbody analysis of FÁS data

When Rehab Enterprises employees are excluded from the analysis the average number of hours worked weekly falls to 32. The proportion of non-Rehab employees working the maximum 39 hours weekly is 43 per cent. One in five non-Rehab employees work the minimum number of hours weekly.

Table 5.5: Distribution of WSS Participants (excluding Rehab) by Hours Worked Weekly, Dec 2007

| Hours Worked Weekly | No of Employees | % of Employees |
|----------------------------|------------------------|-----------------------|
| 21 | 58 | 20.6 |
| 22 – 30 | 56 | 19.9 |
| 31 – 38 | 46 | 16.3 |
| 39 | 122 | 43.3 |
| Total | 282 | 100 |
| Average | 32.1 | |

Source: Goodbody analysis of FÁS data

Under the Wage Subsidy Scheme a wage subsidy payment is paid to employers employing people with disabilities under the Scheme. The level of subsidy paid to the employer is determined by the productivity level of the WSS employee. Where it is agreed that an employee with a disability has a productivity level between 50 per cent and 80 per cent of normal work performance, a subsidy of €4.26 per hour worked is provided, to a maximum of 39 hours per week or €8,639 per annum. If it is agreed that the employee has a productivity level below 50 per cent of normal work performance, a subsidy of €5.30 per hour worked is provided, to a maximum of 39 hours per week or €10,748 per annum. Among the 497 employees employed under the WSS at December 2007, 85 per cent were in receipt of the higher level of subsidy payments.

Table 5.6: Distribution of WSS Participants by their Productivity Level, Dec 2007

| Productivity Level | No of Employees | % of Employees |
|----------------------------|------------------------|-----------------------|
| Less than 50 per cent | 424 | 85.3 |
| Between 50 and 80 per cent | 73 | 14.7 |
| Total | 497 | 100 |

Source: Goodbody analysis of FÁS data

During the course of the Review of the WSS, the Consultants carried out a survey of all employers participating in the WSS at December 2007²⁴. In total 112 completed questionnaires were returned²⁵ representing a response rate of 50 per cent. As part of the survey, employers were asked to specify the hourly rate of salary payable to their WSS employees. It should be noted that a small number of employers either failed to answer the question or misinterpreted the question and provided details of the WSS subsidy rate payable to the employee. However, among those employers who answered the question correctly, hourly salary rates were provided in respect of 133 WSS employees.

²⁴ Rehab enterprises were not surveyed as they were consulted on a one to one basis by the Consultants.

²⁵ An additional 15 survey replies were received after the closing date and were not included in the analysis.

The hourly rates of pay payable to the 133 employees are set out in Table 5.7. As the Table highlight, 29 per cent of WSS employees are working for the minimum wage (€8.65 per hour). In total, 64 per cent of WSS employees are paid €10 per hour or less. Twenty nine per cent of WSS employees are paid between €10 and €15 per hour. Just 8 per cent of WSS employees are paid excess of €15 per hour.

Table 5.7: Distribution of WSS Employees by Hourly Salary, 2007

| Hourly Wage | No of Employees | % of Employees |
|------------------------|-----------------|----------------|
| Less than Minimum Wage | 9 | 6.8 |
| Minimum Wage €8.65 | 39 | 29.3 |
| €8.65 - €10 | 37 | 27.8 |
| €10 - €15 | 38 | 28.6 |
| €15 - €20 | 7 | 5.3 |
| Over €20 | 3 | 2.3 |
| Total | 133 | 100.0 |

Source: Goodbody Economic Consultants Survey of WSS Employers

5.3 Profile of WSS Employers

Table 5.8 outlines the number of employers who were participating in the WSS at December 2007 by the number of WSS employees they employ. From the Table it is evident that the majority of employers (88 per cent) employ just one person with a disability under the WSS. Fifteen employers employ two persons with a disability, while six employ three persons with a disability. Among the 226 employers participating in the WSS at December 2007, just six employ more than four employees with a disability.

Table 5.8: Distribution of WSS Employers by Number of WSS Employees employed, Dec 2007

| No of WSS Employees | No of Employers | % of Employers |
|---------------------|-----------------|----------------|
| 1 | 199 | 88.1 |
| 2 | 15 | 6.6 |
| 3 | 6 | 2.7 |
| 4 | 2 | 0.9 |
| 5 | 1 | 0.4 |
| 10 | 1 | 0.4 |
| 12 | 1 | 0.4 |
| 215 | 1 | 0.4 |
| Total | 226 | 100.0 |

Source: Goodbody analysis of FÁS data

Table 5.9 outlines the company size, measured by total number of employees, of WSS employers. As the Table highlights, the vast majority of WSS employers are small scale employers. Almost forty per cent of WSS employers employ less than 10 persons in their company, while almost 70 per cent of WSS employers employ less than 30 persons. There are however, a small number of large scale employers also employing people with disabilities under the WSS.

Table 5.9: Distribution of WSS Employers by Company Size, 2007

| Company Size (Employee Numbers) | No of Companies | % of Companies |
|----------------------------------|-----------------|----------------|
| 1-10 | 42 | 38.9 |
| 11-30 | 33 | 30.6 |
| 31-60 | 12 | 11.1 |
| 61-100 | 7 | 6.5 |
| 101-200 | 8 | 7.4 |
| 201-400 | 3 | 2.8 |
| Over 400 | 3 | 2.8 |
| Total | 108 | 100.0 |

Source: Goodbody Economic Consultants Survey of WSS Employers

5.4 Conclusions

Males are twice as likely to participate in the WSS as females. Among both sexes the average age of participants is 32 years. The majority of WSS employees are employed in ‘Factory, Production and related Services’ type enterprises. Other significant enterprise-types include ‘Sales, Marketing, PR and Advertising’ as well as ‘Professional, Administration and Clerical’ enterprises.

On average, WSS employees work 35 hours per week. 85 per cent of participants are in receipt of the higher level of subsidy payments. In total 29 per cent of WSS employees are working for the minimum wage (€6.65 per hour) while 93 per cent of WSS employees are paid €15 per hour or less.

The vast majority of WSS employers (88 per cent) employ just one person with a disability under the Scheme and are small scale employers. Almost 70 per cent of WSS employers employ less than 30 persons.

6. Issues Raised by Stakeholders

6.1 Introduction

We have seen that when the Wage Subsidy Scheme (WSS) was launched by the Department of Enterprise, Trade and Employment it was envisaged that 500 people with disabilities would come onto the WSS annually. This was based on the assumption that Sheltered Employment enterprises as identified in the Tom Martin Report would avail of the WSS. In reality, transferees from PEP and ESS aside, 330 people with disabilities have participated in the WSS as new applicants over the period September 2005 to December 2007 (see Section 4.3) while just one sheltered employment enterprise has participated in the Scheme. Take up of and participation in the WSS has thus been significantly below that anticipated by the Department at the time of its launch.

As part of the review process consultations were held with representatives from relevant Government Departments including the Department of Enterprise, Trade and Employment, the Department of Health and Children, and the Department of Social and Family Affairs. Consultations were also held with FÁS staff; employer representative organisations; sheltered employment enterprises; as well as with a significant number of both statutory and community and voluntary organisations working in the area of disability. In addition, surveys were conducted of employers participating in the Wage Subsidy Scheme as well as those not participating in the Scheme. Consultations were also held with employees participating in the Wage Subsidy Scheme. During the course of the above, a number of issues have emerged as significant factors which have impinged upon participation in the Wage Subsidy Scheme.

6.2 Employee Incentives

As Section 2.3 sets out, there are obvious incentives to employers participating in the Wage Subsidy Scheme. However, various stakeholders have pointed to a series of disincentives which have adversely affected participation levels on the Scheme. In this sub-section the key factors that are seen as negatively affecting employee participation in the Wage Subsidy Scheme are set out.

6.2.1 Medical Card Cover

WSS employees availing of the BTWA Scheme retain secondary benefits, including the medical card, for a period of three years after taking up employment under the WSS. During the consultation process stakeholders repeatedly stressed the critical importance of the medical card to the WSS employees in terms of their continued participation on the Scheme. In its absence, it is predicted that there will be a significant reduction in participation on the Scheme as employees approach the end of their three years in employment.

The loss of the medical card after three years was also cited as the most significant deterrent to take-up of the WSS. Where a person's disability results in ongoing medical needs, be they aids and appliances, equipment, medication or ongoing medical treatment, the costs involved can be prohibitive and make employment unviable for employees with disabilities in the absence of a medical card. For other employees with disabilities, it is not the actual cost, but the fear of losing the medical card, that proves prohibitive in that person's decision to take up employment.

In its commitments relating to disability, the Agreed Programme for Government commits to allowing people with disabilities to work without losing key essential medical card cover after 3 years. Until the medical card issue is resolved, it is unlikely that take-up under the Scheme will increase significantly. It is also likely that the prospect of losing the medical card will result in some WSS employees exiting from the Scheme as they approach the end of their three-year BTWA period in late 2008.

6.2.2 Retention of Disability Allowance Status

The families of people with disabilities generally play a large role in the decisions taken in the lives of people with disabilities. Anecdotal evidence suggests that when families are informed that participation on the WSS involves the loss of social welfare status after a three year period, the WSS is no longer considered a serious option by these families as they contemplate the various routes into employment for their family member with a disability. Families are not willing to entertain the potential loss of the social welfare status because of the perceived difficulties involved in regaining the status if the employment did not work out after a period of time. Families fear that if their family member with a disability has been in employment for a length of time and has therefore provided evidence of an ability to work they will have difficulties in re-obtaining their social welfare status. As a result, the Disability Allowance (DA) Disregard is considered a more favourable option as the person with a disability retains their social welfare status while also experiencing employment.

According to the representatives of people with disabilities, a guaranteed re-entitlement to their previous social welfare status would help convince the families of people with disabilities to consider the WSS as a viable option of employment for their family member with a disability. Alternatively, allowing people with disabilities to retain their social welfare status with a zero social welfare payment while they participate on the Wage Subsidy Scheme would also serve to alleviate the fears of family members and thereby increase the potential number of applicants onto the Scheme.

6.2.3 Travel Pass

In addition to concerns over the loss of the medical card and social welfare status, concerns were also raised over the loss of the travel pass for employees reliant on public transport to allow them to travel to work as well as to their medical appointments.

6.2.4 Attractiveness of Disability Allowance Disregard

Representatives of persons with disabilities reported a reluctance to advocate the WSS as an option for people with disabilities seeking employment. With the best interests of the person with a disability in mind, they are reluctant to advocate the WSS when the DA Disregard is seen as a more favourable option. Table 6.1 sets out the total weekly earnings of a single person working 21 hours weekly under the DA Disregard relative to the earnings of a similar person working the same number of hours weekly under the WSS. As the Table highlights, the person working under the DA Disregard is financially better off in the first year of employment and the degree to which they are better off increases over the next three years. In addition, the person working 21 hours under the DA Disregard will retain their DA status and their secondary benefits including the medical card²⁶ indefinitely, while their WSS counterpart will retain their DA status, secondary benefits and medical card for three years only.

