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Ms Regina Doherty, TD,
Minister for Employment Affairs and Social Protection
Áras Mhic Dhiarmada,
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Dear Minister

I would like to introduce you to the CIPD, the Chartered Institute of Personnel and Development, as we would like to participate in your Strategy consultation process. We are the professional body for human resource and learning & development professionals. In Ireland we represent over 5,500 HR and L&D professionals in Ireland and are part of the CIPD international community of over 145,000.

Our mission is to Champion better work and working lives, which will no doubt resonate with you in your ministerial and representative capacities. Our work involves education, continuous professional development, research and policy on issues to do with work, the workforce and workplace. We engage with a senior forum of HR directors and HR leaders from Irish and multinational organisations, as well as academics, on the challenges emerging on the future workforce and workplace. We would like to provide you with the opportunity to engage with this group on a consultation basis, and there may be issues of joint interest which our active survey research could address.

The connection between labour affairs activity and social welfare presents an opportunity for increased integration and new policy directions around issues such as the relationship between the national minimum wage and social welfare rates, the operation of part-time working and social welfare benefits, upskilling and pathways to work, and return to work after illness.

Thank you for the opportunity to input into the Department's consultation process. We think this is a valuable step as the Department take on board the labour affairs and employment law responsibilities and have the opportunity for consolidation and integration of employment and social protection supports. We have presented our views on a number of areas:

- Pensions
- Having the right skills, accessing and sustaining jobs
- Protections for precarious workers
- Organisation development stakeholder engagement
- Family and carer responsibilities
- Minimum wage and fitness for work

Pensions

Occupational pension coverage in Ireland is unsustainably low, with 47% coverage nationally, and only 35% among private sector workers. We are in an era where there are 5.3 people of working age for every person over 65, moving to one where this is likely to be just over 2 people in employment for every person over 65 by 2045. At the same time state and occupational pension structures have not kept up-to-date. There has been a significant decline in access to Defined Benefit schemes and Defined Contribution schemes are in unwieldy structures and generally underfunded.

The CIPD Ireland National Committee of HR leaders met with the Department in December 2016 to share insights. Following this, as part of the CIPD research programme, the 2017 CIPD/IRN survey gathered the views of the HR profession on pension funding, and found strong support for action to tackle this growing crisis. In the survey, 88% of the HR professionals agreed or strongly agreed that employees should be required to contribute to a pension scheme, 93% agreed or strongly agreed that employers should be required to contribute and 79% agreed or strongly agreed that a programme of pension auto enrolment should be introduced in Ireland. Four in five of those surveyed already had some form of pension scheme in place.

This shows growing acceptance of the need for a pension auto-enrolment scheme, to lay the foundations for better pension coverage.

In July, the Citizens' Assembly came to the same conclusion. Over 4 in five of the members (87%) recommended that the Government introduce some form of mandatory pension scheme to supplement the State pension. A similarly high percentage recommended benchmarking the State pension by reference to average earnings (88%) and abolishing mandatory retirement based on age (86%). All 100% of the members recommended that the Government should take steps to rationalise private pension schemes to include greater transparency in relation to fees and 96% recommended the removal of the anomaly, which arises when a person who must retire at 65 is not entitled to the State pension until 66.

This call for change and the CIPD research evidence the growing awareness and willingness to make changes, an opportunity which the Government cannot afford to miss in order to build a more sustainable national pensions model in Ireland.

CIPD recommends that

- A working party of stakeholders is immediately set up to recommend the paths to move forward to a new, more sustainable pension's regime.
- The Department draw on the CIPD expertise in Ireland along with the learnings from our UK colleagues on the implementation of auto-enrolment in the UK.
- A review is carried out on the effects of the removal to the retirement age that has left employers and HR professionals trying to manage the minefield of implementing retirement policies and practices that are compliant
- The Department bring forth mechanisms to streamline the number of schemes and the associated costs of pension administration.

Growing concern over women's pension gap

CIPD Ireland put in a submission on the National Women's Strategy 2017 – 2020 in January and commented on the fact that women have a lower rate of pension coverage than men. We also identified that maternal gaps in labour market participation exacerbate this problem and called on the Government to take action which not only addresses the State's overall pensions funding gap, but also the bigger pension gap experienced by women. We called on the National Women's Strategy to acknowledge this concern, how it contributes to greater poverty among older women in

Ireland, and to consider funding mechanisms to cover employment gaps and build a more equitable society.

