

**Review of the**

**Wage Subsidy Scheme (WSS)**

Written Submission Form

June 2023

# Public Consultation on Wage Subsidy Scheme

The Department of Social Protection is running a public consultation on the review of the Wage Subsidy Scheme until 5pm Friday 21 July.

We invite people with disabilities, employers, representative groups, and the public to give their views using the short survey or a written submission.

Links to complete the surveys and written submissions online are available at [www.gov.ie/WSSReview](http://www.gov.ie/WSSReview)

If the online submission is not accessible to you, you can do one of the following:

* download this submission template, print it, and return it to the postal address below
* download this submission template, save it, and return it to the email address below. Please put “WSS Consultation” in the subject line.

# Where to send your submission

Post: WSS Review

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# Review of the Wage Subsidy Scheme for People with Disabilities

The views and experiences of organisations, representatives, and individuals are needed to successfully review the Wage Subsidy Scheme for People with Disabilities. You can share your thoughts with us through this written submission form.

The Wage Subsidy Scheme aims to enable disabled people to become self-sufficient in the open labour market by encouraging private sector employers to hire people with disabilities.

**About the scheme:** Sometimes, regardless of a person’s ability to do a job, the nature of their disability can restrict the employee’s productivity in comparison with other staff. In such situations the Wage Subsidy Scheme for disabled people allows the employer to claim a wage subsidy.

Please answer the following six questions to contribute to the review of the Wage Subsidy Scheme.

Please limit your answers for questions 3-6 to 500 words.

