

**REVIEW OF THE COMPLETED EGF PROGRAMMES IN SUPPORT OF
REDUNDANT WORKERS IN DELL, WATERFORD CRYSTAL AND SR TECHNICS**

DEPARTMENT OF EDUCATION AND SKILLS

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Foreword by the Minister for Training and Skills, Ciaran Cannon T.D.

“ When I became the Minister for Training and Skills one of the areas of responsibility included in my portfolio was the European Globalisation Adjustment Fund or EGF. This EU Fund exists to assist workers made redundant as a result of the adverse impacts of globalisation. This can include situations where factories or businesses are moved outside the EU or, up until last year, where significant redundancies were linked directly to the global economic and financial crisis which has afflicted the EU and the wider world particularly since 2008/2009.

The EGF has been an important instrument of solidarity for a significant number of redundant workers across the EU and a very practical one. The Fund allows Member States to avail of 50% co-financing for approved programmes in areas such as guidance, upskilling, reskilling, education and enterprise.

Ireland’s record in sourcing EGF funding has been very impressive. Since 2009 six Irish applications for EGF funding have been approved by the EU with an EGF allocation of €60.6m.

However, although the EGF has enabled supports and interventions to be provided to many thousands of eligible redundant workers in Ireland, there have been criticisms of the efficacy of delivery of EGF programmes and the maximising of potential funding.

Most importantly such criticism has come from some of the redundant workers and their representatives whom the Fund sought to assist. It was in this context that in late 2011, I initiated a review initially of the Dell EGF programme but subsequently expanded to the two other EGF programmes which were completed at the time in Ireland. In total, there are three such completed programmes encompassing over 4,600 workers who were made redundant at the Dell computer manufacturing plant in Raheen, Co. Limerick, the Waterford Crystal factory in Kilbarry, Co. Waterford and the S R Technics aircraft maintenance facility at Dublin Airport and at various ancillary enterprises.

The aim of the review was to examine these programmes in order to assess what worked well and what needed improvement and to seek to address the latter situation, where feasible. My Department issued a consultation document in December 2011 to relevant worker representatives, service providers and other stakeholders in the three completed EGF programmes and requested their written submissions.

A number of submissions were received in January 2012 and these were examined by my officials. The second part of the review process was a public forum event held for those bodies, organisations and individuals who had taken part in the consultation process and who were key stakeholders of these EGF programmes. This forum event, organised by my Department and at which I was present, allowed the worker representatives, in particular, to make their views known to me directly and personally. A number of presentations as well as related discussions and interventions were made at the event which was held on 3 April 2012.

My Department has now collated the submissions both written and presented at the forum. I committed to publishing the main outcomes of the review process. This document contains the background to the review, the submissions and presentations made and the issues identified by my Department as being the main ones emerging from the review process and responses to them.

I am committed to seeking to improve the delivery and optimisation of the EGF at all stages including at the application preparation and implementation stages.

I see early consultation and the taking into account of redundant workers' views in the preparing of EGF applications, together with as much early intervention and the tailoring of measures as possible, and finally an emphasis on guidance and some assistance with course expenses, as perhaps the key aspects to ensuring that more focused, relevant interventions are both sought and delivered through the EGF. Already in the latest application in support of over 590 redundant workers at the Talk Talk call centre and ancillary enterprises in Co. Waterford, many of the experiences garnered from previous EGF programmes are being used and many of the issues highlighted by the review are already being addressed. These issues and the responses to them are elaborated in the conclusions of the review.

The review process has been an important element in the continued efforts of my Department and the wide range of other Government Departments, bodies and agencies involved in the EGF in Ireland, to ensure that this valuable Fund is used wisely and to maximum affect for those workers made redundant through globalisation circumstances far beyond their control.

All future EGF applications and programmes will continue to be proofed against the types of issues and the proposed responses to them which are highlighted in the review process”.

Background to the Review

Ireland has to date submitted 7 applications for the EGF co-financing of active labour market measures in support of workers made redundant as a result of the adverse impacts of globalisation under the European Globalisation Adjustment Fund (EGF).

At this time six of these applications have been approved by the EU and EGF funding disbursed to the Irish authorities. Under the Fund the EU may currently co-finance 50% of approved EGF programmes with the remaining financing being provided by the Member State. This funding rate decreased from 65% as from 1 January 2012 with the removal of the derogation allowing applications to be made on the basis of the global economic and financial crisis or the so called “crisis derogation”.

By December 2011, three of these approved EGF programmes – Dell, Waterford Crystal and S R Technics - had been completed. The programmes in question targeted some 3,800 redundant workers out of over 4,600 made redundant as potentially availing of EGF co-financed supports.

The Dell EGF programme final report submitted by the Department of Education and Skills to the European Commission on 23 December 2011 highlighted the provision of some 6,402 interventions to 2,606 individual eligible workers across the broad range of guidance, education, training and enterprise supports. Claimed expenditure on the programme amounted to €13.62m out of a possible €22.82m fund (both EU and national funding).

The Waterford Crystal EGF programme final report submitted by the Department of Education and Skills to the European Commission on 6 February 2012 highlighted the provision of some 1,931, interventions to 532 individual eligible workers across the broad range of guidance, education, training and enterprise supports. Claimed expenditure on the programme amounted to €3.09m out of a possible €3.96m fund (both EU and national funding).

The S R Technics EGF programme final report submitted by the Department of Education and Skills to the European Commission on 5 April 2012 highlighted the provision of some 2,181 interventions to 756 individual eligible workers across the broad range of guidance, education, training and enterprise supports. Claimed expenditure on the programme amounted to €4.5m out of a possible €11.46m fund (both EU and national funding).

The EGF and its implementation in Irish programmes has received much media coverage and political attention and comment. In this context in late 2011, the Minister for Training and Skills, Ciaran Cannon, T.D. initiated a review of the three EGF programmes which had been completed at that time. The review process was undertaken with a view to establishing the strengths and weaknesses of the implementation of the EGF in Ireland. The Minister was anxious to understand the concerns of stakeholders, notably on the redundant workers side but also from the bodies charged with facilitating and providing services, and to put lessons learned from the review into practical effect.

As with any new funding programme, it takes some time to work through issues on the ground in a practical manner. Such issues can arise operationally but have potentially significant policy implications. Thus, all new programmes which seek to some degree to step beyond or outside existing measures, such as the EGF, will inevitably require an element of refining or tweaking which can only be gained with the experience of programme operation. This is particularly true where a significant

number of different Government Departments, State agencies and bodies, educational institutions and private sector bodies have either policy responsibility for different though sometimes interlinking policy areas or operational responsibility in service delivery terms.

As such, it is clear that a key to the effective and efficient design and delivery of EGF programmes resides in the structures which are put in place to manage and coordinate the programmes both nationally and locally. However, these structures must also operate within both financial and staffing resource realities and the general parameters of public policy. This includes the accounting and financial management and control requirements for the expenditure of public monies, both EU and nationally supplied.

In this context, the Minister is seeking, where possible, to build any workable improvements to application preparation or ensuing programme implementation which might arise from the review, into future EGF applications and programmes. The first such application submitted after the review was undertaken was the application on behalf of 592 redundant workers at the Talk Talk call centre facility in Waterford and in a number of ancillary enterprises.

In Quarters 3 and 4 of 2011 the Department undertook an internal review of the 3 relevant EGF programmes as tasked by Minister Cannon. A consultation document was approved by the Minister and in December 2011 the Department circulated this document on a targeted basis to stakeholders seeking their written submissions.

Following consideration of all submissions by the Department, a public forum event was held in the Department on 3 April 2012. This event was run in order to allow consultees to the written review process to give their views directly to the Minister for Training and Skills and Department officials.

The European Globalisation Adjustment Fund (EGF)

Objective of the EGF

The European Globalisation Adjustment Fund (EGF) is an EU co-financing instrument which provides support to workers who are made redundant as a result of major structural changes in world trade patterns due to globalization where these redundancies have a significant adverse impact on the regional or local economy. The Fund is drawn from annual savings across the EU budget and has an annual funding capacity of up to €500m.

It is an instrument of solidarity with redundant workers and does not finance the restructuring of companies or sectors.

The Fund co-finances programmes of active labour market measures forming part of a coordinated package of personalized services designed to re-integrate redundant workers into the labour market.

It is focused on delivering short-term outcomes in terms of returning people to work as quickly as possible and is not intended to be an alternative to national labour market activation policies and programmes.