Table 6.1: Income earned under DA Disregard and Wage Subsidy Scheme*, 2008

| Year | DA Disregard | | | WSS | | |
|------|-----------------------------------|----------------------|--------------|-----------------------------------|-------------|--------------|
| | Sample Income (21 hours at €8.65) | Disability Allowance | Total Income | Sample Income (21 hours at €8.65) | BTWA Income | Total Income |
| 1 | 181.65 | 167.80 | 349.45 | 181.65 | 148.35 | 330.00 |
| 2 | 181.65 | 167.80 | 349.45 | 181.65 | 98.90 | 280.55 |
| 3 | 181.65 | 167.80 | 349.45 | 181.65 | 49.45 | 231.10 |
| 4 | 181.65 | 167.80 | 349.45 | 181.65 | 0.00 | 181.65 |

Source: Goodbody Economic Consultants

* The example illustrated refers to a Single Adult working 21 hours weekly for the minimum wage

Table 6.2 presents the same analysis for a single person working 35 hours weekly. While the person is financially better off under the WSS during the first year of employment, by year two the person working under the DA

²⁶ As outlined in Section 3.5 medical cards are means-tested separately to an income threshold of €184 for a single individual. Hence a single person earning €181.65 weekly under the DA Disregard will retain their medical card. A single person employed through the DA Disregard is entitled to keep their medical card for a period of three years from the date that their weekly income reaches €184 or more.

Disregard is better off and the degree to which they are better off increases over the next two years. Persons working 35 hours under the DA Disregard (for the minimum wage) will retain their DA status and will also retain all secondary benefits, except the medical card, indefinitely. They will retain the medical card for three years from the point at which they earn in excess of the medical card income eligibility limit. Their counterparts working under the WSS will retain their DA status, secondary benefits and medical card for three years only.

Table 6.2: Income earned under DA Disregard and Wage Subsidy Scheme*, 2008

| Year | DA Disregard | | | WSS | | |
|------|-----------------------------------|----------------------|--------------|-----------------------------------|-------------|--------------|
| | Sample Income (35 hours at €8.65) | Disability Allowance | Total Income | Sample Income (35 hours at €8.65) | BTWA Income | Total Income |
| 1 | 302.75 | 107.80 | 410.55 | 302.75 | 148.35 | 451.10 |
| 2 | 302.75 | 107.80 | 410.55 | 302.75 | 98.90 | 401.65 |
| 3 | 302.75 | 107.80 | 410.55 | 302.75 | 49.45 | 352.20 |
| 4 | 302.75 | 107.80 | 410.55 | 302.75 | 0.00 | 302.75 |

Source: Goodbody Economic Consultants

* The example illustrated refers to a Single Adult working 35 hours weekly for the minimum wage

6.2.5 Requirement to Work in excess of Twenty Hours

In order to qualify for the WSS employees with disabilities must work in excess of 20 hours per week. While for some people with disabilities this may not prove a barrier into employment, for others this is not the case. For certain people with disabilities working 21 hours is not feasible in the early stages of their employment career. Rather, work capacity is something that is built up as the employee gains experience and confidence on the job and after a period of time the employee may increase his/hers working hours and will cross the 21 hour threshold.

In addition to those who need time to build up to working 21 hours weekly, there are employees who, because of the nature of their disability, may need to reduce their working hours so that they may drop below the prescribed 21 hours of the Scheme at certain stages of their working lives. In addition, there are some people with disabilities who are capable of engaging in meaningful employment but for whom working in excess of 20 hours weekly may never be a feasible option.

The Wage Subsidy Scheme in its current format excludes people not capable of working 21 hours weekly from participating in the Scheme. According to stakeholders a sizeable proportion of people with disabilities fall into this category. Reducing the hours worked threshold would open up the WSS to

these individuals while at the same time helping to increase the employment opportunities available to them.

6.2.6 Productivity Labelling

Currently the subsidy payable to employers under the WSS is dependent on the productivity level of the employee and their hours worked. WSS employees are classified as having a productivity level of below 50 per cent or of between 50 and 80 per cent. When an employee is initially approved onto the WSS, FÁS assumes a below 50 per cent rate of productivity for the first month when paying the wage subsidy to the employer. This allows the employer, in discussion with the employee, to carry out an evaluation of the productivity level of the employee in the main tasks which make up their job.

The stipulation that employers must measure their employee's productivity level is viewed by many stakeholders as contrary to the progressive agenda being pursued by Government in the area of disability. The manner in which the productivity measurement is carried out is a cause of concern among several stakeholders as it is felt that the measurement process tends to concentrate on what the employee can not do, as opposed to what they can do. This runs the risk of highlighting shortfalls that the employee may not necessarily have identified themselves with the obvious negative consequences for the employee's self esteem and self worth. In addition, concerns were raised about the subjective manner in which the employee's productivity is measured. It was stated that all employee's productivity levels may fluctuate on a day to day basis; hence the measurement of a WSS employee's productivity at one point in time runs the risk of both under- and over- estimating their capabilities. Finally it was stated that the categorising of employees by their productivity level serves to pigeon-hole WSS employees and leaves them with a stigma that will remain with them into their future careers.

6.2.7 Need for Permanent Footing

For some people with disabilities participation in various schemes, programmes and courses may be inevitable in terms of gaining the skills necessary to allow them to participate in employment. Subsequently on entering the workforce, people with disabilities anticipate a security of tenure similar to that enjoyed by their fellow work colleagues. However, in participating in the Wage Subsidy Scheme employees with disabilities find themselves yet again on a 'scheme' of fixed-length duration without a sense of permanency or security.

In addition to preventing actual WSS employees from enjoying the security of tenure they have long-awaited, anecdotal evidence suggests the three year pilot nature of the Wage Subsidy Scheme has inhibited take-up of the Scheme by both prospective employers and employees alike. Placement officers report a reluctance to advocate the WSS as an option for people with disabilities seeking employment. They feel they have a moral obligation to do what is in the best interest of the person with a disability and as such are unwilling to put

them in a situation of uncertainty by placing them on a Scheme that has no clarity with respect to its future.

6.2.8 Need for a Clear Progression Path with Necessary Supports

In addition to their frustration at the lack of certainty surrounding the future of the WSS, stakeholders also expressed dissatisfaction with the lack of alignment across the various routes into employment for people with disabilities. Owing to the intricacies involved in the operation of various schemes and programmes, together with their discrete stand-alone nature, people with disabilities are often in a position where they must choose the option into employment which will minimise their losses over the longer term. A clear example here is the choice facing people with disabilities in terms of availing of the WSS or availing of the DA Disregard.

At present there is a lack of a continuum of options that would provide incentives to employees with disabilities to engage in the level of employment that is appropriate to their abilities and needs. If people with disabilities are to be assisted in accessing employment appropriate to their capabilities and needs, it is vital that schemes and programmes interact with each other so as to assist people with disabilities enter and remain in employment without losing out along the way. In this scenario the WSS would be part of a wider mapping of services to people with disabilities incorporating training, work experience, work placement and work progression so that it makes sense for the person with a disability and they do not become worse off along the way. In order for this to happen, stakeholders indicated that there was a need for greater inter-departmental co-operation and co-ordination.

6.2.9 Index Linked Subsidy

The structure of the WSS as it currently stands is such that wage increases to WSS employees result in a reduction of the value of the WSS subsidy to employers participating in the Scheme. While this is not an issue if the productivity of the employee is increasing, it is an issue where the employee's productivity level is remaining static or decreasing. The result is a situation where employers have no incentive to increase the salary payable to the WSS employees. It is the view of stakeholders that, at a minimum, the subsidy provided to employers should be linked to the Consumer Price Index (CPI) in order to allow employers to provide wage increases to their employees in line with inflation without losing out under the Scheme²⁷.

6.2.10 Lack of Flexibility within WSS

It was stated that the 'one size fits all' approach inherent in the WSS is failing to take account of the varying forms of disabilities experienced on a day to day basis by people with disabilities. An example was provided of a situation where a person was hired to carry out a role which they were more than

²⁷ The WSS is linked to the minimum wage and has increased in line with increases in the minimum wage.

capable of carrying out, however, owing to the employee's skin condition they could not use public transport in getting to and from work meetings. As a result this person's employer would have liked to avail of a form of support akin to the WSS which would fund the transportation of the employee by taxi when this was necessary.

It was stated that the rigid nature of the WSS was suitable to lower level 'widget' production jobs. In its present guise, it is not flexible enough to assist persons with varying forms of disabilities in more high level positions.

6.3 Employer Incentives

During the course of the review process, meetings were held with employer representative organisations. In addition, a consultation session was held with a small number of employers who are active in the area of disability to gather their views on the Wage Subsidy Scheme. As well as this, surveys were conducted of both participant and non-participant employers in the Scheme. Based on the above the following have emerged as the key issues regarding employer participation in the Wage Subsidy Scheme.

6.3.1 Reluctance to Engage in Productivity Analysis

The productivity rating is a contentious issue that has been raised by employers and employees alike as being "demeaning", "negative", "inappropriate", "embarrassing", and "insensitive". Employers expressed concern at the prospect of measuring the employee's productivity vis-à-vis other employees in their organisation. Apart from the negative connotations already mentioned, a number of participant employers also stated that they do not feel qualified enough to measure one employee's productivity against another employee.

Among employers who are currently *not* participating in the WSS, this requirement to have a conversation during which the prospective employee is asked if they are registered with FÁS as having a disability, and is then required to discuss their level of productivity, is a structural element of the WSS that makes it unattractive from their perspective.

6.3.2 Need for Flexible Skill Base and Work Experience

Employers, especially those in more knowledge based enterprises, also referred to the changing nature of work, its complexity and the need for flexibility with respect to the skill base of their prospective employees as areas of concern with respect to employing people with disabilities under the WSS. Employers are fearful that people with disabilities may not have the skills base necessary to work in their organisations. As the Scheme stands, employers can see how it may work from a time perspective – where an employee with a disability may take 20 per cent longer to complete a job relative to their colleagues. However, they expressed concern over how the scheme would operate from a quality of work perspective. Employer's also emphasised the

importance of employees having work experience prior to obtaining employment in their organisations.

6.3.3 Fear of Unknown if Problems Emerge

Another area of concern expressed by prospective employers relates to the fear of not knowing how to recognise or deal with issues that may arise regarding an employee with a disability. In addition, some employers expressed concern with respect to their perception of FÁS's willingness to help out if issues were to arise.

As it stands the WSS is financially oriented in terms of its assistance to employers. A company must employ 30 employees with disabilities in order to avail of Strand III funding, which involves a grant of €30,000 to cover the salary costs of an Employment Assistance Officer who can deal with issues that may arise. For companies employing less than 30 people with disabilities, which includes all employers participating in the Scheme with the exception of Rehab Enterprises, there is currently no centralised support available to assist them with any non-financial obstacles they may face. From an employer's perspective this lack of support and lack of a place to turn if something goes wrong is a major disincentive in terms of participating in the Wage Subsidy Scheme.

6.3.4 Need for Capital Grants by Sheltered Enterprises

The Department of Enterprise, Trade and Employment originally envisaged that sheltered employment enterprises would avail of the Scheme to promote the employment opportunities available to people with disabilities. However since the commencement of the WSS in September 2005, only one sheltered employment enterprise has availed of the Scheme, namely Rehab Enterprises. Based on the outcome of consultations with various stakeholders it is considered that the future take-up of the WSS by sheltered enterprises outside Rehab will be dependent on the outcome of the ongoing HSE Review of Sheltered Occupational Services. However, it is considered unlikely that there will be further take-up of the Scheme among sheltered employment enterprises in the absence of additional capital grants being made available similar to those made available as part of the original PEP Programme.

6.4 Promotion and Administration of the Scheme

Consultation with both employers and FÁS placement staff raised a number of issues in relation to the promotion and administration of the Scheme. Section 8 sets out the promotion and administration of the WSS in more detail.

6.4.1 Awareness and Promotion of the Scheme

Consultation with non-WSS employers highlighted a widespread lack of awareness of the Scheme. A survey carried out for this Study by IBEC of 350 of their member organisations revealed that 70 per cent of the 50 respondents have never heard of the WSS. It should be noted that this includes some

employers who have a number of employees working under other FÁS schemes, including a number of employees with disabilities.

The lack of awareness of the Scheme was also raised by WSS participant employers and by FÁS placement staff. One participant employer reported only learning about the scheme through a chance conversation with their local National Learning Network manager.