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| **Question**  | **Your answer** |
| **Question 1:****Name of person or organisation** | National Disability Authority  |
| **Question 2:****Who is making this submission?*** **Disabled Person’s Organisation**
* **Disability representative organisation**
* **Employer representative organisation**
* **An individual**
 | The National Disability Authority (NDA) is the independent statutory body with a duty to provide information and advice to the Government on policy and practice relevant to the lives of persons with disabilities, and to promote Universal Design.  |
| **Question 3:****The Wage Subsidy Scheme aims to incentivise employers to employ more people with disabilities.** **In your experience is the scheme achieving that aim?** | A key issue in increasing the effectiveness of the Wage Subsidy Scheme is to stimulate its use by increasing awareness. Figures from the Department of Social Protection from June 2023 shows that a relatively low number of 1,469 employers engage with the scheme. In 2018, a limited survey which was carried out by Employer Disability Information among 250 companies and found that only about one in four companies was aware of the Wage Subsidy Scheme.[[1]](#footnote-1) This demonstrates there is a need to ensure that employers are aware of the supports that are available when employing persons with disabilities. In principle, the Wage Subsidy Scheme does provide a financial incentive to employers to employ persons with disabilities. Empirical evidence from the OECD indicates that private sector wage subsidies generally increase employment, although the extent to which they generate net job creation may be limited. This suggests that the incentives by the Wage Subsidy Scheme are effective in increasing employment for disabled people but not in the generation of new jobs. The Irish labour market is currently performing very well, with Ireland reaching record levels of employment of the first quarter of 2023. However, according to a recent survey from the European Disability Forum, Ireland has the lowest level of employment of persons with disabilities in the EU, with only 32.6% in employment.[[2]](#footnote-2) In this context, we welcome schemes operated by the Department of Social Protection that focus on increasing labour market participation by groups who are less likely to participate, including people with disabilities.  |
| **Question 4:****The Wage Subsidy Scheme also aims to enable disabled people to become self-sufficient in the open labour market. In your experience is the scheme achieving that aim?** | According to Article 27 of the UNCRPD on Work and Employment, state parties shall ‘promote the employment of persons with disabilities in the private sector through appropriate policies and measures, which may include affirmative action programmes, incentives and other measures.’ The objective of the Wage Subsidy Scheme is to increase the likelihood of people with disabilities obtaining and sustaining employment in the open labour market by providing financial incentives to private sector employers. The Wage Subsidy Scheme is supported by a number of disability employment organisations, who report that the scheme is invaluable to the people they represent in accessing private sector employment. However, the criteria and conditionality underpinning the Wage Subsidy Scheme reflect a medicalisation of disability and are not aligned with the UNCRPD. The Wage Subsidy Scheme allows disabled people to gain employment experience that supports independent transitions to the open labour market but the terms of conditionality should change from reduced capacity to support needs. International research has found that Individuals who participated in the Swedish Wage Subsidy Scheme were found ten years later to be less often on disability benefits, more often in employment in general, although less often in unsubsidised employment (Angelov and Eliason, 2018).[[3]](#footnote-3) The NDA is not aware of any equivalent data in Ireland and this makes it difficult to judge the success of the scheme in terms of long-term outcomes for employees. The NDA recommends that longitudinal data is obtained and examined on the employment progress of disabled persons who access the scheme. Commitment 52 in Pathways to Work is to ‘ensure progress on addressing other ‘wrap-around’ issues identified in the Comprehensive Employment Strategy for People with Disabilities. This action relates to relevant government departments working together to develop a seamless pathway to employment for disabled people, including those with high support needs. The NDA recommends linking the Wage Subsidy Scheme to transition planning from education to the labour force for young people and early school leavers in order to provide a pathway into employment. The NDA recommends that young people engaging with the Early Engagement Approach, which is currently being rolled out by the Department of Social Protection, be made aware of the Wage Subsidy Scheme. This would allow the Wage Subsidy Scheme to be used, where appropriate, as part of the individual’s transition to self-sufficiency, supporting young people to access the labour market. The Wage Subsidy Scheme currently requires employees work a minimum of 21 hours per week. However, evidence shows that supported employment, without the requirement that a person is ‘job ready’ and with no restriction on the number of hours to be worked continues to support more people with disabilities into employment.[[4]](#footnote-4) A key feature of supported employment, that is inclusive of all people with disabilities, is the job coach role who often acts as the guide to accessing ‘wrap-around’ supports and services. However, the lack of an inclusive supported employment programme remains a key gap in employment supports for some disabled people in the Irish context. The NDA recommends that the Wage Subsidy Scheme is part of the employee’s transition to a national programme of supported employment, which would include access to a job coach and training grant.Research by the NDA and the ESRI found people were more likely to say they needed a wage subsidy if they also reported unmet needs for services; if they had lower levels of education; and if they had a higher level of difficulty associated with their disability.[[5]](#footnote-5) Research suggests the common factor at play is the additional costs of disability that are not covered by existing supports. People with lower levels of education may also have lower than average earnings, which could make the need for a wage subsidy to facilitate entry to employment more apparent if these people face similar additional costs of disability to their better-off counterparts, or they may not earn enough to offset the loss of means-tested social protection payments or related benefits.[[6]](#footnote-6) The NDA recommends the Department of Social Protection considers how the Cost of Disability and work incentives may impact the financial incentives and consequently, the take-up, of the Wage Subsidy Scheme.  |