As such, the EGF provides specific, once-off, time limited support to facilitate such re-integration. It also aims to promote entrepreneurship and aid for self-employment. EGF measures may include but are not limited to job search assistance, occupational guidance, tailor-made training and re-training, outplacement assistance, certain related allowances (e.g. mobility, participation in lifelong learning and training activities) though the EGF does not finance passive social protection measures.

The EGF may also finance the preparatory, management, information and publicity and control activities required for programme implementation.

The EGF is required to complement actions of Member States at national, regional and local level, including those co-financed by structural funds.

EGF Eligibility Criteria

In force since 1 January 2007, the EGF has a number of strict eligibility criteria governing when and how applications can be made by an EU Member State.

Initially, EGF applications could only be made where at least 1,000 redundancies occurred either in a single enterprise and its downstream producers and suppliers, or in a particular economic sector in line with the requirements of specific sectoral coding known as NACE 2.

Designed as a quick response mechanism to get redundant workers re-integrated into the labour market, the EGF implementation period, too, was initially 12 months commencing from the date of submission of an application by a Member State.

However, in 2009 the primary 2006 Regulations were amended in the face of escalating redundancies across the EU, so as to halve the number of required redundancies to at least 500 and to double the implementation period from 12 to 24 months, again, however, with this period commencing from the submission of the EGF application for co-financing.

Thus, currently to make an EGF application certain requirements must be met including:-

- 1) at least 500 redundancies in a specific company and any of its suppliers or downstream producers within a four months “reference period”
- 2) at least 500 redundancies in a NACE 2 (statistical classification) sector within a nine months “reference period”.
- 3) Small labour markets or in exceptional circumstances when redundancies have a serious impact on employment and the local economy.

Ireland made its first three EGF applications in 2009 when the global economic and financial crisis was most demonstrably impacting on Irish jobs.

It is only a Member State which can make an EGF application to the EU authorities rather than a regional or local authority, company or individual. The Department of Education and Skills contains separate EGF managing and certifying authorities with defined management and financial control responsibilities as well as an independent second level control check unit and several intermediate bodies in relevant areas such as further education and training. Other intermediate bodies reside in bodies such as the Department of Social Protection, the Higher Education Authority and Enterprise Ireland.

There are also strict eligibility criteria regulating what constitutes “globalisation” impacts. Under the 2006 Regulations these criteria centred on circumstances where there was major structural change in world trade patterns leading to a serious economic disruption, notably a substantial increase of imports into the EU, or a rapid decline of the EU market share in a given sector, or a delocalisation to third countries.

EGF “Crisis Derogation”

Under the 2009 amended EGF Regulations, a temporary derogation was introduced which provided that another eligibility criteria could be used whereby redundancies were proven to be as a direct result of the global financial and economic crisis. This derogation encompassed applications submitted between 1 May 2009 and 31 December 2011.

This so called “crisis derogation” criterion has helped Member States, including Ireland, to more easily access the EGF. This criterion duly expired at the end of 2011.

In addition, under the 2009 Regulations the amount of EU co-financing provided under the crisis derogation was increased from 50% to 65%.

Member States must upon approval of an EGF application provide between 35% - 50% of the funding of approved measures within a 24 months timeframe from the submission of the application. As such there is an emphasis on the national front loading of EGF measures given that the EU approval process can take between 7 – 10 months from receipt of an application to approval and release of funds, or longer where, for example, additional information is sought by the European Commission.

Six of the seven Irish applications to date were made under the crisis derogation criterion, the exception being the latest application in support of redundant workers at the Talk Talk call centre facility and ancillary enterprises in Co. Waterford.

Ireland must henceforth seek to make further EGF applications in the period to end 2013 only where applications can be adjudged to be sustainable on pre-1 May 2009 criteria with regards to globalisation impacts and at a return to the lower 50% co-financing rate.

However, the 500 redundancies threshold and 24 months implementation period both remain in force.

Continuance of the EGF post-2013

The current EGF Regulation expires on 31 December 2013. A proposal to extend the current EGF regulation from 2014 to 2020 was tabled by the European Commission in October 2011 and is currently being discussed in European Council working group in 2012. Ireland is taking an active role in these ongoing technical discussions.

The proposal is far reaching in that it seeks to extend the EGF to both farmers and to the self-employed. Of a proposed €3 billion budget over the 7 years period, €2.5 billion is proposed to assist farmers.

If the proposal is not progressed to finalisation during the Cypriot Presidency of the EU in 2012, the dossier will fall to the Irish Presidency to progress from 1 January 2013.

A significant number of Member States (those which blocked the continuation of the “crisis derogation” into 2012) are opposed to the continuance of the EGF either in principle, or at least on the current basis where it is funded outside the Multi Annual Financial Framework of the EU and out of savings drawn from the EU budget.

EGF Application Process

EGF applications must ensure that the minimum number of eligible redundancies occurs in either a four months reference period in relation to redundancies at a single enterprise and its ancillaries, or nine months in the case of a sectorally based application. Under the EGF Regulations a Member State has up to 10 weeks after the reference period to submit its application to the European Commission.

The Department utilises the following monitoring mechanisms to ascertain whether sustainable EGF applications can be made to the EU.

The statutory collective redundancy notifications issued to the Minister for Jobs, Enterprise and Innovation is the primary early warning system. This notification covers numbers of workers to be made redundant, reasons for same and timescale. However, the numbers are often estimates and the actual numbers may vary as may the timeframes which can be quite generally stated. Hence there is considerable follow up and collation of data required by the EGF Managing Authority within the Department of Education and Skills to satisfy the EU Regulations. The redundancy payments system is the primary verifiable documentation used to satisfy the EU including its audit authorities, of the actuality of redundancies numbers.

In the case of a sectoral application the Member State is required to ensure and have verifiable proof of the relevant NACE 2 codings of employers and their details. In the case, for example, of the Irish construction sector applications this required the assembly of data, external to the Department, for example, of some 3,349 separate employers in respect of 8,779 individual redundant workers.

Application Preparation

In preparing EGF applications and implementing EGF programmes, the Department has to date in the main worked through existing structures and service providers. Hence, it has relied on the State services on the ground who have local and regional knowledge in relation to major redundancies within single companies and their ancillaries to engage in the first instance with employers and workers to assemble relevant data and assess what the needs are of workers in terms of guidance, training etc.

Bodies such as FÁS, VECs, CEBs and higher education institutions have all done valuable work in the context of assisting in the preparation of EGF applications, including estimating potential costs, and in providing EGF services both through mainstream provision and, where feasible, in a more tailored fashion to eligible redundant workers subject to the constraints on personnel and funding. In all cases, significant numbers of interventions were provided to redundant workers in advance of subsequently released EU funding.

Early intervention and guidance is clearly a key aspect of EGF programmes. Irish programmes have sought to intervene quickly, starting from the moment of notification or intimation of significant redundancies with agencies such as FÁS engaging with the workers on-site in their workplaces. Irish programmes have also included significant guidance components mainly through FÁS employment services but also through VEC and college guidance services.

However, more direct advance consultation with redundant workers by the EGF Managing Authority is now viewed as a useful and integral part of the EGF application process going forward. This has been an important element, for example, in the preparation of the latest EGF application submitted to the EU in support of 592 redundant workers at the Talk Talk call centre facility in Waterford and at a number of ancillary enterprises.

EGF Application Approval

In terms of the EGF approval process, upon the submission of an application by a Member State it is first examined by the European Commission's EGF Unit which enters into an iterative process with the Member State if there are queries or any areas of clarification arising. When duly satisfied the application is then put into Commission inter-service consultation where other relevant Directorate Generals consider the application from their particular perspectives e.g. regional policy, trade, budget, competition, enterprise and industry etc.

Thereafter, it is presented to the College of Commissioners for approval. If duly approved, it must also, in turn, be approved by the EU budgetary authority comprising the European Council and European Parliament. If so approved, a financial contribution is subsequently made and issued through the European Commission to the Member State for between 50% - 65% of the approved programme estimated expenditure. Between 1 May 2009 and 31 December 2011 the rate of co-financing stood at a maximum 65% but this has reverted to a maximum 50% since 1 January 2012.

A Decision of the European Parliament and European Council is made approving an application and stating the amount of EGF funding to be made available to the Member State. Then a European Commission decision signed by the Commissioner for Employment and Social Affairs awarding the financial contribution is issued to the

Member State setting out the approved budget and the relevant dates for the ending of the programme and the submission of the final report and statement of expenditure. This decision may issue up to a month after the Parliament and Council decision of approval.