There does not appear to be any central or standardised way of promoting the Scheme in FÁS, internally or externally, and as a result the Scheme is promoted differently and to varying degrees across different locations. FÁS placement staff are given some initial training on the Scheme, but their knowledge of it is based largely on their practical working experience of the WSS. In one area where very little promotion is carried out, the FÁS placement staff feel that they do not have enough knowledge of the Scheme to go out and talk to potential employers or employees about it. In contrast, in another area where FÁS staff have a much greater experience of the Scheme, they have used the more in-depth knowledge that they have acquired to develop their own forms of promotion.

The need for FÁS staff to be fully knowledgeable in the operation of the schemes that they administer was raised as an issue by a number of participant employers. They felt that the FÁS staff that they deal with are not always fully aware of how the WSS operates, and as a result, information flows have sometimes occurred in the wrong direction, with FÁS staff asking employers about certain elements of the Scheme. One suggestion in relation to FÁS staff training was that although all placement officers should be given basic training in all schemes, different staff members should be given more specialist training in different schemes, so that in every FÁS office there is at least one person with specialist knowledge on any one Scheme that other placement officers can refer to as the need arises.

6.4.2 Administration of the Scheme

There is a reasonably high level of satisfaction with the day to day administration of the Scheme among employers currently participating in the WSS. With this in mind, some issues were raised that should be mentioned here.

The Application Process

The general feeling among participant employers is that the application process for the WSS can be overly cumbersome. There are a number of different forms to complete and there is a lot of repetition where more than one person is employed under the Scheme. There is a requirement, for example, for the employer to complete a new bank authorisation form for every additional employee employed under the WSS. In some cases, the amount of work involved in setting up an employee under the Scheme has resulted in delays for the employer receiving the first subsidy payment.

Significant Paperwork

The FÁS requirement for the employer to complete monthly invoices results in an amount of paperwork that is considered acceptable for just one employee but is deemed prohibitive by some employers who might otherwise consider employing more people under the Scheme. The fact that the employee has to sign their own invoice every month makes them stand out as being different from other employees, and entails a greater amount of work for the employer. One employer suggested that an alternative would be to attach copies of the employee's relevant payslips as a record of the amount of hours worked. Other alternative options put forward by participating employees included the use of quarterly (as opposed to monthly) returns, or an online facility for monthly returns, either of which would support a more efficient administration of the Scheme for the employer.

Consultations with employers who are currently not participating in the Wage Subsidy Scheme found the *perceived* amount of paperwork involved to be an issue. Many of these employers said that they associate FÁS schemes generally with extensive administration and bureaucracy and do not feel that the WSS would be any different. Some employers said they would rather forego the particular assistance on offer than deal with the bureaucracy associated with obtaining such assistance.

Sick Leave

When the WSS was launched in 2005, Gandon Enterprises (now Rehab Enterprises) agreed arrangements with FÁS whereby in accordance with Gandon's own sick leave policy (which entitles their employees to sick pay for 25 days sick leave) Gandon would continue to pay WSS employees their usual wage less any DSFA Illness Benefit received. FÁS would pay Gandon a subsidy contribution towards the difference between the approved wage subsidy grant and the actual illness benefit and/or subsidy due for any days worked (for the period during which Gandon employees are entitled to sick leave pay). This arrangement which applied to Gandon Enterprises only was set out in a FÁS WSS sick pay guideline document. It was intended that claims made by other employers participating in the WSS would be dealt with on an individual basis based on the employer's own sick pay policies and having regard to the FÁS sick pay guidelines. In reality, not all FÁS ESOs are aware of the sick pay guidelines and as a result not all employers are aware that there is the potential to receive WSS subsidy payments from FÁS while their WSS employees are on sick leave providing their own sick pay policy involves paying sick leave to their employees.

Annual Productivity Rating Review

The annual productivity rating review was raised as an issue by both FÁS placement staff and participant employers alike. The productivity rating itself is considered contentious, and it is felt that the annual review should take a broader, more general approach, and that there should be greater flexibility in when the monitoring visits occur.

FÁS placement staff reported difficulties with the current monitoring form (WSS 3 Productivity Rating Review form), as it only allows for a productivity rating review and does not allow for other issues that might be raised to be recorded. An example was given in one area of a case where a WSS employee had become quite bad at time keeping. However, when the FÁS placement officer met with him for the annual productivity review, it transpired that he had suffered two close bereavements in quick succession and was in need of counselling. Because the WSS 3 review form does not allow for unusual situations that might arise to be recorded, there is a risk that the employee's employment record will not accurately reflect the true course of events. In another area, the FÁS placement staff have developed their own annual monitoring form because they were so unhappy with the rigidity of the existing form. The revised form allows for a much more general review, including areas for discussion such as training needs and employee/employer concerns and comments.

Some FÁS staff also feel that the timing of the annual review should be more flexible, so that if an issue arises for either the employer or the employee before the annual review is due, it should be possible for the employer or the employee to contact FÁS in the intervening period. The contact between FÁS and the employer should be more "open door" and flexible so that if a problem arises, it can be addressed without undue delay. This already happens in some areas where the FÁS staff have built up relationships with employers participating in the Scheme.

Other Issues Raised

Some of the other issues raised relate solely to employers employing more than one person on the WSS. Because employers must send completed monthly invoices to the local FÁS office where the WSS employee is registered, on a monthly basis from the date on which the employee commences employment, companies employing large numbers of employees under the WSS can find themselves in a situation where they must return invoices to different FÁS offices at different times of the month. This situation arose for Rehab Enterprises, the only large scale employer under the Scheme. However, an agreement was reached between FÁS and Rehab whereby monthly invoices from the one business address could be returned to one FÁS office on an agreed day of the month.

Another invoicing issue raised by an umbrella organisation employing more than two WSS employees in different businesses throughout the country related to difficulties experienced in obtaining their Strand II top up payments. The difficulties arose because each business had been allocated a different business number as well as a different employer registration number. In order to obtain the Strand II top up automatically, each business must be registered on the FÁS ICT system under the same employer number. The relevant FÁS Employment Support Officers were informed of the changes that needed to be made to the FÁS ICT system in order for the organisation in question to receive their Strand II top up payments.

Other issues raised related to the lack of ongoing support that employees often need, but that employers do not have the resources to provide. They also related to the helpfulness of FÁS staff. Where most employers find FÁS staff easy to deal with, very helpful, and supportive, some report difficulties where, for example, payments have been delayed, or have not matched the invoices, or where queries have not been answered.

6.5 Conclusions

During the course of the extensive consultations held with stakeholders as part of the review of the Wage Subsidy Scheme a number of issues emerged as significant factors which are considered to have negatively affected participation levels of the WSS.

The single most important factor affecting employee participation on the Scheme, according to consulted stakeholders, is the loss of the medical card. Another significant factor affecting employee participation on the WSS is the loss of Disability Allowance (DA) status. Other factors that have impinged upon employee participation on the WSS include the stipulation that employees must work in excess of 20 hours weekly and the productivity labelling under the Scheme. In addition, the lack of a permanent footing that has been accorded to the WSS; the lack of alignment across the various routes into employment for people with disabilities; and the one size fit all nature of the WS all effect participation negatively.

Key issues with respect to employer's participation in the WSS include the productivity labelling process; the lack of non-financial support available under the Scheme. Owing to the changing nature of work, its complexity and the need for flexibility with respect to the skill base needed by employees, employers also expressed reservations around the capability of some people with disabilities to adapt to the changing work environment.

Stakeholders also highlighted issues in relation to the promotion of the WSS, which is considered to be lacking, as well as the administration of the Scheme. The main issues relating to the administration of the Scheme centred around the cumbersome amount of paperwork involved, particularly in the initial stages and the annual productivity review, which many consider should be more of a general review.

7. Costs and Benefits of the Wage Subsidy Scheme

7.1 Introduction

The section is concerned with the costs and benefits associated with the Wage Subsidy Scheme. The costs associated with the Scheme from the Exchequer's perspective include the costs of providing the wage subsidy payments to employers participating in the Scheme as well as potential BTWA costs of employees availing of the BTWA Programme. There are also benefits associated with the Scheme from the State's perspective including potential tax and PRSI receipts as well as social welfare payments forgone if the WSS employees were previously in receipt of social welfare payments. In addition to the costs and benefit to the State, there are also benefits associated with the Scheme from the individual's perspective.

In analysing the costs and benefits associated with the WSS, we initially take a look at the net cost to the State of providing the Wage Subsidy Scheme. Because the Scheme is aimed at encouraging persons with disabilities who are in receipt of a social welfare payment onto the Scheme, as a first step we compare the net costs to the State of supporting a person on the WSS to those associated with supporting an equivalent person in receipt of a social welfare payment, namely Disability Allowance.

However, because not all WSS participants were in receipt of a social welfare payment prior to their participation on the Wage Subsidy Scheme, we extend the analysis to determine the overall net cost to the State associated with persons from different backgrounds participating in the Wage Subsidy Scheme.

Finally, having analysed the net costs to the State associated with the Scheme, we extend the analysis further to determine the non-monetary benefits to the individual from participation in the WSS.

7.2 Net Exchequer Costs of the Wage Subsidy Scheme

As a first step in measuring the net costs to the Exchequer of the WSS we compare the net cost of supporting a person on the WSS to those associated with supporting an equivalent person in receipt of Disability Allowance. The Exchequer costs associated with the WSS include the costs of providing the wage subsidy payments to employers as well as the BTWA costs, while the benefits are the potential tax and PRSI receipts. The Exchequer costs associated with the DA are the DA payments as well as the associated secondary benefits.

In measuring the Exchequer costs of the WSS and the DA we are thus in effect assessing the following equations:

$$\text{Net Cost of WSS} = \text{WSS subsidy} + \text{BTWA payment} + \text{Monetised Secondary Benefits}^{28} - \text{tax and PRSI contributions}$$

$$\text{Net Cost of Disability Allowance} = \text{DA payments} + \text{Monetised Secondary Benefits}^{26}$$

The costs to the Exchequer associated with supporting a person on the WSS vary annually because persons availing of the BTWA receive decreasing proportions of their social welfare entitlement over three years. For this reason it was not considered appropriate to compare the costs of the DA to those of the WSS over one year. Instead a comparison of the ten years costs to the Exchequer of the DA and the WSS was made. Because we are looking at future cost and revenue flows over a ten-year period they are expressed in terms of their Net Present Value (NPV). The NPV of future cost and revenue flows takes into account inflation by using a discount rate. A discount rate of 4 per cent was used in the analysis.

The costs associated with supporting a single person earning the minimum wage while participating in the Wage Subsidy Scheme over a ten year period are set out in Table 7.1 along side the costs associated with supporting a single person on Disability Allowance.