The 2017 Age Action research report found that the State pension scheme itself is unfairly affecting women. Changes in 2012 resulted in thousands of retired workers losing more than €1,500 a year, with women pensioners suffering the most, commonly for taking time out of the workforce to care for their families. Drawing on the Department of Social Protection's own statistics, the report found that almost two-thirds, or 62%, of all those affected are women and almost double the number of women to men experience the largest drop in monetary terms of almost €30 per week. In addition, more than half of all women who were granted a State contributory pension over the four year period since the band changes were introduced are affected, compared to 21 percent of men.

CIPD supports Age Action's call for the 2012 cut to be reversed and for the incomes of these pensioners to be restored. CIPD urges you to review this

- To reduce pension discrimination by reversing the 2012 pension changes and for the incomes of these pensioners to be restored.
- To implement process to both review and future-proof pension provision to ensure that it does not inadvertently effect those who may have be out of the workforce, whether though parenting or illness.
- To ensure that proposals on universal pension coverage take account of the lower pension coverage by women, their lower wages and gaps in employment, and provide funding supports to deliver equitable pension coverage.
- Prevent an increase in poverty as, even where there is pension coverage, the reduction in access to DB schemes will leave inadequate pension coverage for longer life spans.

Having the right skills, accessing and sustaining jobs

The pace of change is so fast in workplaces in Ireland that skills and knowledge become obsolete quickly. New technologies and changes like Brexit and are driving new products and services as well as new ways of working. Those not in employment will be at increased risk of having an obsolete skills set.

CIPD has been researching and providing insight into how companies in Ireland are dealing with this. Data from over 900 HR and Learning and Development professionals show that employers are

investing in their people to a greater extent than before (summary of HR Practices in Ireland 2017 attached).

The CIPD 2017 survey also found that 78% of organisations in Ireland experienced skills shortages in 2016. These was not only the commonly recognised area of IT, but also operations, finance, customer service and sales. Employers were taking action to develop employees to close these skills gap and prioritising talent management and growing their internal talent pipeline. According to the survey, 63% were engaged in up-skilling the current workforce and 57% were increasing the number of development opportunities for employees. This represents a significant investment in people to ensure that skills are future-proofed and there are skilled resources for the future.

Nearly half of respondents were working on their employer brand to attract talent. 50% of SMEs were realigning their current offering to better meet candidate expectations. Positive for graduates and those with less experience, was the fact that 42% were offering work experience opportunities and 34% were recruiting more graduates as a way to grow their talent pipeline. The CIPD survey found that employers spent 3.8% of payroll on learning and development in 2016.

Building an organisation where people learn continuously is not just about courses and online access, but about building a culture that promotes learning as part of the day-to-day. Managers play a critical role as coaches in creating the environment where employees know continually adapting is core to success and feel empowered to try out new ideas. This continual emphasis on learning is itself enabled by technology as we have moved from an era when the course was the default learning approach, to one where skills and capabilities are developed through accessible and agile methods. Learning can now be delivered in the flow of work, not just in a classroom environment. Having a company that can succeed in an uncertain economic environment is inextricably linked to the development and adaptability of individuals and for that to be a reality, learning has to be at the core.

This has implications for workforce upskilling and pathways to work, as developing the ability to learn is a fundamental requirement for today's workforce, as is the Department's capacity to recognise various learning methods, not just class-room training.

Labour market activation and skills

CIPD recognises that the State's labour market activation measures, including the Pathways to work Strategy, have to support unemployed jobseekers, in particular people who are long-term unemployed, while facilitating the expansion of the labour market to those not currently participating, and providing specific supports to disadvantaged individuals.

A review and evaluation of the impact of current activation and in-work supports would be of benefit, and present an opportunity to explore the barriers to employer engagement with relevant strands along with ways to better recognise learning.

There is a real opportunity to explore how CIPD members and HR functions can work more closely in the implementation and delivery of the National Skills Strategy 2025 and Pathways to Work interventions. Building the workforce for the future is a challenge faced by the education, employment activation, along with industry sectors. We have to deliver the well-equipped educated and agile workforce that Ireland will need to remain competitive and sustain individuals and families.

Protections for precarious workers

On 2 May 2017, the government approved proposals for draft legislation to increase the employment protections for casual and temporary workers. CIPD Ireland welcomes the recognition that additional protection is needed for low paid workers in precarious employment, but is concerned about the way the proposals will increase the administrative burden and costs on employers and hence impact job creation.

The draft proposals are far-reaching and aim to legislate on employment contracts, the removal of zero hour contracts, a minimum payment for low hours work, and increase access to a contractual commitment to higher banded hours. While these changes are stated to be targeted at low-paid workers, they go beyond this and will have impact on all future employment relationships.