The full application and approval process is a lengthy and complex one as outlined. It can take between 7 – 10 months for completion and the actual release of funding to a Member State. As the Fund aims to provide supports to eligible redundant workers at the earliest juncture, this places an emphasis on the Member State to provide funding in anticipation of an approval by the EU.

EGF programmes are finite in duration. A programme commenced from the date on which an application is made to the European Commission seeking co-financing assistance and ends 24 months after that date. Where measures have not already commenced, a further 3 months may be added to this period. Hence, the emphasis is on national governments to frontload relevant supports in anticipation of subsequent EU reimbursement through the fund by, currently, 50%.

The capacity to front load supports in advance of EU approval of EGF applications is constrained in Ireland by national budgetary rules and circumstances relating to the prevailing economic conditions and the state of the public finances. Moreover, should an EGF application not be approved by the EU, then the Exchequer would have to carry the cost of all relevant measures fully.

A final report on the EGF programme, including a statement justifying the expenditure of the EU financial contribution, must be made by the Member State to the European Commission not later than six months after the end of a programme. The Commission then has up to a further six months to formally wind up a programme subject to it receiving all the relevant information to do so.

Overview of Irish EGF Programmes

Ireland has now made seven applications for EGF co-financing assistance since 2009, six of which have been approved. The most recent application, submitted on 29 February 2012 is now under consideration by the European Commission. Six of the programmes have been completed, the most recent being three programmes for redundant workers in subsectors of the construction industry which were completed on 9 June 2012.

Ireland has received some €60.6m in EGF funding of a total of €414.9m requested across all EU Member States between 2007 - 2011. This equates to 14.6% of total EGF funding requested.

The approved Irish EGF programmes total €93.22m in funding terms, 65% (€60.59m) from the EU and 35% (€32.63m) from national funding sources.

Total EGF funding of €24.85m was received from the EU in 2010, while €35.74m was received in 2011. This funding was allocated by the Department subject ultimately to the demand-led take up of the range of supports offered by individual EGF beneficiaries.

As stated, it is required under EGF Regulations that a Final Report and statement justifying expenditure must be submitted to the European Commission by the Member State in respect of a completed programme not later than six months after its cessation.

The European Commission, in turn, has up to six months after the receipt of all relevant information on a programme to formally close that programme. None of the 3 programmes referenced have yet been formally closed by the Commission.

The Department as EGF Managing Authority has submitted final reports in respect of the completed Dell programme in December 2011, Waterford Crystal programme in February 2012 and S R Technics programme in April 2012. Reports are required to be submitted by the Department for the three construction subsector programmes by 9 December 2012.

Ahead of formal closure of the programmes by the EU, the European Commission has sent Ireland three debit notes seeking reimbursements of unused EGF allocations. The Department has reimbursed the EU with 90% of the amounts sought as detailed in the table below. The reimbursement of the outstanding 10% will be sought by the Commission from the Department when it has finalised the programme closure procedures and wound up the financial contributions. This has not yet occurred in any case to date.

Overview of Irish EGF programmes 2009 – 2011 (financial and procedural data)

EGF Programme	DELL	Waterford Crystal	SR Technics	Totals
Affected population	2,840	653	1,135	4,628
Date Application *	19/06/09	7/8/09 + 25/9/09	9/10/09 + 17/5/2010	
Implementation Period **	03/02/09 to 28/6/11	11/03/09 to 6/8/11	25/03/09 to 9/10/11	
Date approved by EU	25/11/09	16/06/10	24/11/10	
Date funding received from EU	04/03/10	30/07/10	22/12/10	
National Funding (€) (35%)	7,985,950	1,384,306	4,009,311	13,379,567
EU Allocation (€) (65%)	14,831,050.00	2,570,853.00	7,445,863.00	24,847,766.00 (100%)
Reimbursement to the EU	5,978,311.30 (40.3%)	562,591.50 (21.9%)	4,518,324.04 (60.7%)	11,059,226.84 (44.51%)
Total EGF programme allocation (€)	22,817,000	3,955,159	11,455,174	38,227,333.00 (100%)
Total Spend (€)	13,619,598.00 (59.7%)	3,089,633.08 (78.1%)	4,504,198.40 (39.3%)	21,213,429.48 (55.49%)
Date Final report sent	23/12/11	6/2/12	9/4/12	

Irish EGF Programmes Provided

The six Irish EGF programmes approved to date encompass over 13,400 workers. To date, on the first 3 completed programmes some 10,514 individual supports have been provided. The construction programmes, which were only finished in June, will of themselves have provided many more thousands of interventions to eligible redundant workers. Activity levels and claims from service providers are currently being prepared for certification and inclusion in the final reports and statements of expenditure for these three programmes and are required to be submitted to the European Commission by 9 December 2012 before the programmes can be formally wound up.

Overview of EGF programme supports in Ireland 2009 - 2011

	Dell	WC	SRT	Total
<i>Measure</i>	<i>Supports Provided</i>	<i>Supports Provided</i>	<i>Supports Provided</i>	<i>Supports Provided</i>
Occupational Guidance	2,589	988	727	4,304
FÁS training	2,318	611	887	3,816
Further education	410	82	65	557
Third level education	595	63	382	1,040
CEBs enterprise supports	490	187	120	797
Totals	6,402	1,931	2,181	10,514

Note: All figures include multiple supports provided to individual beneficiaries.

Number of individual redundant workers assisted

EGF Programme	Dell	Waterford Crystal	S R Technics	Total
Redundant workers assisted	2,606	532	756	3,894

DELL Programme

Supports under the Dell EGF programme commenced in February 2009 (before the application was made to the EU in June 2009) and finished on 28 June 2011. In total the EGF programme has provided 6,402 interventions to 2,606 individual EGF eligible workers across a wide range of guidance, training, further and higher education and enterprise supports. The cohort targeted for assistance was 2,400 persons which was significantly exceeded.

The Final Report and accompanying statement of expenditure was submitted to the European Commission on 23 December 2011. In total the EGF programme had certified expenditure of €13.62m. Of the potential EGF funding provided by the EU of €14.83m, a total of €8.85m was used. To date €5.38m has been reimbursed to the European Commission and a further €0.6m will be reimbursed upon winding up of the programme formally by the EU.

A wide range of mainstream guidance, training, education and enterprise programmes and supports were provided. In addition, a number of innovative measures such as internships, EGF training grants, tailored higher education courses and the prioritisation of EGF eligible redundant workers for enterprise supports and the emphasis in such supports on the locally traded services sector, were features of the Dell EGF programme.

At the time of the Final Report, a survey of EGF eligible individuals undertaken by the EGF Coordination Unit in April/May 2011, indicated that 560 of those who received support had obtained employment. This included 191 individuals who were self-employed. A further 227 were engaged in further education or training.

Moreover, the number of persons who have been re-employed or started their own businesses as well as the increased take-up of education and training opportunities has had a considerable positive benefit to individuals in terms of the renewed self-confidence and restoration of dignity that has been afforded to participants in EGF funded programmes.

Waterford Crystal Programme

Supports under the Waterford Crystal Programme commenced in March 2009 (before the application was made to the EU in August 2009) and finished on 6 August 2011.

The Final Report and accompanying statement of expenditure was submitted to the European Commission on 6 February 2012. In total the EGF programme had certified expenditure of €3.09m. Of the potential EGF funding provided by the EU of €2.57m, a total of just over €2m was used. To date €0.51m has been reimbursed to the European Commission and a further €0.06m will be reimbursed upon winding up of the programme formally by the EU.

In total some 1,931 interventions were provided with EGF co-financing assistance to 532 redundant Waterford Crystal and ancillary enterprise workers. The cohort targeted for assistance was 598 persons.

At the time of the Final Report it was estimated that some 207 of the cohort have found employment with a further 80 involved in education or training.

The older age profile of much the affected worker population presented challenges on this EGF programme. In light of this, FÁS designed and provided the “Planning for the Future” programme. Programmes in horticulture, craftskills and landscaping were also jointly designed and delivered by FÁS and Waterford City VEC in response to the requests by the cohort for training to build on their skills profiles and interests.

Again in common with all Irish EGF programmes access was given to private training colleges and organisations through the EGF training grant schemes administered by FÁS. Enterprise supports were provided through the City and County Enterprise Boards and again emphasis was placed, where appropriate, on the locally traded services sector. A total of 37 eligible redundant workers started new enterprises with EGF support during the programme period. Certain of these businesses have established not just domestic networks to sell their products but have also identified new markets and outlets overseas.