Table 7.1: Costs to the Exchequer of Disability Allowance versus Wage Subsidy Scheme*

| Hours Worked Weekly | Disability Allowance € | WSS & BTWA Higher Subsidy € | WSS & BTWA Lower Subsidy € |
|---------------------|---------------------------|--------------------------------|-------------------------------|
| 21 | 110,765 | 66,872 | 57,292 |
| 25 | 110,765 | 75,180 | 63,776 |
| 30 | 110,765 | 85,657 | 71,881 |
| 35 | 110,765 | 95,953 | 79,987 |
| 39 | 110,765 | 104,262 | 86,471 |

Source: Goodbody Economic Consultants

*Costs relate to a Single Person earning the Minimum Wage

As Table 7.1 illustrates, the net economic cost to the State of maintaining a single person on DA over a ten year period exceeds the cost to the State associated with supporting a single person participating on the Wage Subsidy Scheme. In particular where the WSS employee works less than 30 hours weekly, the exchequer costs associated with the WSS are significantly below

²⁸ Where feasible monetary values were attributed to the secondary benefits including the Medical Card, Travel Pass, Fuel Allowance, and Household Benefits Package

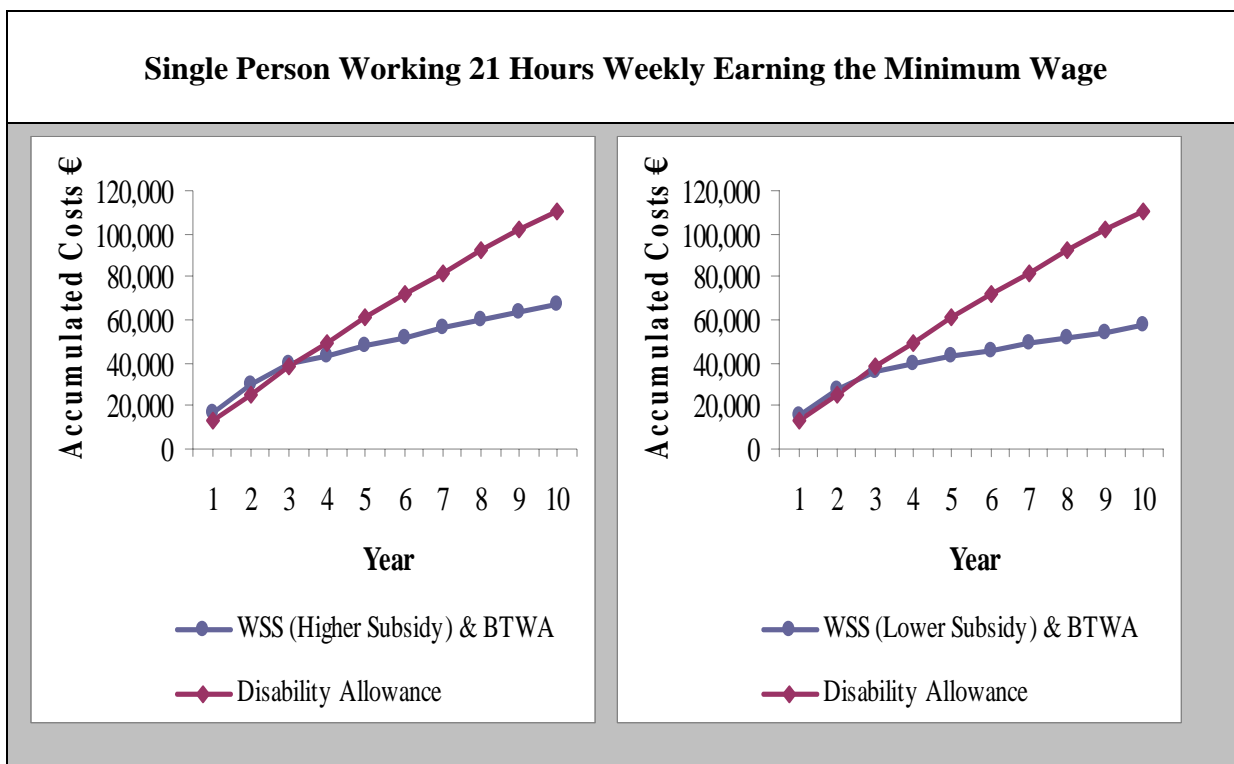
those associated with maintaining a person on DA. However, even where the WSS employee works in excess of 30 hours weekly, the net economic costs to the Exchequer are less than those associated with maintaining a person on DA. The message emanating from Table 7.1 is clear; the transfer of persons in receipt of DA onto the Wage Subsidy Scheme will result over time in net cost savings to the Exchequer.

7.3 Time Frame of the Net Exchequer Costs of the Wage Subsidy Scheme

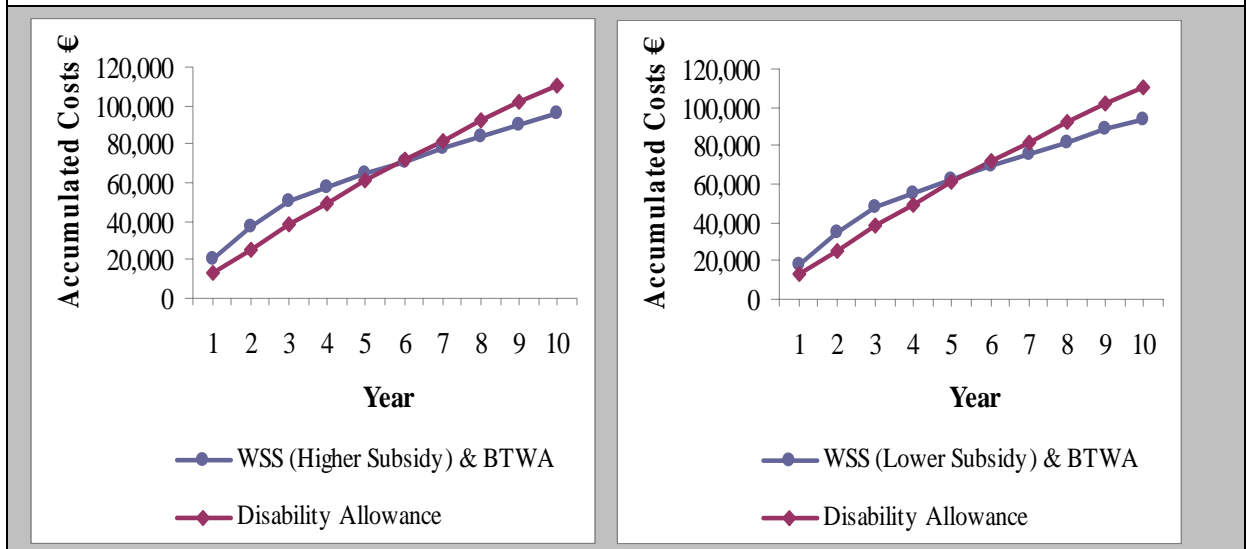
The analysis above examined the costs to the Exchequer of maintaining a person on Disability Allowance (DA) relative to the costs associated with a person participating on the WSS while availing of the BTWA. It was determined that the costs associated with maintaining a person on DA exceed those associated with a person participating on the WSS. However, it was not determined at what point the State experiences a net cost saving from having a person move away from DA and onto the WSS. In this section we investigate at what point the accumulated costs associated with the DA exceed the accumulated costs associated with the WSS i.e. the point at which the State starts to benefit from having moved a person from Disability Allowance on to the Wage Subsidy Scheme.

Figure 7.1 plots the annual accumulated costs associated with DA against the annual accumulated costs associated with the WSS. The accumulated costs are depicted for WSS employees in receipt of both the higher and lower WSS subsidy.

Figures 7.1: Accumulated Costs to the Exchequer of Disability Allowance versus the WSS



Single Person Working 35 Hours Earning the Minimum Wage



Source: Goodbody Economic Consultants

As Figure 7.1 illustrates in the first few years the accumulated Exchequer costs associated with the WSS exceed those of the DA. This is because the wage subsidy payments together with the BTWA payments exceed the costs of the DA payments. Over time however the situation reverses as the BTWA payments tail off. So for instance, by year four the Exchequer is financially better off if supporting a person working 21 hours weekly on the WSS relative to supporting a person on DA. For WSS employees working 21 hours weekly while receiving the lower level of WSS subsidy the savings to the Exchequer commence earlier, in year three.

For WSS employees working 35 hours weekly, the Exchequer experiences a net cost saving by year seven from having persons move of DA and onto the WSS at the higher subsidy, and by year five for persons availing of the lower WSS subsidy.

As set out in Section 2.3.2 WSS employees availing of the BTWA Scheme retain secondary benefits, including the medical card, for a period of three years after taking up employment under the WSS. During the consultation processes stakeholders repeatedly stressed the critical importance of the medical card to the WSS employees in terms of their continued participation on the Scheme. In its absence, it is anticipated that there will be a significant reduction in participation on the Scheme as employees approach the end of their three years in employment. From the analysis in Figure 7.1 it is noteworthy that at the same point where the Exchequer stands to financially benefit from having moved a person off DA and on to the WSS – year three for WSS employees working 21 hours weekly – the loss of the medical card may result in WSS employees exiting the Scheme.

7.4 Deadweight and Net Exchequer Costs of the Wage Subsidy Scheme

Because not all WSS participants were in receipt of a social welfare payment prior to their participation on the Wage Subsidy Scheme, we extend the analysis to determine the overall net cost to the Exchequer associated with persons from different backgrounds participating in the Wage Subsidy Scheme.

Depending on their varying background types, the net costs to the Exchequer of supporting persons under the Wage Subsidy Scheme differ. For example persons moving off social welfare and onto the WSS will result in both monetary costs and benefits to the exchequer. Benefits will result from tax and PRSI payments as well as eliminated DA payments as people move off social welfare. Costs will take the form of wage subsidy payments, BTWA welfare payments as well as secondary benefits over three years. If the WSS Scheme encourages employers to retain employees acquiring a disability in work then this will result in both costs and benefits to the Exchequer. Benefits will result from continued tax and PRSI payments as well as avoided DA payments, while costs will take the form of wage subsidy payments. In relation to persons who were in employment (with a disability) but who avail of the Scheme because they become aware of it, there are no benefits to the Exchequer, rather there are only costs in the form of wage subsidy payments. Because persons falling into this category were in employment prior to the Scheme and would potentially remain in employment without the Scheme, they represent the deadweight costs of the Scheme to the Exchequer. Deadweight occurs where, in the absence of the scheme, the person would have obtained and remained in employment.

Based on our knowledge of the origin of the new applicants to the WSS over the period September 2005 to December 2007 we have set out their background type in Table 7.2.

Table 7.2: Distribution of WSS Employees by their Origin Type

| | % |
|--|----|
| Social Welfare Recipient | 38 |
| Acquired Disability while at Work | 9 |
| Was in Employment prior to availing of WSS | 31 |
| Other | 22 |

Source: Goodbody Economic Consultants

The proportion of WSS participants originating from a social welfare background (38 per cent) was determined by cross-referencing the new applicants onto the WSS Scheme with the Department of Social and Family Affairs (DSFA) Back To Work Allowance database²⁹. The proportion of

²⁹ Owing to the incentives from an employee's perspective of availing of the BTWA if moving from a social welfare payment onto the WSS, it was considered reasonable to assume the vast majority of social welfare recipients would avail of the BTWA if making the move from social welfare onto the WSS.

WSS employees acquiring a disability while in work (9 per cent) was estimated based on the results of the Goodbody survey of employers participating in the WSS. As part of the employer's survey, WSS employers were asked to identify the number of WSS employees they currently employed as well as the number of their WSS employees who were in employment prior to availing of the WSS. Based on our analysis it emerged that 31 per cent of WSS employees were in employment prior to availing of the WSS (excluding those acquiring a disability while in employment). This group of WSS participants represent the deadweight costs of the WSS. It is not known the exact origin of the remaining proportion of WSS employees (22 per cent). They are potentially persons who prior to taking up employment under the WSS had not applied for disability related social welfare assistance even though they may have been eligible. It is also possible that they are persons who because of the existence of the WSS decided to take up employment. It is assumed that their participation on the WSS results in cash outflows in the form of the WSS subsidy payments, and cash inflows in the form of tax and PRSI payments to the exchequer.