The requirement for employers to inform employees in writing, within five days of commencement of employment, of five core terms of employment will cause a significant added administrative burden especially on small employers who depend on a single professional to produce such documents. An employer will still be required to give the current 15 terms of employment to employees within the current two month period. In essence, to avoid duplication of effort, it will be

in the interest of both HR and employees to apply good practice and provide such details in advance of, or on the first day of the employment relationship, and hence avoid the proposed new offences.

It is intended to introduce a floor payment for low-paid workers who are called into work and then sent home. While we support and promote good practice, such a proposal will have significant cost implications for certain sectors and risk additional administration costs and reduced job creation. It is unclear what is expected to happen where individuals have agreed mutually convenient contracts for less than three continuous hours, and this needs to be clarified. CIPD research in the UK has found that there are a cohort of part time employees who opt to work low hours, and these need to be catered for, both in terms of the employment relationship and in service delivery (eg. carers).

The proposals provide for the creation of a new right for an employee, whose contract of employment does not reflect the reality of the hours worked on a consistent basis. This aims to provide a truer reflection of an individual's working hours and improve the predictability of both hours of work and earnings. Maintaining the reference period of 18 months is very important to allow for normal peaks and troughs.

We welcome the opportunity for further engagement with the Department as the legislation is drawn up.

Organisation development in DEASP

Following the upcoming launch of the People Strategy for the civil service, it is imperative that the Minister show strong support for the development and implementation of a People Strategy for the Dept, as there is a need for both leaders and managers to empower and develop their people and build the civil service workforce of the future.

The current increase in responsibility will need bring further change to the Dept and presents an opportunity for the DEASP strategy to take on board a new level of stakeholder engagement with employers. This, connected to an agenda of empowerment, automation and reduced bureaucratisation will help to drive efficiency and effectiveness in client centred services.

We hope there will be a strong understanding of the need to minimise bureaucracy and maximise speed and efficiency of decision making and administration to support the employment relationship in today's very fluid labour market. CIPD believes technology to be a major support to administration

processes and, along with people- centric decision making, can lead to a freeing up of resources to deliver added value.

Family and carer responsibilities

The speedy introduction of working Family Payment is necessary to provide low-income families with a mechanism to ensure that increases in working hours do not lead to reduction in pay and supported payments. While positively supporting individual employees and their families, this will help overcome difficulties in retaining and developing such employees.

The take up of paternity leave, introduced 12 months ago, is low (see www.cipd.ie/news-views/news-articles/paternity-leave-one-year-laterlink) As well advocating that organisations take action, CIPD believes that, in an exploration of benefits, parents should be provided with maximum choice in relation to benefit options so that parenting time off can be spread between them. So rather than extensions to maternity or paternity leave, additional time should allow for flexible choice in its take-up. This should be part of an increase in targeted supports to increase availability and reduce childcare costs.

The Department should examine the impact of more flexible working arrangements for both parents and those with other caring responsibilities. We would be happy to work with the Dept to review the implications of providing flexible working arrangements in such circumstances. This could incorporate an examination of the extent to which a lack of entitlement to part-time working restricts new mothers/ partners access to employment and returning to work. As evidenced in the pension's debacle, there is an urgent need to refocus on gender-proof benefits to ensure women are not disadvantaged in general or as a result of periods out of the labour market.

Minimum wage and fitness for work

CIPD recognises that the national minimum wage is a State mechanism to improve income and living standards. However increases can have significant payroll cost impact, when there are a number of employees on the NMW, or where it is the base-line for other pay rates. In considering the current proposed increase, the government should provide adequate protection for employers, for example by covering the increase through cutting employers PRSI for low-income workers, in order to protect jobs.

CIPD are currently engaging with Healthy Ireland, particularly around its workplace well-being strategy. There are additional opportunities to promote quality work as determinant of wellbeing and staying in employment. There is also a strong need to develop a *Fit for work programme* to reduce illness leave/benefit and significantly improve the connection and movement from illness benefit back to work, resulting in increased productivity and reduced costs for the State. Current processes do not provide adequate supports to facilitate a speedy return to work, and payment regulations do not enable flexibility in positive return to work options.

In summary, the large CIPD membership in Ireland is available to engage with the Department to champion better work and working lives, to attain better and more inclusive outcomes for individuals, organisations and society. This is an important opportunity to use a renewal of labour market policy as a vehicle to support the delivery of social aims to reduce poverty and improved other social inclusion indicators.

Thank you for your attention and we are happy to provide additional information if required

Yours sincerely

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