S R Technics Programme

Supports under the S R Technics commenced in March 2009 (before the application was made to the EU in October 2009) and finished on 9 October 2011.

The Final Report and accompanying statement of expenditure was submitted to the European Commission on 5 April 2012. In total the EGF programme had certified expenditure of just over €4.5m. Of the potential EGF funding provided by the EU of €7.45m, a total of €2.93m was used. To date €4.07m has been reimbursed to the European Commission and a further €0.45m will be reimbursed upon winding up of the programme formally by the EU.

In total some 2,181 interventions were provided with EGF co-financing assistance to 756 redundant S R Technics workers. The cohort targeted for assistance was 850 persons.

In addition to more mainstream programmes, a number of innovative measures such as the progression of apprenticeships with the Irish Air Corps, specialist aircraft industry training provided through FÁS in conjunction with various institutes of technology and access to private training via the EGF training grant scheme, as well as access to publicly funded third level education following dedicated preparatory courses, were made available to the this cohort of redundant workers with EGF co-financing assistance.

At the time of the Final Report it was estimated that some 334 of the cohort had found employment with a further 74 involved in education or training. The employment rate among beneficiaries of EGF supported interventions under this programme is estimated at 44.1%.

Other EGF Programmes

Construction Sector Programmes

An EGF application seeking co-financing support for almost 9,000 workers made redundant in the construction sector between 1 July 2009 and 31 March 2010 was submitted by the Department in June 2010 to the European Commission. These workers were identified based on evidence of statutory redundancy payments and on data from the apprenticeship database held by FÁS. This was the first national sector based EGF application made by Ireland. The Commission subsequently required this application to be disaggregated across 3 specific NACE 2 subsectors. NACE 2 is the industry sector nomenclature Member States are required to use for sectoral EGF applications by the European Commission.

Revised separate applications for NACE 2 Sector 41 (construction of buildings), NACE 2 Sector 43 (specialised construction activities) and NACE 2 Sector 71 (Architectural and engineering activities), were duly submitted to the Commission in February 2011 as it was necessary to disaggregate significant amounts of sector specific data, including the supplying of over 3,300 individual employer details.

In mid-November 2011 the EU budgetary authority approved the three separate applications for co-financed EGF assistance of €12.7m, €21.6m and €1.4m for the three respective applications. Funding was received by the Department at the end of December 2011. This left a short timeframe for the delivery of any additional EGF co-financed supports to the relevant cohort. However, supports had been delivered since July 2009 to the cohort through exclusively national funding, notably in the areas of FÁS training and apprenticeships.

Letters of notification of relevant EGF services issued to 8,779 eligible former construction sector workers with a home address in the State from the EGF Managing Authority in the Department on 19 December 2011, highlighting additional supports such as a tailored career planning courses and EGF training grant schemes.

A dedicated EGF Construction Contact Centre was established to provide phone and on-line information and support facilitate access to professional career and occupational guidance for them, make onwards referrals to other service providers and to administer EGF Training Grants in respect of the eligible redundant workers.

A dedicated EGF website www.egf.ie went live on 19 December 2011 and provides further information on the EGF programmes as well as an on-line application process for the EGF training grant scheme.

The three construction industry based EGF programmes finished on 9 June 2012.

Taking into account all the measures provided since July 2009, many thousands of interventions have been provided across a wide range of measures to those redundant workers eligible for support.

Final activity reports and expenditure claims are currently being prepared by service providers for certification. A final report and statement of expenditure for each of the three programmes is required to be submitted to the European Commission by 9 December 2012.

Application for Redundant Talk Talk Workers

On 29 February 2012 the Department submitted the latest application for EGF co-financing assistance to the European Commission on behalf of 592 redundant workers at the former Talk Talk company in Waterford by February 2012 and three ancillary enterprises.

The application is for just under €5.4m in total funding, 50% of which is sought from the EU. It followed significant consultation and interaction by the Department with redundant worker representatives and with relevant service providers and the Department sought to learn from and address some of the key issues which had arisen in preceding applications.

In this context, a number of measures have already been approved and launched at national level in anticipation of subsequent EU co-financing. These measures include specific guidance, third level and training grant interventions. All measures are being coordinated through a locally based dedicated EGF coordination unit in Waterford City. These actions have been taken significantly in advance of a decision from the EU budgetary authority on the application. The application is currently being considered by the European Commission and, if approved, must also be agreed with by the European Council and European Parliament.

International Experience of the EGF

The European Commission engaged consultants to undertake a Mid Term Evaluation of the EGF as required by Article 17 of the 2006 EGF Regulations. No Irish EGF programmes were included in the 15 case studies undertaken in this evaluation.

The Evaluation can be accessed at the link (http://ec.europa.eu/social/key_documents) on the European Commission website.

It is clear from the Evaluation that many of the Members States who undertook EGF programmes during the evaluation period experienced similar difficulties with the architecture of the Fund as Ireland has. Such difficulties included the finite duration of the Fund, the lengthy approval process and requirement to nationally frontload measures in challenging financial times and the need to work mainly through the unique delivery systems for relevant interventions which exist in the different countries.

The Evaluation found that due to the EGF architecture, the EU co-financed part of EGF assistance arrived in the locality a significant time period after the redundancies in question occurred.

Whilst EGF measures implemented were varied and responded to demand and local conditions, they were largely consistent with mainstream provision to support transitions back to employment. Measures were designed against the background of existing policy frameworks. This was also influenced by demand from beneficiaries and employers, changing local economic and labour market conditions and the delivery period available. The EGF assistance involved a wide variety of organisations, depending on the national, regional and local setting, but was predominantly led by the local public employment services.

The Evaluation found that EGF worked more effectively where it added to the existing national or regional provision rather than on its own. The innovation performance of the 15 EGF cases examined was mixed with 7 cases presenting a relatively high level of

innovation (i.e. allowing for implementation of new measures not otherwise funded), 2 cases used the EGF as a catalyst to implement existing support more intensively and 6 cases used EGF resources to fund measures already previously implemented in the context of their national restructuring policy frameworks.

A common pattern emerging was found to be that the strength of the EGF lies in the flexible combination of several offers. Many of these offers are already provided, it was found, in mainstream employment service measures. It is imperative, therefore, the Evaluation found that EGF cases develop a mix which addresses the needs of individuals and complements existing provision.

Compared to the European Social Fund (ESF), a number of disadvantages with the EGF were identified including:-

- Strict application criteria (counting large numbers of dismissed workers, reference period whereby some affected workers fall outside the reference period, respecting specific sector codes, proving the link to globalisation)
- Photographic and detailed evidence required in the application
- Long application process and resulting difficult financial planning as well as compressed implementation periods
- Strict implementation period
- National coordination for EGF can be an additional challenge in countries where the regional responsibility for active labour market policy is very strong

Re-employment rates across the 15 individual cases evaluated varied widely from a high of 78.2% to low levels of 4 - 6%. However, the Evaluation went on to state that there were less tangible outcomes and many stakeholders had remarked that beneficiaries had significantly increased in confidence, renewed and improved their job search skills and upgraded their skills and capacities, making it more likely for them to find employment.. Thus, whilst not all beneficiaries were successful in gaining employment, the training and qualifications gained through EGF co-financed measures enhanced their future prospects for gaining employment in the medium to long term.

In expenditure terms the Evaluation highlighted that the budget implementation and beneficiary reach rates varied significantly across the 15 cases evaluated from 1% to 99%. Workers in supply chain of large companies were not included in most of the EGF cases whether because they were located abroad, or it was considered too challenging to assemble evidence to include them in the application. This is not the case in Ireland where redundant workers from a range of ancillary enterprises were included in the Dell, Waterford Crystal and Talk Talk applications.

The Evaluation found that the long EGF approval process can be considered to be too slow to offer a genuinely rapid response mechanism in time of crisis. Among the policy recommendations made by the Evaluators was for increased flexibility in the implementation of measures. The inclusion of additional measures after the approval by the EU budgetary authority of an application is currently being considered in the proposal for a new EGF Regulation 2014 – 2020. Also recommended was the review of possibilities to speed up the application process as it was found that some Member States were not able to provide start-up funding in advance of EGF resources arriving. As they did not have the national resources to provide this, it meant that there was often a significant time period which elapsed until redundant workers were able to access more tailored support measures.