On the basis of our knowledge of the background types of the WSS participants the Exchequer costs of supporting a representative group of 100 WSS participants was determined. In effect we are assessing the following equations:

Net Cost of Social Welfare Recipients = *Wage subsidy payments + BTWA welfare payments + Monetised secondary benefits – (tax and PRSI payments + eliminated DA payments)*

Net Cost of Persons acquiring a Disability in Work = *Wage subsidy payments – (tax and PRSI payments + avoided DA payments)*

Net Cost of Persons already in Employment = *Wage subsidy payments*

Net Cost of Persons of Unknown Origin = *Wage Subsidy payments – tax and PRSI payments*

The net costs associated with each grouping of participants were determined over a ten year period. Because we are looking at future cost and revenue flows they are expressed in terms of their Net Present Value (NPV) which takes into account inflation by using a discount rate. A discount rate of 4 per cent was used in the analysis. The results of the analysis are set out in Table 7.3. As the Table highlights the net cost to the exchequer of supporting 100 persons working 21 hours weekly under the Wage Subsidy Scheme is approximately €121,283. This cost represents the ten-year costs to the Exchequer of the 100 WSS participants. The annual cost per participant is €121 which is negligible.

Table 7.3: Net Exchequer Costs of 100 WSS Employees* working 21 Hours Weekly

| | Costs per individual € | Benefits per individual € | NPV of Net Cost of 100 individuals € |
|--|-----------------------------------|--------------------------------------|---|
| Social Welfare Recipients | 72,069 | -115,963 | -1,655,000 |
| Persons acquiring disability in work | 48,820 | -117,538 | -651,362 |
| Persons already in employment prior to WSS (<i>deadweight</i>) | 48,820 | | 1,491,038 |
| Others/ those deciding to enter employment cause of WSS | 48,820 | -6,773 | 936,606 |
| Net Cost to Exchequer | | | 121,283 |

Source: Goodbody Economic Consultants
*Single Persons working for the Minimum Wage

The equivalent costs of 100 persons working 35 hours weekly under the WSS are set out in Table 7.4. As Table 7.4 outlines the Exchequer costs associated with 100 new WSS applicants working 35 hours weekly is €2.4 million. This represents the ten year cost for 100 participants and equates to an annual cost of approximately €240,000 or an annual per participant cost of €2,400.

Table 7.4: Net Exchequer Costs of 100 WSS Employees* working 35 Hours Weekly

| | Costs per individual € | Benefits per individual € | NPV of Net Cost of 100 individuals € |
|--|-----------------------------------|--------------------------------------|---|
| Social Welfare Recipients | 104,616 | -119,428 | -558,476 |
| Persons acquiring disability in work | 69,743 | -120,440 | -480,549 |
| Persons already in employment prior to WSS (<i>deadweight</i>) | 69,743 | | 2,130,055 |
| Others/ those deciding to enter employment cause of WSS | 69,743 | -9,675 | 1,338,009 |
| Net Cost to Exchequer | | | 2,429,039 |

Source: Goodbody Economic Consultants
*Single Persons working for the Minimum Wage

It should be noted that the determination of the background types of WSS participants in the analysis above was not a precise exercise but rather it was carried out with the best information that was available to the Consultants. Notwithstanding this, as Tables 7.3 and 7.4 highlight, the background type of WSS participants is a significant determining factor of the Exchequer costs associated with the WSS. For this reason it should be pointed out that the estimated deadweight costs of the WSS, as determined by the number of WSS participants that were in employment with a disability prior to their uptake of the WSS, could be an over-estimation of the level of deadweight associated with the WSS, thereby exaggerating the level of Exchequer costs associated with the WSS.

It should also be noted that the analysis above does not take into account the fact that persons with disabilities in receipt of Disability Allowance may be occupying places in day care settings, representing further savings to the Exchequer if the persons occupying these places were to move into employment.

7.5 Net Benefit to Employees and Employers from Participation in the WSS

In addition to the costs and benefits to the State associated with the WSS, there are also benefits to employees participating in the Scheme. There is also evidence that there are benefits to employers of employing persons with disabilities, such as improved workforce morale and increased customer goodwill.

7.5.1 Benefits of Work to WSS Employees

An independent report published in 2007 in the UK³⁰ has shown that there are economic, social and moral arguments that work is the most effective way to improve the well-being of individuals, their families and their communities. The report³¹ which collates and evaluates evidence on the issue of work and well-being formed part of the evidence base for the Health, Work and Well-Being Strategy in the UK³².

According to the report findings, employment is generally the most important means of obtaining adequate economic resources, which are essential for material well-being and full participation in today's society³³. In addition:

- Work meets important psychosocial needs in societies where employment is the norm;

³⁰ Is Work Good for your Health and Well-Being?, Gordon Waddell and A Kim Burton, 2007

³¹ The research focused on adults of working age and the common health problems that account for two-thirds of sickness absence and long term incapacity i.e. mild/moderate mental health, musculoskeletal and cardio-respiratory conditions.

³² The Strategy represents aims to improve the health and wellbeing of working age people in the UK.

³³ The major proviso is that it depends on the quality of the job, however the review was based on representative jobs.

- Work is central to individual identity, social roles and social status;
- Employment and socio-economic status are the main drivers of social gradients in physical and mental health and mortality.

In relation to unemployment the research found that there is a strong association between worklessness and poor health. The research found strong evidence that unemployment is generally harmful to health including: higher mortality; poorer general health; poorer mental health; and higher medical consultation, medication consumption and hospital admission rates.

In relation to re-employment, the research found evidence that re-employment leads to improved self esteem; improved general and mental health, and reduced psychological distress. It found that there is a broad consensus across multiple disciplines, disability groups, employers, unions, insurers, political parties based on extensive clinical experience that when health conditions permit, disabled persons should be encouraged and supported to remain or to (re)-enter work as soon as possible because it:

- is therapeutic;
- helps to promote recovery and rehabilitation;
- leads to better health outcomes;
- minimises the harmful physical, mental, and social effects of long-term sickness absence;
- reduces the risk of long term incapacity;
- promotes full participation in society, independence and human rights; and
- improves quality of life and well-being.

The research also found that claimants who move off benefits and (re)-enter work generally experience improvements in income, socio-economic status, mental and general health and well-being.

The research above was borne out by the consultations held with WSS participants, which were held as part of the Review of the Wage Subsidy Scheme. During the course of the consultations, WSS participants spoke of the importance of work to them in the following terms:

‘without work I would be at home bored doing nothing’

‘if I was not working I would go crazy at home twirling my thumbs’

‘without work I would not get paid, I don’t want to be on social welfare’

‘work keeps the reflexes going’

From the above it is clear that work is a very important part of the lives of the WSS participants, who are anxious to remain in work and avoid a situation where they are at home unoccupied and relying on social welfare.

7.5.2 Benefits of Work to Employers

In addition to benefits to the employees, studies have shown there are many benefits of employing a person with a disability. These include:

- *Accumulated skillsets*
By retaining staff who acquire a disability you hold on to accumulated skills, experience and commitment.
- *Enhanced Staff Morale*
Staff morale and commitment to the organisation throughout the workforce can increase when an organisation makes a visible commitment to employing a person with a disability.
- *Increased Customer Loyalty*
Customers may respond favourably towards organisations which are positive towards disability and reflect the diversity of the community.
- *Enhanced public image*
Clear evidence that you are an equal opportunities employer projects a more positive image and promotes your business.

7.6 Conclusions

The ten year net costs to the Exchequer associated with supporting an individual under the Disability Allowance exceed those associated with supporting an individual under the WSS. While in the first few years the accumulated net costs to the Exchequer associated with supporting an individual under the WSS exceed the costs associated with supporting an individual on DA, over time this situation reverses.

Not all WSS participants were in receipt of a social welfare payment prior to their participation on the WSS. When the net cost to the Exchequer of 100 participants from different backgrounds were calculated, it was found that the net costs of 100 WSS participants working 21 hours weekly on the WSS is approximately €21,000 over a ten year period. The equivalent costs of 100 WSS participants working 35 hours weekly is €2.4 million, or €2,400 per participant annually.

In addition to Exchequer costs, there are significant benefits to the individual associated with participation on the WSS. A report published recently in the UK revealed that there is a strong association between worklessness and poor health. The research found strong evidence that unemployment is generally harmful to health resulting in poorer general health; poorer mental health; higher medical consultation; and higher hospital; admission rate. The research found that there is broad consensus among various disciplines that when health conditions permit, disabled persons should be encouraged and supported to remain or (re)-enter work as soon as possible.

8. The Promotion and Administration of the WSS

8.1 Promotion of the WSS

Other than those participating in the Wage Subsidy Scheme, there is a very low level of awareness of its existence. A survey carried out by FÁS in 2007³⁴ found that approximately 15 per cent of employers were aware of the existence of recruitment grants (including the WSS) to assist with the employment of people with disabilities. The results of the FÁS survey were reinforced by a survey carried out by the Irish Business and Employers Confederation (IBEC) of its participant member organisations for the purposes of this report. The IBEC survey confirmed that there is a widespread lack of awareness of the Wage Subsidy Scheme. According to the survey results, 70 per cent of respondents were not aware of the Wage Subsidy Scheme's existence.

Consultations with FÁS staff indicated that there are no central or standardised ways of promoting the WSS, either internally or externally, and as a result the Scheme is promoted differently and to varying degrees across different locations. In one location for example, where very little promotion of the Scheme is carried out, the FÁS placement staff reported a lack of confidence in their own knowledge of the Scheme which results in a reluctance for them to go out and talk to potential employers or employees about it. In another location, where FÁS placement staff have good experience of the Scheme, they have developed a close working relationship with two local National Learning Centres – one centre is for people with learning disabilities and the other is for people with physical disabilities. When participants are nearing the end of their time at the Centres, FÁS go in to visit them and give them a presentation on the Scheme. They also leave literature for them to take home and read. The same FÁS office has promoted the WSS using the local media and involving participant employers who want to share their experiences of the Scheme. In yet another location, the Scheme is not promoted directly by FÁS, but by a local team of job coaches who use it as one of their main tools to help people with disabilities into employment. The job coaches hold breakfast meetings and other promotional events for potential employers, to raise their awareness of the Scheme and introduce them to other employers who have already benefited from the Scheme.

The varying degrees to which the WSS is promoted by different FÁS offices in different locations are further reflected in the results of the survey of WSS participant employers. As part of the survey employers were asked how they became aware of the WSS. As Table 8.1 indicates, while approximately half of the employers participating in the WSS were informed about the Scheme by FÁS, over 40 per cent of respondents became aware of it through other means, including employment agencies, company staff members, prospective staff

³⁴ The survey was conducted by FÁS Planning and Research in conjunction with FÁS Social Inclusion Department. To maintain confidentiality and anonymity the survey was carried out by an independent Computer Aided Telephone Interviewing company REDC, on behalf of FÁS. This survey was conducted via telephone with a representative sample of private sector businesses in Ireland. One thousand interviews were conducted in the first two weeks of February 2007.

members, the media, the Rehab Group, an existing employee who acquired a disability, job coaches and various community and voluntary organisations.

Table 8.1: Distribution of WSS Employers by Source of Information on WSS

| | No of Employers | % of Employers |
|--|-----------------|----------------|
| FÁS | 58 | 54.2 |
| Other * | 13 | 12.1 |
| Employment Agencies | 10 | 9.3 |
| Other Staff Members | 9 | 8.4 |
| Prospective Employee | 4 | 3.7 |
| Media | 4 | 3.7 |
| Rehab | 3 | 2.8 |
| Existing Employee Acquiring Disability | 2 | 1.9 |
| Job Coach | 2 | 1.9 |
| Employee with Disability | 2 | 1.9 |
| Total | 107 | 100.0 |

Source: Goodbody Economic Consultants Survey of WSS Employers

* Other methods of hearing about the WSS included the NLN, NRB, Order of Malta, PWDI, a Disability Organisation and another employer.

8.2 Administration of the WSS

The administration processes of the WSS in terms of the application process and day-to-day administration of the Scheme are set out in detail in Appendix B at the end of this report. This Section gives a synopsis of what is entailed.