| **Question 5:****Are there any changes that you would suggest that would incentivise more employers to use the scheme?** | Employers may require additional supports to recruit, train and retain disabled employees and the NDA recommends that the Department of Social Protection develop an embedded and inclusive supported employment service that can provide support to employers with this. On the employer liaison front, the Department could consider its role in the long-term funding and support of an employer information and advice service as an additional arm of Intreo, that employers can access easily free of charge. Such a programme could assist the EmployAbility service and the Department’s Employer Engagement Unit in their roles. There is a need for further collaboration between Employers for Change, IBEC, Chambers Ireland and other employer groups in order to share information and best practice. Developing and embedding employer supports and making more employers aware of the Wage Subsidy Scheme through these channels could increase the take-up of the scheme. The NDA has learned through our interactions with various disability stakeholders that some employers find the application process for the Wage Subsidy Scheme to be not very user friendly and the NDA recommends that it is made as user friendly as possible. The Wage Subsidy Scheme is only available for employees for up to 12 months employment and is therefore designed to incentivise private sector companies to increase hiring rather than retaining employees with disabilities. When the employee is over 12 months in the job the employer at this point would be expected to pay the full wage of the disabled person if they remain employed. As previously stated, we were unable to obtain any data on how many people in receipt of a wage subsidy were retained in employment after 12 months. While a DSP Employee Retention Grant Scheme can be accessed this provides limited supports. The NDA recommends considering that rather than ending the subsidy after 12 months it is tapered over time. This would increase the amount of time a person can be employed in a company and access the scheme. This would allow longer tenure staff to continue to be eligible for the scheme, while avoiding the risk of transforming existing jobs into state-subsidised jobs.[[7]](#footnote-7) The NDA recommends that employees who are unable to transition to independent employment could continue to access the scheme until the employee has obtained a position on a supported employment scheme, which would include access to a job coach and training grants. In its current form the Wage Subsidy Scheme is only available to those with contracts of at least 6 months duration. The NDA recommends changing the minimum duration of the contract to 3 months, to allow less formalised types of employment, including seasonal work, to be included in the scheme. Strand 3 of the Wage Subsidy Scheme grants companies employing 25 or more people with disabilities €30,000 per year, which is to be used to employ an Employment Assistance Officer, which supports and assists employees with their employment needs. The NDA recommends that this strand of the Wage Subsidy Scheme be made more flexible and be graduated to allow companies hiring less than 25 disabled people access this grant. The Department should also consider clustering Employment Assistance Officers to smaller firms on a regional basis. This would incentive more companies to use this strand of the Wage Subsidy Scheme. The NDA recommends that Strand 3 of the scheme be linked to inclusive recruitment and retention and that companies use a Universal Design approach to creating EDI work practices and cultures.  |
| **Question 6:****Are there any changes that you would suggest that would encourage more potential employees onto the scheme?** | The NDA recommends that the language around the Wage Subsidy Scheme be changed. The current language around the Wage Subsidy Scheme, in which ‘the employer and employee agree that the employee has/will have a loss of productivity of 20% or more and fill out a productivity level report form’ may act as a deterrent for potential applicants. According to the OECD, subsidies such as the Wage Subsidy Scheme may worsen labour market outcomes if they play a stigmatising role by signalling lower work capacity. Article 27 of the UNCRPD states that state parties shall ‘prohibit discrimination on the basis of disability with regard to all matters concerning all forms of employment, including conditions of recruitment, hiring and employment, continuance of employment, career advancement’.[[8]](#footnote-8) There are issues also in relation to how ‘productivity’ of an employee is assessed. Therefore, the Department of Social Protection could instead consider framing a payment around the concept of a supporting accommodation, in keeping with the social model of disability outlined in the UNCRPD, rather than providing funding to employers on the basis of any perceived reduced capacity of an employee. This would align with the current legislation around reasonable accommodation, which includes a suite of supports, including for example facilitating additional employee breaks and access to assistive technology. The NDA would be happy to engage further with the Department of Social Protection on the language used in relation to the Wage Subsidy Scheme. The Wage Subsidy Scheme is not currently available to public sector employers. The NDA believes that in its current format where it is focused on a lack of productivity approach rather than a supported accommodation approach that it is not suitable to expand into the public sector. However, if reforms are made that make it more line with the UNCRPD and a social model approach then expansion to the public sector should be considered. Data from Census 2022 states that the disability employment gap for those age 15-65 with a disability ‘to some extent’ is 10.5%, while the disability employment gap for those who indicate that they have a disability ‘to a greater extent’ is 43.5% and this cohort will therefore require tailored and specific supports to access and remain in work. While the OWL project[[9]](#footnote-9) is one model that is supported by DPER additional support models are required.[[10]](#footnote-10) Internationally, the public sector have translated approaches from the private sector, for instance ‘job carving’ where a job coach worked with employers to isolate specific tasks and redesign them around the needs of the individual employee.[[11]](#footnote-11) The NDA recommends translating national expertise and best practice from the private sector, including learnings from the Wage Subsidy Scheme, to the public sector on the employment of people with higher support needs. This could help public sector bodies achieve the minimum 3% target of employees with a disability within their workforce which is set to rise to a minimum of 6% by 2025.The UNCRPD places an obligation on states to ensure that people with disabilities are included in policy development and decision-making. The NDA published ‘Participation Matters: Guidelines on implementing the obligation to meaningfully engage with disabled people in public decision making’ in 2022 to support public bodies in achieving meaningful engagement with disabled people, especially through their representative DPOs.[[12]](#footnote-12) The NDA recommends that if Disabled Persons’ Organisations (DPOs) have not responded to this consultation would be important to follow up to obtain their views. The NDA also suggests that any proposed changes to the Wage Subsidy Scheme be shared with stakeholders for feedback before being made permanent. OECD research suggests that workers who are hired through the Wage Subsidy Scheme may crowd out jobseekers who are not eligible for the scheme for example because they are not able to work for the required minimum of 21 hours.[[13]](#footnote-13) The NDA recommends that the Wage Subsidy Scheme be made more flexible to allow access for a broader group of persons with disabilities by reducing the required weekly work hours from 21 hours to 8 hours. This high number of weekly hours currently required makes it more difficult for people with certain disability particularly those with high support needs who may be only able to work for a shorter number of hours per week. Recent ESRI research demonstrates that persons with disabilities are less likely to work full-time than those without a disability.[[14]](#footnote-14) The NDA recommends that the scheme be broadened to allow participants to work less than 21 hours a week as persons with disabilities often choose these employment options due to the flexibility it provides, and the ability it gives them to overcome other barriers to employment, such as lack of availability of accessible transport. Eight hours of work is generally deemed to be an employment outcome for people with disabilities who obtain work through EmployAbility Programmes and is the generally adopted outcome criteria for grant funding in the disability sector.[[15]](#footnote-15) Work incentives will also have to be addressed through better promotion of existing regulations (e.g. the income disregard for recipients of Disability Allowance and Back-to-Work Allowance) and the introduction of permanent in-work payments to encourage people with disabilities to take up employment. Any changes to the WSS should also consider the ongoing review of disability payments.  |