Another interesting finding was that in some countries where applications were made in respect of single company redundancies as opposed to sectoral applications, some stakeholders mentioned difficulties arising as a result of perceptions of the EGF assisting a category of workers who are generally already considered to be relatively “privileged” in relation to comparable wage rates and assistance available in cases of restructuring. This raises an interesting issue as to the perceived equity or otherwise of the Fund in the broader context of the need to deliver relevant active labour market interventions to unemployed persons nationally and the use of national funding for one cohort over another of redundant workers.

National funding of measures is important prior to the EGF application approval and the Evaluation found that the first wave of applications did not necessarily have sufficient level of assurance that funding would be approved. In most cases it was stated that had redundancies occurred during the financial crisis (when all Irish EGF applications were made), national funding would not have been possible in many cases due to budget constraints.

In considering the long-term effects of the EGF as an instrument, the Evaluation found that few beneficial effects had been reported on the long-term effects on the national restructuring policy framework. There had been a relatively modest degree of innovation in relation to the measures applied or delivery ways/partnerships formed.

A statistical portrait of the Fund between 2007 and 2011 published by the European Commission is also available at:

<http://ec.europa.eu/social/BlobServlet?docId=5703&lanbgId=en>

This very comprehensive statistical document indicates that the average time taken to process completed EGF applications was some 223 days between receipt of applications by the European Commission and the final payment. Again this highlights the significant period during which Member States are required, where possible, to nationally fund EGF related measures up front.

The statistical portrait ranks Ireland as being fifth of twenty Member States in terms of the numbers of applications made.

Ireland has targeted the third highest number of workers for EGF assistance. This number does not include all redundant workers who are encompassed in applications and who are eligible for EGF supports but rather the number of those populations which it is estimated will take-up supports. The targeting estimate is an administrative requirement of the EGF application form.

In terms of the monetary amounts of EGF co-financing requested by Member States, Ireland ranks second at €60.6m, behind Italy at €66.1m. Ireland is also ranked the second highest in requesting an average amount per application at just over €10m, behind France at €13m.

Finally, as regards the average EGF amount requested per worker, Ireland is ranked fifth of twenty Member States at €6,161 over 6 applications.

Expenditure on EGF Programmes

Available data for finalised EGF programmes indicates that on average across all completed programmes in other EU Member States [as at March 2012] some 46% of the total EU funding approved was due to be reimbursed to the European

Commission. The percentage of EGF financial contribution returned varies widely between programmes from 1% to 97%. See Table 1 below for details.

The Department does not view monetary expenditure as the primary benchmark of the success or otherwise of a programme but rather the number and quality of interventions being provided to redundant workers and the benefits which accrue to eligible redundant workers in improving their skills and employability and which enable them to keep close to the labour market.

However, the amounts of EGF funding initially calculated by the European Commission for reimbursement by Ireland to the EU across the 3 programmes for which Final Reports have been submitted to date, amounts to 44.5% on average, slightly better than the EU average. See table 2 below for details.

Table 1: Reimbursement of Expenditure across EU Member States

Member State	Case	EGF Amount (€m)	Total Amount (€m)	Balance to recover (€ m)	% Reimbursement to EU
BE	Oost en W	7.52	11.57	7.37	98.07
IT	Lombardia	12.53	25.07	11.94	95.28
BE	Limburg	1.68	2.58	1.55	92.12
IT	Sardegna	10.97	21.94	9.28	84.63
IT	Piemonte	7.80	15.60	6.55	83.97
ES	Catalonia	3.31	6.61	2.77	83.91
PT	Lisboa-Al	2.43	4.85	1.97	81.12
IT	Toscana	3.85	7.71	3.05	79.16
PT	North/Cen	0.83	1.67	0.59	70.40
MT	Textiles	0.68	1.36	0.36	53.18
NL	Heijmans	0.39	0.59	0.18	46.41
SE	Volvo	9.84	15.14	4.16	42.32
FI	Perlos	2.03	4.06	0.71	34.87
ES	Castilla Le	2.70	5.39	0.77	28.51
DE	BenQ	12.77	25.53	2.49	19.52
ES	Valencia c	6.60	10.15	0.55	8.38
FR	Peugeot	2.56	5.12	0.20	8.00
DE	Nokia	5.55	11.11	0.42	7.53
AT	Steiermark	5.71	8.78	0.14	2.51
ES	Delphi	10.47	20.94	0.15	1.45
LT	Alytaus te	0.30	0.60	0.02	0.87
LT	AB Snaige	0.26	0.40	0.01	0.55
DE	Karmann	6.12	9.54	0.00	0.00
TOTAL		134.36	243.01	61.77	45.97

Source: European Commission (March 2012)

Table 2: Reimbursement of Expenditure across 3 Irish EGF Applications

Member State	Case	EGF Amount (€m)	Total Amount (€m)	Balance to recover (€ m)	% Reimbursement to EU
IE	Dell	14.83	22.82	5.98	40.32
IE	Waterford Crystal	2.57	3.96	0.56	21.79
IE	SR Technics	7.45	11.45	4.52	60.62
TOTAL		24.85	38.23	11.06	44.51

Key Review Issues

The Department has identified the following key issues arising in the review exercise.

Consultation

Issue

The need for early and ongoing consultation with redundant workers

Response

The Department is of the view that consultation should commence at the earliest juncture of an EGF programme i.e. in the EGF application preparation stage.

It should extend as appropriate through the lifetime of the implementation period on a regular basis.

This level of consultation feeds into the tailoring of EGF measures and further ensures that relevant measures complement other local/regional or national interventions being funded through national or other EU sources in support of the relevant redundant workers.

While consultation has to date generally been conducted in advance of application submission through service providers such as FÁS, VECs etc. at local level, the Department recognises that more direct involvement of workers through representative bodies is desirable.

In this context both the Minister and Department officials have met with Talk Talk worker representatives on a number of occasions prior to the submission of the EGF application. This included meetings in Waterford City. A group chaired by the Waterford City Manager, Michael Walsh, and which included worker representatives and local service providers inputted into the application. The views on measures and costings provided by this group were taken into account by the Department together with the views of parent Departments and agencies at national level.

It is the Minister and the Department's intention to continue to engage directly with redundant workers\worker representatives in any future applications and at the earliest juncture, while still relying on the advice and input of local bodies and agencies with relevant expertise and knowledge of local conditions, circumstances, resources etc.

Communications

Issue

The importance of a two way communication process between the redundant workers and the bodies providing the EGF measures to them both at local level and centrally being clearly established.

Response

Following approval of applications by the EU budgetary authority, the Department established steering groups in the cases of Dell and Waterford Crystal. The lack of a central coordinator mitigated against this approach in the S R Technics programme.

There have been some positive outcomes of these groups, including the design of certain tailored courses, and some negative outcomes, such as worker frustration at certain structural rigidities within existing Department or agency approaches to EGF.

However, what is clear is the need for ongoing consultation in whatever is deemed in any particular case to be the most appropriate forum.

The introduction in December 2011 of a dedicated EGF website by the Department (www.egf.ie) to provide general and programme specific information increases the capacity of the Department to communicate more directly and widely with redundant workers.

However, meeting with worker representatives whether on formalised or *ad hoc* bases can provide a useful barometer of the relevance and impact of particular EGF measures and provide an early warning mechanism where measures are proving not to be particularly suitable or not being widely availed of.

In this context, consultation enables the Department to consider any refocusing of EGF budget lines towards more appropriate measures within the agreed EGF programme, where feasible.

It would not, however, be appropriate that such groups or other forums would have budgetary or policy control of EGF programmes. These controls and the accompanying responsibilities must continue to reside with the EGF Managing Authority and the relevant intermediate bodies as appropriate.

However, these forums have a useful advisory role and allow issues to be surfaced and addressed initially at local level with the relevant service providers, or to be referred to the EGF Managing Authority where issues of policy or budgetary divergence arise.

The Department in its capacity as EGF Managing Authority will commit to engage with any relevant forums established.

In addition, coordinators play a vital role in communicating directly with individual EGF eligible workers. They inform, guide and refer workers regarding the programme of measures available to them, service any steering groups or other forums, provide an important linkage with service providers and a core reporting function to the

Department.

Dedicated coordinators or coordination units were established in two of the programmes, the exception being the S R Technics programme where despite two public procurement exercises it was not possible to install a coordinator during the course of the implementation period; instead the Department with the cooperation of relevant Departments and agencies assumed a *de facto* coordination type role.