8.2.1 Application Process

Before applying for the WSS, every potential employee under the Scheme must first be registered with FÁS and must indicate that they have a disability by formal declaration. A number of steps must then be followed by the employer and the employee, in conjunction with FÁS. These include the completion of various application forms before approval for participation on the WSS can be recommended by a FÁS Employment Services Officer. Once approval has been given, the information contained in the application documents is entered into the FÁS ICT system.

On initial approval FÁS assumes a below 50 per cent rate of productivity for the first month when paying the wage subsidy. This allows the employer, the employee and FÁS time to assess and agree the actual productivity shortfall. This involves a number of steps including an evaluation by the employer of the productivity level of the employee and their submission of a Productivity Level Report to FÁS based on the outcome of the assessment. The FÁS Employment Services Officer then meets with the employer and employee to review the submission and confirm the level of subsidy to be paid, before ensuring that the correct data is entered into the FÁS ICT system.

There is no need for a separate application process for the Strand II top-up grant, as the FÁS ICT system routinely picks up when three or more WSS employees are registered under the same employer registration number. Thus, when an employer is entitled to the top-up grant, it is automatically applied to their invoices.

If an employer employs 30 or more people under the WSS, they can apply for an Employment Assistance Officer grant by completing a separate application form for Strand III Grant and sending it directly to the FÁS Disability and Policy Development Unit. It is processed centrally in the Unit and paid on a per calendar month basis, as long as the number of employees under the Scheme doesn't fall below the 30-employee threshold.

8.2.2 The Day-to-Day Administration

In terms of the day to day administration of the WSS, the FÁS Finance and Administration Service Unit (FASU) generates invoices once every four weeks for Strand I and Strand II payments. The Strand I calculation for each employee is based on the information entered into the FÁS ICT system in terms of productivity level and hours worked per week. The system automatically calculates the Strand II grant based on the number of employees currently employed by the employer at the time that the invoice is generated.

A separate invoice is generated for each employee detailing their agreed hourly wage subsidy rate and their agreed number of working hours per week for each of the four weeks that the invoice relates to. There is space on the invoice for the employer to put in the actual hours worked per week and the actual wage subsidy claimed for each week. There is also space for any comments that the employer may need to add as an explanation for a different number of hours worked, such as sick leave. Invoices have to be signed off by the employer and employee, and returned to FÁS before payment can be processed.

Because the invoices are generated four weeks in advance, employers must give four weeks notice to their FÁS Employment Services Officer if an employee wants to increase or decrease their working hours.

The productivity shortfall as agreed at the outset is reassessed every 12 months, when the employer and employee complete a Productivity Rating Review. This review is based on the performance of the employee in the previous 12-month period, and the form, completed and signed by both the employee and the employer, is submitted to the FÁS Employment Services Officer.

8.3 Conclusions

There is a widespread lack of awareness of the WSS among employers in Ireland. Furthermore, there does not appear to be any central or standardised way of promoting the Wage Subsidy Scheme in FÁS, internally or externally. As a result the Scheme is promoted differently and to varying degrees across different locations.

To apply for the WSS potential employees must first be registered with FÁS and must have formally declared that they have a disability. The actual application process then involves the completion of a number of forms by both the employer and the employee, and the provision of certain documentation by the employer.

If the application is approved by FÁS, the employer, the employee and FÁS must assess and agree the productivity shortfall level of the employee, before the level of subsidy to be paid can be confirmed.

Employers employing more than two people with disabilities under the WSS are not required to complete a separate application form for the Strand II top-up grant, as the FÁS ICT system routinely picks up when three or more WSS employees are registered under the same employer registration number. However, if an employer employs 30 or more people under the WSS, they must apply separately for Strand III funding for an Employment Assistance Officer grant.

Separate invoices are generated for each employee once every four weeks for Strand I and Strand II payments. The invoices must be completed by the employer and signed by the WSS employee before being returned to FÁS to allow payment to be processed. Because the invoices are generated four weeks in advance, employers must give four weeks notice to their Employment Services Officer if an employee wants to increase or decrease their working hours.

The productivity shortfall as agreed at the outset is reassessed every 12 months, when the employer and employee complete a Productivity Rating Review. This review is based on the performance of the employee in the previous 12-month period, and the form, completed and signed by both the employee and the employer, is submitted to the FÁS Employment Services Officer.

9. Policy Context and Evaluation of Issues

9.1 Policy Context and Scheme Objectives

9.1.1 Policy Context

Since the early 1990s the Government in Ireland has made significant progress towards the promotion of equal opportunities for people with disabilities. To this end the country has witnessed a move away from a medical based model of service provision to a mainstream model, which recognises the right of people with disabilities to participate in society in an inclusive way.

The Report of the Commission on the Status of People with Disabilities in 1996, entitled ‘A Strategy for Equality’, was instrumental in setting the framework for the future direction of successive Government policies on disability issues. Among its 402 recommendations the Commission’s report called for the ‘mainstreaming’ of vocational training and employment services which lead to the transfer of responsibility for vocational training and employment of people with disabilities from the Department of Health and Children to the Department of Enterprise, Trade and Employment in 2000. On the basis of a recommendation in the Commission’s report the National Disability Authority was established in June 2000. The implementation of legislation outlawing discrimination on the grounds of disability (the Employment Equality and Equal Status Acts) are other tangible actions that have been taken on foot of the Commission’s recommendations.

Successive social partnership agreements have featured increasing numbers of commitments in relation to further education, training and employment service provision for people with disabilities. The *Programme for Prosperity and Fairness (PPF) 2000* introduced targets for the provision of vocational training and employment supports for people with disabilities. In relation to the Department of Enterprise, Trade and Employment (DETE), the PPF contained a series of strategic commitments including: increasing funding for schemes promoting the employment of people with disabilities; providing grants to enterprises for disability awareness training programmes; providing grants to employers to train or re-train employees who acquire a disability; and in consultation with other Departments addressing the disincentives to people with disabilities taking up employment.

Sustaining Progress 2003 also contained a number of commitments in relation to further education, training and employment service provision for people with disabilities. The commitments included: the completion of Standards of Service in respect of people with disabilities; the development of targeted measures to support the labour market integration of marginalised groups including people with disabilities; and the implementation of flexible part-time access to education and training to address the needs of people with disabilities. Sustaining Programme also committed the DETE to reviewing existing sheltered employment models and developing actions and a policy

framework aimed at enhancing the potential of sheltered employment to provide better employment opportunities for people with disabilities.

In 2004, the Government launched the National Disability Strategy. The Strategy consists of a framework of measures aimed at supporting the participation by people with disabilities in Irish society. The Strategy comprises four elements:

- A *Disability Bill 2004* which led to the Disability Act 2005 and which supports the provision of disability specific services as well as access to mainstream public services among people with disabilities. The Act places significant obligations on public bodies to make buildings and services accessible to people with disabilities and requires public bodies to take positive actions to employ people with disabilities;
- *The Comhairle (Amendment) Bill 2004* subsequently renamed the Citizens Information Bill 2006 which forms a key element of the Government's legislative programme for improving services for people with disabilities;
- Six departmental *Sectoral Plans* which have been published and which set out programmes for action to improve service provision and access to infrastructure and employment opportunities by people with disabilities; and
- A commitment to a multi-annual investment programme for disability support services which has been endorsed through the 'NESC Strategy 2006: People, Productivity and Purpose' and the new Social Partnership agreement 'Towards 2016' and which was implemented as part of Budget 2005.

The most recent social partnership agreement '*Towards 2016*' was published in June 2006. Further commitments have been made in this Agreement to enhance employment opportunities for people with disabilities. The Agreement recognises that Ireland adopts a mainstream policy of service provision in the area of integration, but highlights the need for targeted initiatives to meet specific short-term needs. Under the Agreement, the Government and Social Partners committed to delivering an Ireland in which people with disabilities have the opportunity to live a full life with their families as part of their local communities, free of discrimination. It was agreed by the Social Partners that the Towards 2016 disability commitments would be delivered as part of the National Disability Strategy. The Agreement adopts a 'life cycle approach' whereby services are planned with the understanding that whatever the service, there will be people with disabilities also wishing to access it at each stage of the lifecycle. Under the Agreement, one of the key issues to be addressed in the Strategy and Sectoral Plans is the elaboration of a comprehensive employment strategy for people with disabilities which will consolidate and progress vocational training and employment services for people with disabilities; promote awareness regarding the employment of people with disabilities; and examine and

address the disincentives for people with disabilities in receipt of social welfare payments who wish to participate in training and employment initiatives.

The most recent signal of the positive intent of Government in the area of disability was the establishment of an Office for Disability and Mental Health. The Office, which was set up in January 2008, will focus on supporting the implementation of the Health Sectoral Plan under the Disability Act. The Office however is also charged with supporting the development of training and employment support services for people with a disability in addition to monitoring and evaluating the implementation of the multi annual investment programme for people with disabilities.

9.1.2 Scheme Objectives

The objectives set for the Wage Subsidy Scheme are vague in terms of whether the Scheme is targeting persons with disabilities wishing to work self-sufficiently in the open labour market or work in more sheltered settings, or both. However, what is clear is that there is a commitment to assisting people with disabilities make the transition from social welfare into employment.

At this juncture it is appropriate that the decision be taken as to the future direction of the WSS. Should the future focus of the WSS be on helping social welfare recipients become self sufficient in the open labour market, or should the scope of the Scheme be widened to encompass a more rehabilitative appeal, recognising that not all people with disabilities are capable of becoming economically self sufficient. The practical implication of the latter would be that a case could then be made for extending the Scheme to employers of persons on the Disability Allowance Disregard. Such persons are usually engaged in part-time working below the 21 hour threshold of the WSS. They are thus less likely to make the transition from social welfare to full-time work. Widening the objectives of the WSS Scheme to embrace rehabilitative employment would appear to be congruent with current government policy.

9.2 Evaluation of Issues

9.2.1 Take-up under and the Continuation of the WSS

In terms of the original target of attracting 500 persons annually onto the WSS, take-up under the Scheme has been disappointing to date. A number of factors have contributed to the low level of take-up, these include a very low level of awareness of the Scheme; the availability of more favourable employment options for people with disabilities, in particular the Disability Allowance Disregard; the disincentive effect of the loss of the medical card and Disability Allowance status after three years for WSS participants availing of the BTWA Programme; and the perceived bureaucracy involved in the administration of the Scheme from an employer's perspective.

Notwithstanding this, the WSS has been successful in certain areas. Monaghan in particular stands out as an area where take-up under the WSS has been five

times the national average. The WSS participants for their part greatly value the opportunity the WSS affords them to obtain employment and avoid the situation where they are at home unemployed. Employers participating in the Scheme also have a positive attitude towards it. This was evidenced by the fact that among the 112 respondents to the survey of WSS employers, over 75 per cent stated the existence of the WSS was a pre-requisite to their continued employment of their WSS employees.

In cases where the WSS succeeds in moving people off social welfare and onto the WSS it has been shown that there are costs savings to the Exchequer. If the deadweight associated with persons already in employment (with a disability) availing of the Scheme can be kept at a low level, the costs to the State of the Scheme will be low. In addition to the net costs to the Exchequer, there are significant benefits to the individuals from their participation in the WSS in terms of their health and well-being.

On the basis of the above, it is considered that the implementation of a number of structural changes to the Scheme in addition to the execution of a substantial promotional campaign could significantly increase the take-up rate under the Scheme and it is recommended that the Wage Subsidy Scheme should continue.