1. EDI (2018), *Employers’ attitude to employing people with disabilities: Survey results October*

*2018*, Employer Disability Information,

http://www.employerdisabilityinfo.ie/\_fileupload/Documents/EDI%20survey%202018%20repor

t.pdf [↑](#footnote-ref-1)
2. <https://www.edf-feph.org/majority-of-persons-with-disabilities-locked-out-of-quality-employment/#:~:text=The%20report%20shows%20that%20only,bad%20in%204%20EU%20countries>. [↑](#footnote-ref-2)
3. Angelov, N. and M. Eliason (2018), “Wage subsidies targeted to jobseekers with disabilities: subsequent employment and disability retirement”, *IZA Journal of Labor Policy*, Vol. 7/1, pp. 1-37, http://dx.doi.org/10.1186/s40173-018-0105-9. [↑](#footnote-ref-3)
4. <https://www.easpd.eu/fileadmin/user_upload/Publications/s.beyer_report_-_opport_and_barriers_of_diff_employment_models_final.pdf> [↑](#footnote-ref-4)
5. <https://www.esri.ie/system/files/publications/RS41_0.pdf> [↑](#footnote-ref-5)
6. <https://www.esri.ie/system/files/publications/RS41_0.pdf> [↑](#footnote-ref-6)
7. OECD (2010), Sickness, Disability and Work: Breaking the Barriers: A Synthesis of Findings across OECD Countries, <https://dx.doi.org/10.1787/9789264088856-en>. [↑](#footnote-ref-7)
8. <https://www.un.org/development/desa/disabilities/convention-on-the-rights-of-persons-with-disabilities/article-27-work-and-employment.html#:~:text=States%20Parties%20recognize%20the%20right,accessible%20to%20persons%20with%20disabilities>. [↑](#footnote-ref-8)
9. https://www.kare.ie/supported-employment [↑](#footnote-ref-9)
10. <https://www.oireachtas.ie/en/how-parliament-is-run/houses-of-the-oireachtas-service/equality-diversity-and-inclusion/owl-programme/> [↑](#footnote-ref-10)
11. <https://civilservice.blog.gov.uk/2017/11/27/job-carving-and-more/> [↑](#footnote-ref-11)
12. <https://nda.ie/publications/participation-matters-guidelines-on-implementing-the-obligation-to-meaningfully-engage-with-disabled-people-in-public-decision-making> [↑](#footnote-ref-12)
13. <https://www.oecd.org/cfe/disability-work-and-inclusion-in-ireland-74b45baa-en.htm> [↑](#footnote-ref-13)
14. <https://www.esri.ie/system/files/publications/SUSTAT107_1.pdf> [↑](#footnote-ref-14)
15. <https://rehab.ie/what-we-do/publications/rehab-pre-budget-submission-2023/> [↑](#footnote-ref-15)