The Department intends to continue to establish dedicated EGF coordination units on all future programmes and has, in cooperation with FÁS, established an EGF Construction Contact Centre for the redundant workers encompassed by the three construction programmes and a dedicated coordination unit in Waterford since early March 2012 to specifically liaise and interact with the redundant Talk Talk workers.

Career planning and Guidance

Issue

The need for effective career planning and guidance to be provided both early and on an ongoing basis to redundant workers.

Response

There is a recognised need for adequate career planning and occupational guidance of redundant workers. There are issues to be addressed both in terms of the timing of such guidance and the type of guidance which should be appropriate to meet the needs of the cohort of redundant workers in question.

Early guidance intervention is important but where workers are in a state of shock or confusion for some period immediately following redundancy there may be a need for additional, or even continuous, guidance on particular aspects – career planning, personal development, employment or training options etc.

For example, the Employment Services guidance, provided previously by FÁS and now by the National Employment and Entitlements Services, may require to be augmented, as appropriate, by that of Adult Education Guidance Initiative counsellors, third level guidance personnel or private sector specialists etc.

On the relevant EGF programmes, a range of varied career planning and guidance has been provided. Views are mixed as to the effectiveness in some cases of the approaches taken.

While it would be desirable to put all EGF-eligible redundant workers through a comprehensive guidance and assessment process prior to the making of an application for co-financing from the EU, there are barriers in terms of resource availability and, in particular, timing if EGF requirements are to be met in submitting applications. In addition, there is no guarantee that all courses or supports identified would be ultimately taken up by individuals or suitable in the final analysis.

The Department recognises the emphasis that is required to be placed on career planning and guidance. Tailored programmes have been designed by the VECs on the construction sector programmes for example.

In the Talk Talk application there is scope to employ varied guidance options. On a practical basis there is already a certificate in career development and skills enhancement sanctioned by the Department and run by the Waterford Institute of Technology. Additional employment service supports and advice are being provided by a dedicated resource through the Waterford office of the Department of Social Protection. The local VECs are offering short term career planning courses. As the implementation period proceeds the Department will consider upon request any requirement for additional guidance resources and the EGF application has been flexibly structured to allow for this approach.

This flexible approach is considered by the Department to be a good model for future EGF applications.

Job placements and internship

Issue

More emphasis should be placed in EGF programmes on the provision of job placement schemes and, to a lesser extent, internships.

Response

The Dell programme designed and implemented an innovative internship programme through FÁS. Some 104 workers availed of internships in firms in areas including medical devices, financial services, IT support and web design, logistics, distribution and transport. Over 30 companies participated with 32 persons subsequently gaining employment, 22 of them in the participating companies.

Internship schemes were not run in the Waterford Crystal or S R Technics programmes but redundant workers did avail of community employment schemes in certain instances.

In terms of job placement existing national policy is the responsibility of the Department of Social Protection. Within this policy it is not considered appropriate to provide wage subsidies for redundant workers. Instead, incentivised employer PRSI contributions are used to attract participating companies. Only nominal monetary contributions are provided to participants in certain circumstances e.g. €50 on top of equivalent existing social welfare entitlements under the Job Bridge scheme. There are no employer top up contributions under the scheme. Participants are not paid but can retain social welfare payments on the Work Placement Scheme. The TUS Community Work Placement Programme also includes a social welfare personal rate €20 top up.

The Department does view job placement and internship schemes as areas which can usefully be refocused on under EGF.

In this context, discussions were held with the Department of Social Protection and FÁS in relation to the Talk Talk application. The Department of Social Protection confirmed that opportunities on the Job Bridge scheme and Work Placement Programme can be offered to eligible redundant workers.

FÁS noted that while internships are a valuable mechanism, they are heavily resource intensive. However, work-experience, as part of a structured traineeship or specific skills programme has proven very effective on other training programmes and can be considered in the Talk Talk and any future EGF programmes. Subject to demand, these areas will be further explored in the Talk Talk context.

Previous EGF applications have referenced these sorts of interventions in broad terms and the Department will continue to reference such measures in order to allow the relevant service providers the flexibility for any sustainable schemes to be implemented.

Mobility allowances and income supports***Issue***

There have been calls for mobility allowances and income supports to be incorporated into EGF programmes to facilitate access to training and education courses.

Response

In 2010 the Departments of Enterprise, Trade and Employment, Education and Science and Social Protection considered the possibility of establishing an EGF training allowance but this was not ultimately considered to be in line with broader national policy in this area at the time.

In a related context in calling for more specific EGF-related measures, one request was for the provision of personal computers or laptops to all EGF eligible redundant workers to enable them to distance learn or practice particular training courses at home, seek employment opportunities on-line etc.

There are existing mechanisms within training and education courses for access to IT facilities on-site or built into existing training grant schemes in the private sector. However, the Department recognises the need to defray to some extent certain costs (e.g. course materials, books, travel etc.) which are proving to be a disincentive to participation on EGF co-financed training and education courses.

In seeking to positively address issues of this type, the Department has, in consultation with FÁS and the Department of Social Protection, designed a scheme of EGF course expenses contributions for implementation under the Talk Talk programme.

The scheme will be administered by the EGF coordination unit in FÁS. Under the scheme certain standard, as well as other graduated, levels of expenses will be provided to enable EGF eligible participants to more easily attend courses. The contributions will go towards defraying in part the costs associated with travel, subsistence and course books, materials and equipment.

Certain income supports are already being paid to EGF eligible participants through existing schemes such as FÁS training allowances, Back to Education Allowances, VTOS allowances etc. The new expenses contribution will not be in lieu of such allowances.

EGF Training Grant Levels

Issue

There have been calls for an increase in training grant funding levels particularly in the higher education area.

Response

EGF training grants are administered by the EGF coordination unit on all EGF programmes. These grants facilitate eligible redundant workers to access private sector training and education courses where these are not available or suitable through State providers.

The current grant levels are capped at the annual levels of €3,000 (FETAC) and €5,000 (HETAC).

The EGF training grants at both FETAC and HETAC levels have been one of the main successes of the EGF programmes run in Ireland to date with considerable take up particularly on the Dell programme.

In terms of comparison with other similar type grants in the private training area such as the Technical Employment Support Grant administered by FÁS, the annual grant levels are currently exponentially higher with EGF grants, being up to 6 – 10 times higher.

HETAC level grants to facilitate study in private colleges or training organisations are not available through FÁS to any redundant person outside the EGF.

It is acknowledged that particular courses in different colleges attract differing levels of fees. Hence, it is difficult to attribute a level of grant that will meet the full cost of every specific course fee charged.

There may also be variations between fees charged for certain courses in private colleges and courses in publicly funded higher education institutions. In some cases this may be a reflection of the structures of pay and qualifications of teachers, infrastructure costs etc. which are inherent in the delivery of courses through the publicly funded higher education sector.

In reviewing this issue the Department has established that the annual cost of a publicly funded third level course under these EGF programmes is on average between €4,000 – €6,000 per annum. Thus, the current €5,000 HETAC grant maximum is considered to be set at a reasonable level in the majority of cases. Moreover, there is an existing appeals mechanism operated under the EGF training grant schemes which affords latitude for the breaching of the levels set in extenuating circumstances on a case-by-case basis.

Therefore, the Department does not deem there to be a need to amend the current grant levels at this time. This matter will, however, be kept under review. None the less, care must continue to be taken to ensure there is no artificial inflation of the training service market through increase in grant levels. This potentiality was closely monitored by the EGF coordination unit when the training grants were first introduced in the Dell programme and evidence of inflation of costs was detected and duly addressed.

Customisation of Measures

Issue

Worker representatives have identified the need for additional customised measures to meet the specific needs of the individual redundant workers over and above those available through mainstream provision.

Response

The provision of courses and related supports to EGF eligible redundant workers in a mainstream fashion is designed to meet the need of individual participants and of industry as potential employers. Mainstream courses and supports have the advantages of being immediately available and of being quality assured and certified either in line with the National Framework of Qualifications or to industry standards.

It is acknowledged, however, that individual cohorts, or individuals within a particular cohort, may need mainstream provision to be tweaked to meet specific needs.

The call has been made by redundant workers/worker representatives for service providers to be more flexible, to “think outside the box” and put in place EGF-specific procedures and mechanisms.

Efforts have been made to date by the EGF Managing Authority and relevant service providers on EGF programmes to provide tailored or personalised measures where possible as well as providing more mainstream interventions.