9.2.3 Improving Acceptability of Scheme

There are a number of structural changes that could be made to the WSS to increase its acceptability among employers and employees. These include:

Productivity Categorisation

Currently employers employing people with disabilities under the WSS must measure their employee's productivity. Based on the outcome of the measurement process employers are awarded a higher wage subsidy payment where the productivity level of their employee is categorised as being below 50 per cent of normal work performance and a lower wage subsidy where the productivity is categorised as being between 50 and 80 per cent of normal work performance. From our analysis of FÁS data we know that there is a bunching of WSS employees in the lower productivity/higher subsidy category. The employers of 85 per cent of WSS employees are in receipt of the higher level of subsidy.

Notwithstanding the incentive that exists to take advantage of the productivity system so as to obtain a higher level of subsidy, owing to EU State Aid rules a form of productivity measurement must be retained within the WSS. However, the existence of two separate productivity levels is not necessary. Instead an alternative measurement system could be introduced whereby an individual's eligibility for Disability Allowance could be taken as an indicator of that person's need for assistance to enable them to enter and remain in employment. For all other persons seeking to participate on the WSS a doctor's verification of the existence of a disability would be required. In all

cases, ongoing medical evidence of the continued existence of a disability would be necessary.

Supports to Employers and Employees

Currently participants in the WSS are not eligible to receive support under the Supported Employment Programme. This is because of a ‘double funding’ rule whereby persons are only allowed to avail of one form of employment support at one time. However, recognising that people with disabilities face significant non-monetary barriers into employment it is recommended that the Supported Employment Programme be opened up to WSS participants. In addition to assisting people with disabilities obtain and retain employment, the Supported Employment Programme would also form a valuable form of on-going support for WSS employers if issues were to emerge in the employment of the person with a disability. It is felt that the acceptability of the WSS would be increased among both employees and employers if the support available under the Supported Employment Programme was made available.

Lack of Progression

It is claimed that once in employment there is no mechanism in place to assist WSS employees to progress in employment. Most employers employing WSS participants are small scale employers who do not having training budgets for their staff in the same way larger corporations do.

Support under the WSS as it is currently structured does not encompass any form of progression support for WSS employees. It is recommended that the structure of the WSS be extended to include training so that support for training would be available to employers organising work related education and training for their WSS employees. One option would be to link the WSS to the FÁS ‘One Step Up’ initiative³⁵. Under One Step Up FÁS Services for Business provides financial support to employers who provide training to their employees.

9.2.4 Improving Take up

Medical Card

Based on the recent Programme for Government we recognise a decision in principle has been taken to relax criteria under which people with disabilities can retain their medical card while in employment. The importance of medical

³⁵ Launched in 2005, One Step Up aims to encourage employee training by providing access to a range of learning initiatives such as tutor-led training and e-learning so as to build on employee competency levels and assist employees to obtain recognised qualifications within the National Framework of Qualifications. The One Step Up initiative is subsidised through 2 primary funding mechanisms: (1) The Competency Development Programme (CDP) which offers different types of training programmes directed at various skill levels of those in employment across multiple sectors; and (2) The Workplace Basic Education Fund aimed at providing training opportunities to help employees deal with the basic skill demands of the workplace.

card to people with disabilities was made clear during consultation process. Based on our analysis of the net costs to the Exchequer associated with supporting an individual under the WSS relative to supporting an individual on Disability Allowance we have seen that the costs associated with DA start to exceed those of the WSS at year three. However, owing to the loss of the medical card this is the point at which WSS employees risk exiting the Wage Subsidy Scheme.

The issue around the medical card is currently on the agenda of the Department of Health and Children. While not wanting to anticipate its findings, for the reasons outlined above we consider it appropriate to extend the eligibility of the medical card to persons with disabilities participating in the WSS who were medical card holders prior to their participation on the WSS. The continued entitlement to the medical card would be subject to ongoing monitoring procedures to verify the continuing existence of the disability.

Entitlement to DA

Anecdotal evidence suggests that when families of people with disabilities are informed that participation on the WSS through the BTWA involves the loss of social welfare status after a three year period, the WSS is no longer considered as an option by these families when contemplating the employment options available for their family member with a disability. This is because of the perceived difficulties involved in regaining the status if the employment was not work out after a period of time and/or if the health of the person with a disability was to disintegrate.

On the basis that it is economically advantageous for the Exchequer to move persons onto the WSS it is considered worthwhile to provide WSS participants with the security blanket that a link to the DA represents, which does not involve any additional costs to the State. As such we recommend that people with disabilities should retain their social welfare status with a zero social welfare payment³⁶ while they participate on the Wage Subsidy Scheme. This would also serve to alleviate the fears of family members and thereby increase the potential number of applicants onto the Scheme.

Permanent Footing

Persons with disabilities who have made the move into employment want to have a security of tenure similar to that often taken by granted their fellow work colleagues. To date participants on the Wage Subsidy Scheme have found themselves on a pilot scheme of fixed-length duration without a sense of permanency or security. This has inhibited take-up of the Scheme by both prospective employers and employees while Placement Officers have been reluctant to advocate the Scheme to their clients with disabilities as they have been unwilling to put them in a situation of uncertainty by placing them on a Scheme that has no clarity with respect to its future.

³⁶ Except of course for the BTWA payments as appropriate.

It is recommended that the pilot nature of the Scheme be removed and that the Scheme is given a permanent footing which will encourage more participants on to the Scheme.

9.2.5 Promoting the WSS

Training for FÁS staff

The varying levels of WSS knowledge among FÁS staff greatly affects both the way the Scheme is promoted and the way it operates in different locations. It is recommended that more training is given to FÁS staff on the WSS and other related schemes or supports. This would enable staff to better promote the Scheme and to have an in-depth knowledge of the day to day workings of the Scheme. The development in each office, through training, of staff with specialist knowledge in the general area of disability supports would mean that services could be delivered in a way that is keeping with current Government policy, that is to say that although a mainstream approach is adopted generally, the need for targeted initiatives is clearly recognised.

Promotion

There is a lack of consistency in the approaches taken to the promotion of the Scheme and as a result it is promoted differently and to varying degrees across different locations. It is recommended that FÁS promotes the WSS more by developing generic external promotions that can be adapted, if needed, to suit each local area. It is also recommended that Job Coaches under the Supported Employment Programme would use the WSS as a tool when assisting persons with disabilities seek employment opportunities.

Examples of promotions might include the development of promotional materials such as posters and information leaflets that can be displayed in local FÁS offices, local Chambers of Commerce, local clubs, Rehab Centres and National Learning Centres. Presentation material could also be developed that could be adapted for local presentation to potential employers and employees at similar venues.

9.2.6 Administration of WSS

The Application Process

Employers participating in the WSS are generally satisfied with the level of administration involved. However, the application process is too detailed and there is a need to avoid duplication of work when employing more than one person. It is recommended that the application process involve fewer forms. If a company already employs one person under the WSS there should be no need for them to provide duplicate documentation such as a separate Bank Authorisation Form for each employee. Furthermore, the use of just one productivity level going forward would remove the need for an initial productivity level evaluation by the employer.

Monthly Invoices

It is a current requirement of the WSS that employers complete separate monthly invoices for each employee, which must be signed by both the employer and the employee. The requirement that the employee signs the form as well creates additional work for the employer and can also make the employee stand out against other non-WSS employees. It is recommended that, going forward, employers attach copies of the employee's wage slips as proof of hours worked, and that the employee only be required to sign a quarterly summary sheet.

Sick Leave

When the WSS was launched in 2005, Gandon Enterprises (now Rehab Enterprises) agreed arrangements with FÁS whereby in accordance with Gandon's own sick leave policy (which entitles their employees to sick pay for 25 days sick leave) Gandon would continue to pay WSS employees their usual wage less any DSFA Illness Benefit received. FÁS would pay Gandon a subsidy contribution towards the difference between the approved wage subsidy grant and the actual illness benefit and/or subsidy due for any days worked. This arrangement was set out in a FÁS WSS sick pay guideline document. It was intended that claims made by other WSS employers would be dealt with on an individual basis based on the employer's own sick pay policies and having regard to the FÁS sick pay guidelines.

In reality, there is a lack of awareness among some FÁS staff as to the existence of WSS sick pay guidelines. It is recommended that all staff are made aware of the existence of sick pay guidelines so as to ensure that all WSS employers are treated equitably in accordance with their own sick leave policies.

Annual Productivity Rating Review

The current annual productivity rating review is considered to be too rigid in its format, allowing only for a review of the employee's level of productivity, which in itself is seen as a contentious issue. The use of just one productivity level going forward would remove the need for a productivity review. However, it is recommended that the annual review process be continued but that it takes a more general approach. This would provide both the employer and the employee with the opportunity to raise any issues of concern that they might have, and it would also enable discussions on the training needs and career progression of the employee.

9.2.7 Scope of the WSS

In the context of the importance attached by Government to supporting the labour market integration of people with disabilities and addressing the disincentives they experience entering employment as evidenced by the National Disability Strategy, the governmental Sectoral Plans and successive

national partnerships agreements, part of the Review process involved examining the scope of extending the WSS to participants on the DA Disregard.

This would require a widening of the objectives of the WSS to embrace promotion of rehabilitative employment. It has already been suggested that such an extension to the objectives of the Scheme would be appropriate given the current government policies. In principle therefore, there should be no reason not to consider an extension of the Scheme to DA Disregard participants.

In practice, an extension of the WSS to DA Disregard participants would involve a two fold increase in the net costs facing the Exchequer. On the one hand for each additional person moving off DA and onto the 'WSS + DA Disregard' there would be an incremental cost to the Exchequer. In addition, there would be a deadweight cost associated with the 6,000³⁷ current participants on the Disability Allowance Disregard if their employer's took-up the WSS. This latter deadweight cost could be of the order of €20 million annually if all 6,000 employers were to avail of the WSS. Without evidence of the success of the WSS in encouraging employers to offer employment opportunities to people with disabilities, the danger exists that an extension of the scope of the WSS to include DA Disregard participants would result in deadweight costs to the Exchequer with few additional persons moving off DA and onto the WSS + DA Disregard.

In addition to increased Exchequer costs, an extension of the WSS to include DA Disregard participants would in our view result in a situation where the 'WSS + DA Disregard' would be much more favourable to DA participants considering entering employment, so that the 'WSS + BTWA' route would become redundant. However, we have seen that where the 'WSS + BTWA' succeeds in moving persons off social welfare and onto the WSS there are significant net costs savings to the State.

On the basis of the above, we recommend that a two staged process of reform be adopted in reforming the scope of the WSS. In the first Stage the enhancements to the structure of the WSS as outlined above should be implemented. These include: extending the medical card eligibility of WSS participants indefinitely; retaining WSS participant's link to their DA status; removing the productivity labelling process; introducing a training element to the WSS; allowing WSS participant employees and employers to avail of Supported Employment support; giving the WSS a permanent footing; significantly promoting the WSS the Scheme; and a streamlining of some of the administrative aspects of the WSS. If, on the basis of these changes, the Scheme can be shown to be successful in enticing employers to offer employment opportunities to people with disabilities then the decision can be taken to move to Stage two.

³⁷ Excluding DA Disregard participants on the Community Employment Scheme

Stage two would involve extending the WSS to DA Disregard participants. On the basis that the WSS proves to be successful in encouraging employers to offer increased employment opportunities to people with disabilities, the decision can be taken to extend the WSS to include DA Disregard participants. If the WSS were to be so extended, the deadweight cost to the Exchequer could be limited by reducing the minimum hours worked threshold to 14 hours weekly so that only DA Disregard participants working in excess of 14 hours weekly would be eligible for the WSS. Such a threshold could further reduce the costs to Exchequer as DA Disregard participants working over a 14 hour threshold will be earning in excess of the €120 income threshold above which the DA entitlement is partly withdrawn.