The tailoring of supports for specific cohorts or individual workers is particularly pertinent in cases, for example, where there are different age profiles within an EGF beneficiary cohort. This was the case, for example, with Waterford Crystal workers where a large proportion of the redundant workers were 55+ years old. In this context, greater complementarity with more mainstream activation measures was considered and a number of tailored courses in the area of horticulture and crafts were introduced.

In addition, the allocation of scarce national resources, both financial and staffing, to the cohort of EGF eligible redundant workers, in terms of dedication to servicing the needs of these workers, can also be considered, of itself, a complement to the normal level of service provided to redundant persons.

However, it is not considered feasible within existing funding and staffing resources to totally “personalise” every EGF intervention and to do so is arguably not required.

In this context, in addition to mainstream provision and EGF client prioritisation, the EGF training grants allow a large measure of flexibility in terms of the personal choice of courses in the private sector where an individual redundant worker does not see more mainstream provision as meeting his/her particular training needs.

Moreover, the Department has now designed the course expenses contribution (CEC) scheme, highlighted earlier in this document, to facilitate redundant workers to more easily access the widest choice of courses possible. The CEC scheme is designed to assist redundant workers to meet many of the associated costs which may have previously being a disincentive to the pursuance of courses in certain

cases.

The Department has confirmed with the European Commission that EGF programme complementarity can and does include the provision of more or intensified “tried and tested” or mainstream measures. In essence, the Fund allows Member States, if they so wish, to provide more of the same supports and allow scarce national resources to be optimised, provided these supports are appropriate to the individual EGF eligible redundant worker.

It is clearly not possible to design and implement entirely new schemes in all instances for each individual redundant worker under an EGF programme. None the less a number of tailored approaches have been taken in each Irish programme to date. These approaches include EGF training grants, tailored apprentice schemes, internships and further education and higher education courses. These measures complement the wide range of guidance, training, education and enterprise supports available to EGF eligible redundant workers and which meet their requirements within the mainstream provision.

However, the EGF is not a totally discretionary fund from which eligible participants can choose to do whatever they so desire. Rather the programme must by definition encompass a realistic range of measures, predicated where possible on individual choice but within parameters of national policy, existing resources and national funding contributions but balanced with the objective of providing the individual with the optimum supports to progress his/her employability prospects.

Moreover, EGF programmes must always be co-financed nationally. Previously the required national co-financing rate was 35% and since 1 January 2012 this has increased to 50%. Thus, all programmes, whether mainstream or tailored, incur a cost to the Exchequer. As such, they must be considered, designed and provided against the broader backdrop of current national policy and resources in areas such as training, activation, income supports, education access etc.

To operate on a purely or primarily customised basis for EGF programmes could result in considerably reduced EGF applications being submitted given the constraints on the public finances and the staffing requirements in service provider bodies and agencies when set against their national, non-EGF related work programmes.

The Department will continue to strive, along with the relevant service providers, to introduce, or increase, tailored interventions in terms of specifically contracted training, guidance, tailoring of further and higher education courses etc. where this is feasible. This continued and intensified approach, along with the increased national frontloading of funded supports (see below) are important elements in the delivery of EGF measures in Ireland, commencing with the most recent EGF application in support of redundant workers at the Talk Talk company in Waterford and ancillary enterprises.

Enterprise supports***Issue***

The call for increased levels of grant aid and flexibility within enterprise supports provided under EGF programmes.

Response

The enterprise supports provided through EGF programmes have been a considerable success to date with significant numbers availing of them and encouraging numbers of jobs have been created. Under these EGF programmes, eligible redundant workers have been prioritised for City and County Enterprise Board services and the widest possible access to self-employment supports in the locally traded services area has been provided in terms of both “soft supports” such as mentoring, training, business advice etc. and grant aid.

However, there have been calls for increased grant aid levels beyond the current requirement under national rules for maximum 50% State provided match funding for business start-ups to be provided in the enterprise area (outside the provision of relevant soft supports).

This issue was considered during the EGF implementation periods at several points and was raised again by this Department with the Department of Jobs, Enterprise and Innovation (DJEI) which has policy responsibility for the CEBs and enterprise supports generally.

However, in response DJEI, as heretofore, does not consider it appropriate to increase CEB funding levels for EGF eligible participants above the current levels which are set to ensure that the promoter of a business proposal assumes a part of the risk in establishing and running the business and avoids any moral hazard. To do so DJEI states ignores the basic rationale for state support to enterprise development. Increasing the grant levels further would exacerbate deadweight and displacement implications. It could also lead to a knock-on demand for higher levels of support for non-EGF CEB grant clients, especially those who could have projects in competition with EGF supported clients and a consequent impact on public finances. DJEI states its requirement to take a broader national enterprise policy perspective in this context.

Frontloading of national funding

Issue

That there be "frontloading" of EGF supports from national funding sources

Response

The approval process for EGF applications is a long and complex one involving the European Commission, European Council and European Parliament. The process can take on average between 7 – 10 months, or even longer on occasion, before both approval and release of EGF co-financing. In the interim any supports provided under an EGF programme must be fully funded by the national authorities.

In order to provide early and timely interventions to redundant workers the review process has underlined the need for more or total frontloading of appropriate measures through national funding in anticipation of eventual EU co-financing.

In waiting for EU approval of EGF applications, considerable time may elapse. The average approval period can be even further elongated, for example if there is a need for the submission of additional information. This may result in a significant element of the finite 24 months EGF implementation period being lost. As a result redundant workers can become disillusioned and frustrated with the EGF process if measures are not provided nationally in the interim. This can result ultimately in overall low take-up of supports. This hiatus also makes it difficult for service providers to design and implement new programmes without financial certainty of reimbursement, or for EGF eligible redundant workers to follow certain options, particularly education courses, in a meaningful way.

While in these EGF programmes significant interventions were provided to redundant workers in advance of EU approval of EGF applications, it was challenging within the budgetary requirements to provide measures which would have required additional funding. This was at a time of major pressures on Exchequer resources and the need to provide activation measures to not just EGF eligible redundant workers but unemployed persons generally.

The Department is of the view that the provision of interventions at the earliest juncture is of importance. However, to do so, on a programme by programme basis, may require significant amounts of national funding for potentially a significant period of time prior to EU approval and this situation has to be managed within existing budgetary constraints.

In the training area, it has to date been possible for much of the national funding required to be reallocated within the FÁS budget or through the National Training Fund. However, further education, higher education and enterprise supports to date have been provided in the main in addition to existing budget lines.

However, the Department must continue to be cognisant of the finite nature of these national funding sources particularly where a number of EGF programmes are running simultaneously. These funding sources have also to meet the needs of other unemployed people, who though made redundant are not the subject of an EGF application, or which are required to meet other national priorities in areas such as social welfare, health and education.

In the latest EGF application the Minister for Training and Skills has given approval for certain measures under the EGF Talk Talk application to be implemented ahead of even the submission of the application itself and long before the awaited EU decision on same. This has to date been the case in relation to a skills enhancement certificate being run in Waterford Institute of Technology and in relation to EGF training grants.

In essence, subject to the finalisation of certain technical and administrative details, *all* EGF proposed measures are being, or will be, funded nationally in advance of EU approval for this particular programme.

However, this approach must be carefully managed in the event of a subsequent amendment, or even a refusal, of an EGF application by the EU. Any such eventuality must be managed so as to avoid any adverse impacts both on redundant workers who were already embarking on training, education or other related measures for which EGF co-financing was being anticipated and also on the Exchequer where such measures were being frontloaded from national sources.

Given the ongoing pressure and demands on the public finances, all programmes must be provided in the most effective and efficient manner to maximise outcomes whilst retaining value for money and meeting national and EU auditing and financial management and control requirements.

Where funding is drawn from existing national funding to support EGF eligible redundant workers, the drawdown must be carefully considered including in the context of the provision of such supports to all unemployed persons nationally. This is even more pertinent currently, as since 1 January 2012 the EU can only provide up to 50% of the cost of approved EGF programmes rather than the 65% previously available between 1 May 2009 – 31 December 2011.

EGF Management Structures

Issue

That the current inter-Department and agency structures are too rigid and inflexible to most effectively and efficiently deliver EGF programmes to redundant workers.

Response

A call was made by one contributor to the review process for the establishment of a single body or agency responsible for all aspects of the EGF in terms of application preparation and the implementation of approved programmes.

This it was suggested could be either within the public sector or an external body. The body should have special powers that encompass policy areas which currently span a number of Government Departments and agencies. The body should have the power to contract services directly for the provision and delivery of EGF measures. This may require, for example, a less restrictive public procurement approach. The area of social protection in terms of income supports for EGF eligible redundant workers was highlighted as being a crucial area in this context.

The Department notes that there have been frustrations amongst redundant workers and, indeed, service providers regarding the variety of bodies and agencies which have policy responsibility for specific aspects of the EGF programme e.g. Department of Education and Skills, Social Protection, Jobs, Enterprise and Innovation, FÁS, Higher Education Authority, Enterprise Ireland etc.

The efficacy and efficiency of cross-agency cooperation is a challenging issue and there have been such challenges in other EU and non-EU programmes. This poses difficulties where different bodies in the adherence to their general policies and structural operations do not always dovetail in seeking to provide EGF-related services particularly in a finite implementation period.

While the Department of Education and Skills acts as the EGF Managing Authority, no single Department currently has the policy responsibility or remit for the gamut of services to be provided and issues that require to be addressed in any EGF programme. This would involve decision making powers in relation to issues as diverse as social welfare entitlements in terms of income supports for various EGF co-financed education, training and enterprise interventions, guidance service delivery and enterprise grant aid stipulations and levels.

Were such an approach to be pursued, it is probable that legislation would be required to give any Department or body such wide ranging responsibilities and related powers particularly, if as has been suggested a form of “fast track” public procurement was to be adopted in the delivery of EGF services.

However, while there may be an attraction in the simplification offered by such an approach, on balance it is not considered either feasible, or desirable, by the Department for a single Department or entity to have such wide ranging powers, which would potentially require jurisdiction over a range of diverse agencies such as FÁS, NEES, VECs and the CEBs.

This would create anomalies and disjoints with existing public policy. In effect, there

would be one system of social protection, training, education and enterprise for EGF eligible redundant workers and a different system in these areas for the rest of the redundant population nationally. Such a system would also only have a finite applicability before EGF eligibility expired and beneficiaries returned to the “mainstream”.

Were there to be significant numbers of EGF beneficiaries e.g. almost 9,000 construction workers in the current EGF programmes for NACE 41, 43 and 71 sectors, as well as other programmes running concurrently, there could be a sizeable proportion of the redundant population availing of considerably enhanced supports, with a requirement for the input of national resources irrespective of EU co-financing.

As well as any affordable “inequities” in an enhanced level or type of service, such an approach could begin to shape and influence broader public policy and lead to calls for mainstreaming such an approach. In effect, a limited number of EGF programmes might start to dictate policy carefully developed in the broader national interest.

Any such move away from existing public policy would have to be a carefully considered and entail an evolving approach and not one to be entered on lightly or precipitously.

The European Council is currently discussing the EGF for the period 2014 – 2020. There are a number of fundamental departures included in the draft Regulation tabled by the European Commission and which is currently being discussed by all EU Member States.

These include, for example, the inclusion of both farmers and self-employed persons as well as redundant employees for assistance under the EGF. Were this Regulation to be adopted in such a form this would significantly increase the scope and reach of the Fund. This could have considerable national impacts both financially and in terms of service delivery, policy design and operation.

The Government would also be required to consider which Department or Departments e.g. Department of Agriculture and Food, Jobs, Enterprise and Innovation, Social Protection and Education and Skills would be best placed to act as the managing and certifying authorities for such a fundamentally changed EGF.

The extension of EGF supports to larger swathes of the redundant population would also have impacts on the types and levels of service to be provided both to them and impact also on the wider unemployed population and the attendant national funding requirements.

In this context, there could also be scope to consider whether an external, non-Departmental body could be given responsibility for the EGF. However, there would still be a need for an ongoing annual budget and related powers of delivery which make it difficult for a line Department(s) not to be involved in the EGF. Again the need for the establishment of any such body on a statutory basis would arguably be a pre-requisite.

On an operational level, however, it is apparent in this broader context that the role of the EGF coordinator or coordination unit is crucial to the efficacy and efficiency of an EGF programme. The coordinator or coordination unit serves as the main contact point for the individual EGF eligible workers, for the array of service providers involved in providing guidance, training, education and enterprise supports and in reporting to the Department on the delivery and implementation of such supports and

any inhibiting factors arising with same.

Irrespective of where overall responsibility for EGF implementation and delivery may reside going forward, the Department considers that the role of coordinator remains key to maximising the take-up and delivery of supports under any EGF programme.

EGF Review Conclusions

The Department considers that a number of conclusions can be drawn from the review to inform the use by Ireland of the EGF in the future.

Consultation with redundant workers should commence at the earliest juncture and be continued during the entire EGF implementation period on a regular basis.

The Department will, engage early and directly with redundant workers/worker representatives in the preparation of EGF applications and, in its capacity as EGF Managing Authority, will commit to engage with any relevant stakeholder consultation forums during the implementation period of the EGF programme.

Coordinators are viewed as playing a vital role in communications.

The Department will seek to continue, in cooperation with FÁS, to establish dedicated EGF coordination units for any future programmes.

Emphasis is required to be placed on flexible career planning and guidance approaches in EGF programmes.

The most flexible approaches in regard to the provision of suitable career planning and guidance will be followed by the Department in consultation with relevant service providers.

Job placement and internship schemes are areas which can be usefully focused on under EGF.

The Department will continue to reference job placement and internship type interventions in future EGF applications in order to allow service providers, notably the Department of Social Protection and FÁS, the flexibility to implement sustainable schemes where appropriate.

Certain related costs are considered to be a disincentive to greater participation on EGF co-financed training and education courses and such costs should be defrayed where possible.

A new Course Expenses Contribution (CEC) scheme has been introduced by the Department for the Talk Talk programme. The scheme is being administered by FÁS and its impact and effectiveness will be closely monitored with a view to its implementation in all future EGF programmes.

The levels set for EGF training grants should be examined as to their appropriateness.

The levels of EGF training grants have been reviewed and are deemed to be appropriate currently. However, this situation will be monitored on an ongoing basis.

A continuation of, and, where possible, increase in customised interventions should be considered as well as the provision of more mainstream active labour market measures.

In consultation with relevant service providers and redundant workers/worker

representatives, the Department will continue to strive to introduce, or increase, tailored interventions where appropriate as well as providing suitable mainstream measures subject to budgetary constraints.

Grant aid levels in the enterprise supports area should be reviewed as to their appropriateness for EGF eligible redundant workers.

Grant levels in the enterprise supports area have been reviewed by the Department of Jobs, Enterprise and Innovation. The current levels and stipulations operating in relation to EGF programmes are deemed to be appropriate by that Department in the context of the broader national enterprise policy perspective.

Early intervention is important in addressing the needs of EGF eligible redundant workers and there should be sufficient national frontloading of interventions to maximise the finite implementation periods under the EGF.

The Department will seek to provide national “frontloading” of proposed EGF interventions at the earliest stage possible in anticipation of subsequent EU funding. However, careful consideration will continue to be given to the finite level of national funding available, the number of EGF programmes running simultaneously and all other budgetary constraints and requirements at issue.

Current inter-Department and cross-agency structures are challenging in the delivery of EGF measures given the finite implementation period, budgetary constraints and broader policy perspectives.

Current EGF management structures will be kept under review, particularly in the context of any continuance of the Fund post-2013. However, the devolution of EGF responsibility and powers to an independent external body would be likely to require a statutory basis. On a practical basis, the delivery of EGF measures within prescribed budgetary envelopes, which are the responsibility of Government Departments, would make a continued pivotal role for relevant line Departments and agencies difficult to obviate. In this context, the key role, operationally, will continue to reside with the EGF coordinator or coordination unit.

A number of the key issues which were highlighted during the undertaking of the review process were already being considered by the Department. The written comments on the review consultation document served to further underscore some of these issues in the early months of 2012.

As a result certain responsive measures have already been taken by the Department in the preparation of the most recent EGF application for co-financing submitted by Ireland to the EU for approval. This application is for EGF co-financing assistance for 592 redundant workers at the Talk Talk call centre facility in Waterford and at 3 ancillary enterprises. The application was submitted by the Irish authorities to the European Commission on 29 February 2012.

These responsive measures include greater and earlier consultation with redundant workers/worker representatives including in application preparation, more advance frontloading of national measures including guidance, third level and training grant

interventions, the introduction of the CEC scheme and the establishment of a locally based dedicated coordination unit.

These actions have been taken significantly in advance of the anticipated approval of the application which is still under consideration currently by the European Commission and which must also be subsequently approved by the European Council and European Parliament.