10. Findings and Recommendations

10.1 Findings

The Wage Subsidy Scheme (WSS) replaced the Employment Support Scheme (ESS) and the Pilot Programme for the Employment of People with Disabilities (PEP) in September 2005. Funding was committed to the WSS on a three year pilot basis. The WSS objectives are to:

- facilitate people with disabilities to enter full-time paid employment in the labour market;
- encourage employers, in both sheltered and mainstream settings, to employ people with disabilities; and
- give people with disabilities the opportunity to experience open labour market employment.

To qualify for the WSS, employees must work for at least 21 hours per week. They must also be subject to the same conditions of employment as other employees. The initial performance target was to employ 500 people with disabilities annually under the WSS.

Support to the Employer under the Wage Subsidy Scheme is structured under three separate strands. Strand I is a wage subsidy payment that is made to the employer to compensate for the reduced productivity of the employee. Strand II is a grant payment that is made to a company employing more than two people with disabilities under to cover the additional supervisory, management and other work-based costs that might arise. Strand III is a grant payable of €30,000 to a company employing 30 or more workers with disabilities to help with the expense of employing an Employment Assistance Officer. Supports are provided to employees under the WSS by virtue of the fact that persons with disabilities who qualify for the Department of Social and Family Affairs Back to Work Allowance (BTWA) can avail of the Wage Subsidy Scheme when returning to work.

In addition to the WSS, there are a wide range of supports/options available to persons with disabilities contemplating engaging in work/employment activities. These include Sheltered Work; Sheltered Employment; Supported Employment; the Disability Allowance Disregard; the Employment Support Scheme; Community Employment; and the Employer Retention Grant Scheme. If a person is in receipt of support under the Supported Employment Programme there are not eligible for support under the WSS. Equally, persons engaging in employment through the DA Disregard are not eligible for the WSS.

The allocated budget to the WSS has been consistently under-spent each year since 2005, but the level of under-spend has diminished each year. Looked at in terms of the original target of moving 500 persons annually onto the WSS, take up under the Scheme to date has been low. Over the period September 2005 to December 2007 there were 330 new applicants to the Scheme. While take up onto the Scheme has been significantly below than anticipated at the

time of its launch, there has been a steady flow of new applicants on to the WSS on a quarterly basis over the Scheme's lifetime. Monaghan has significantly out-performed all other counties in terms of take up levels on the WSS. The success of the WSS in Monaghan is largely due to the fact that a local team of job coaches use the WSS as one of their main tools to help people with disabilities into employment.

Take up of the Scheme by sheltered employment enterprises has not materialised with the sole exception of Rehab Enterprises. The potential take-up of the WSS by sheltered enterprises will be dependent on the outcome of the ongoing HSE Review of Sheltered Occupational Services. However, it is considered unlikely that there will be further take-up of the Scheme among sheltered employment enterprises in the absence of additional capital grants being made available.

On average, WSS employees work 35 hours per week. 85 per cent of WSS employees are in receipt of the higher level of subsidy payments. Based on a survey of WSS employers it emerged that 29 per cent of WSS employees are working for the minimum wage (€8.65 per hour). In total 93 per cent of WSS employees are paid less than €15 per hour. The vast majority of employers (88 per cent) employ just one person with a disability under the WSS and are small scale employers.

During the course of the extensive consultations held with stakeholders as part of the review of the Wage Subsidy Scheme a number of issues emerged as significant factors which are considered to have affected participation levels of the WSS. The single most important factor affecting employee participation on the Scheme, according to consulted stakeholders, is the loss of the medical card. Other factors affecting employee participation on the WSS include the loss of Disability Allowance (DA) status; the stipulation that employees must work in excess of 20 hours weekly; the attractiveness of the DA Disregard as an alternative option; the productivity labelling associated with the Scheme; and the lack of a permanent footing that has been accorded to the WSS.

Factors affecting negatively on employer participation in the WSS include the productivity labelling process and the lack of non-financial support available under the Scheme. Employers also expressed reservations around the capability of some people with disabilities to adapt to the modern changing work environment. Stakeholders also highlighted issues in relation to the promotion of the WSS, which is considered to be lacking, as well as the administration of the Scheme.

When compared over a ten year period, it was found that the net cost to the Exchequer of maintaining a single person on DA exceeds the equivalent cost of supporting a single person on the WSS. While in the first few years the accumulated Exchequer costs associated with supporting a single person on the WSS exceed those associated with the DA; over time this situation reverses and a point is reached when the accumulated costs associated with the DA exceeds those associated with the WSS.

Not all participants on the WSS come from a social welfare background. And there are different costs and benefits associated with WSS participants depending on their background type. The net cost to the Exchequer over a ten year period of moving 100 representative participants onto the WSS can be kept low if the deadweight associated with the Scheme can be minimised.

In addition to net Exchequer costs, there are significant non-monetary benefits associated with the Scheme for the WSS employees. According to published findings in the area, there is strong evidence that a lack of work is generally harmful to health including: higher mortality; poorer general health; poorer mental health; and higher medical consultation, medication consumption and hospital admission rates. According to research findings health permitting disabled persons should be encouraged and supported to remain or to (re)-enter work as soon as possible because work helps to promote recovery and rehabilitation and leads to better health outcomes.

10.2 Recommendations

It is recommended that a two staged process of reform be implemented in relation to the WSS. In the first Stage a number of enhancements to the structure of the WSS should be implemented. These include:

- extending the medical card eligibility of WSS participants indefinitely;
- retaining WSS participant's link to their DA status;
- removing the productivity labelling process;
- introducing a training element to the WSS;
- allowing WSS participant employees and employers to avail of support under the Supported Employment Programme;
- giving the WSS a permanent footing;
- promoting the WSS to increase the awareness of the Scheme; and
- streamlining the administration of the Scheme.

If, on the basis of these changes, the Scheme can be shown to be successful in encouraging employers to offer employment opportunities to people with disabilities then Stage two can be implemented. Stage two would involve extending the WSS to DA Disregard participants.

Appendix A: Sheltered Enterprises as identified in the Tom Martin Report

Table A1: Sheltered Employment Enterprises as per Tom Martin Report

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|---|
| Ballina Community Workshop |
| Cara Contract Cleaning |
| St Martins House - Castle Industries |
| St John of God - Celbridge Abbey Nurseries |
| Brothers of Charity - Clonmore |
| Cork Deaf Enterprises |
| Brothers of Charity - Deerpark Centre |
| Donegal Cheese |
| Enable Ireland - Duo Print |
| EHB Print |
| Firefly Viswear |
| Galway Corrugated Cheese (Part of Rehab Enterprises) |
| Harrisons Food Company (Part of Rehab Enterprises) |
| Hats of Ireland (Part of Rehab Enterprises) |
| Information Security Management (Part of Rehab Enterprises) |
| Kilkenny Corrugated Cases |
| Kingsriver Furniture |
| St Martin's House - Northbrook |
| Brothers of Charity - Orchard |
| Precision Workwear (Part of Rehab Enterprises) |
| Prosper Fingal |
| Enable Ireland - Quality Mailing Service |
| Rehab Recycling (Part of Rehab Enterprises) |
| Rehab Recycling Partnership (Part of Rehab Enterprises) |
| Response Electronic Manufacturing (Part of Rehab Enterprises) |
| Retail Sales NWHB |
| Brothers of Charity - Roscara |
| Rosses Sheltered Workshop |
| Shannon Community Workshop/food |
| Shannon Community Workshop/pottery |
| Team Products |
| Enable Ireland - Avenue Garden Centre |
| The Mill Enterprises (Part of Rehab Enterprises) |
| Wheelchair Service and Support Systems |

Appendix B: The Administration of the Wage Support Scheme

B1: The WSS Application Process

1. The employee completes a WSS1 EE application form and the employer completes a WSS1 ER application form. The employer then submits both of these forms together with their current Tax Clearance Certificate, a completed Bank Authorisation Form, and a Terms and Conditions of Employment detailing the agreed number of hours to be worked each week, gross pay and job description which has been signed by the employee, to their local FÁS Employment Services Officer (ESO).
2. The FÁS Employment Services Officer makes a recommendation for approval and forwards the application documents on to the Employment Services Manager or Assistant Manager for approval. Once approval has been given, the information contained in the application documents are entered into the FÁS ICT system.
3. On initial approval FÁS assumes a below 50 per cent rate of productivity for the first month when paying the wage subsidy. This allows the employer, the employee and FÁS time to assess and agree the actual productivity shortfall.
4. The employer, in discussion with the employee, carries out an evaluation of the productivity level of the employee in the main tasks which make up their job. Where possible, this is based on comparison with other employees, but only differences that arise because of an impairment can be taken into account. When the productivity level has been determined and agreed upon, the employer and employee both sign a completed Productivity Level Report (WSS 2 form) and the employer submits it to the FÁS Employment Services Officer.
5. The FÁS Employment Services Officer then meets with the employer and employee to review the submission and confirm the level of productivity. The Employment Services Officer will also ensure that the employee is being paid at the same level as other employees working in the company, doing the same job.

The Employment Services Officer then amends the Employee Maintenance Screen on the FÁS ICT system with the confirmed productivity level and the agreed number of hours to be worked each week, to enable invoices to be generated automatically.

There is no need for a separate application for the Strand II top-up grant, as the FÁS ICT system routinely picks up when three or more WSS employees are registered under the same employer number. Thus, when an employer is entitled to the top-up grant, it is automatically applied to their invoices.

If an employer employs 30 or more people under the WSS, they can apply for an Employment Assistance Officer grant by completing an Application for Strand III Grant (WSS 4) form and sending it directly to the FÁS Disability and Policy Development Unit. It is processed centrally in the Unit and paid on a per calendar month basis, as long as the number of employees under the Scheme doesn't fall below the 30-employee threshold.

B2: The Day-to-Day Administration

The FÁS Finance and Administration Service Unit (FASU) generates invoices once every four weeks for Strand I and Strand II payments. The invoices are generated at the beginning of each four week period to allow for them to be fully processed and paid on time. The Strand I calculation is based on the information entered into the FÁS ICT system in terms of productivity level and hours worked per week. The system automatically calculates the Strand II grant based on the number of employees currently employed by the employer at the time that the invoice is generated.

A separate invoice is generated for each employee detailing the agreed hourly wage subsidy rate and the agreed number of working hours per week for each of the four weeks that the invoice relates to. There is space then for the employer to put in the actual hours worked per week and the actual wage subsidy claimed for each week. There is also space for any comments that the employer may need to add as an explanation for a different number of hours worked, such as sick leave.

The invoice process involves a number of different steps:

1. The first invoice is sent by the FASU to the Employment Services Officer for a validation check on the details. If the information is incorrect, the Employment Services Officer notes the necessary changes, ensures that the information is accurate on the WSS database, and returns the invoice to the FASU. A new invoice is then sent to the Employment Services Officer. When the Employment Services Officer is satisfied that an invoice is accurate and correct, they forward it on to the company. Second invoices, and those issued thereafter, are sent directly to the company.
2. The employer then completes the invoice and both the employer and the employee sign it before it is returned to the Employment Services Officer in FÁS.
3. The Employment Services Officer checks for completeness and accuracy. If the form has not been fully completed, it is returned to the employer. If the Employment Services Officer is satisfied that it is fully accurate, they pass it on to the Employment Services Manager or Assistant Manager for authorisation.
4. Once authorised, invoices are returned to the FASU for final processing. They are entered into a Batch for payment once a month by electronic

transfer to the participant companies' bank accounts, and a remittance advice is sent to the employer.

Because the invoices are generated four weeks in advance, employers must give four weeks notice to their Employment Services Officer if an employee wants to increase or decrease their working hours.

The productivity shortfall as agreed at the outset is reassessed every 12 months, when the employer and employee complete a Productivity Rating Review (WSS 3 form). This review is based on the performance of the employee in the previous 12-month period, and the form, completed and signed by both the employee and the employer, is submitted to the FÁS Employment Services Officer.