

The Pandemic Unemployment Payment (PUP): Trends and Sectoral Impacts

Valesca Lima, UCD Geary Institute

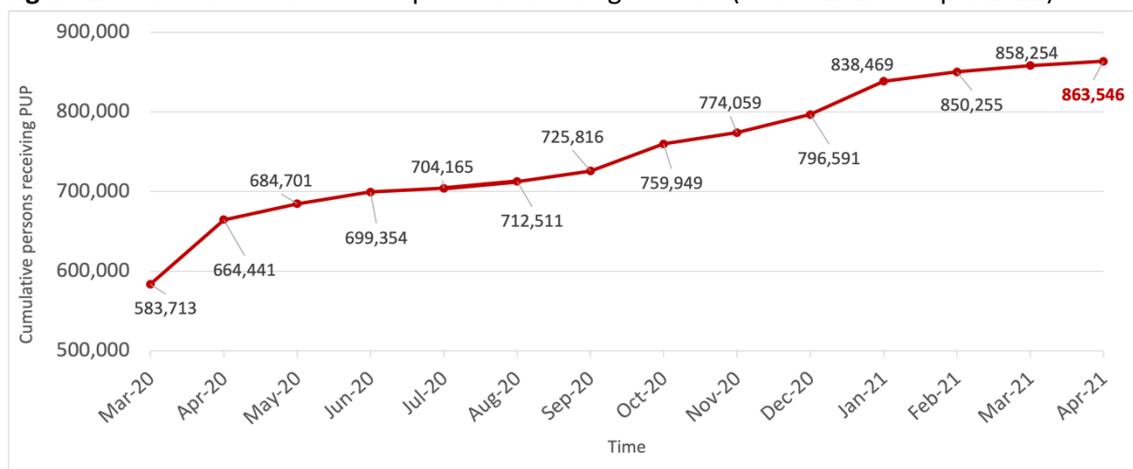
Key Points

- The PUP has helped to mitigate the earnings shock caused by loss of income during the pandemic
- From its implementation in March 2020 until the end of April 2021, PUP payments have been made to over 860,000 claimants in Ireland with a cost to the exchequer of over €7.3 billion
- The number of PUP recipients has fluctuated in line with the strengthening and lifting of COVID-19-related health restrictions

Introduction

The COVID-19 pandemic has had a major impact on the Irish economy and labour market, with Ireland experiencing a steep decline in economic activity. Many sectors have been badly hit due to the closing of non-essential businesses and lockdown measures necessary to contain the spread of coronavirus. Unemployment has affected several economic areas, such as accommodation, food services, the retail trade, arts and construction. In response to the unprecedented impact of the health crisis on employment and income losses, the Irish government implemented income policy responses targeting workers who had lost jobs and income during the pandemic, in particular the Pandemic Unemployment Payment (PUP), which is the focus of this paper.

Figure 1 - Cumulative numbers of persons receiving the PUP (March 2020 to April 2021)



Source: CSO (Author's elaboration).

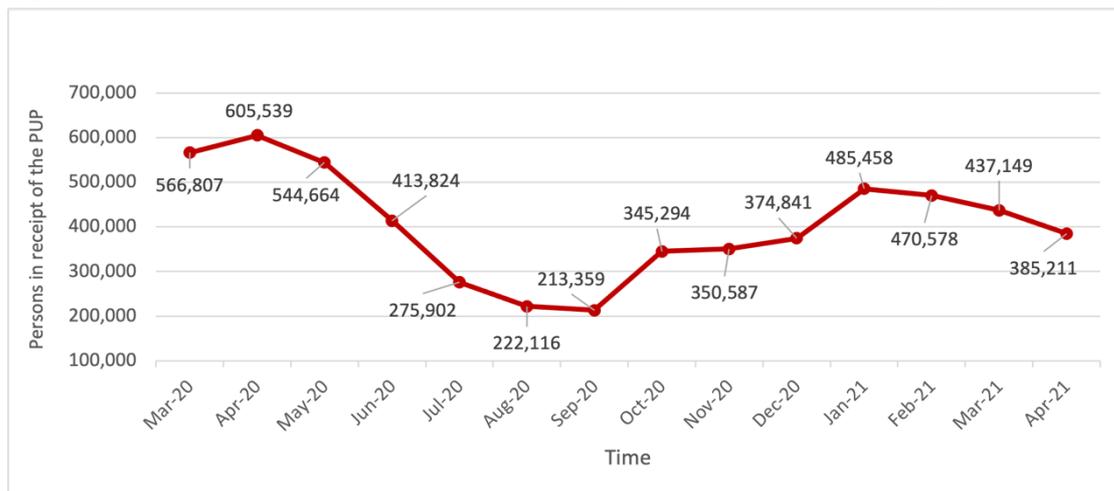
Amid rigorous COVID-19 restrictions, the Irish unemployment rate spiked from 4.7% in December 2019 to a much higher level than that seen pre-pandemic, a record high 21% in November 2020 (including those on unemployment benefits) (CSO, 2021). During periods of economic downturn, it is not uncommon for governments to extend and create new welfare

benefits. The expansion of eligibility and the creation of new schemes, such as the Pandemic Unemployment Payment (PUP) and the Temporary Wage Subsidy Scheme (TWSS), upon which large numbers of people depended, are unprecedented in the Irish social welfare system. According to labour experts, the PUP in particular protected ordinary people from severe income loss and cushioned the unemployment effect of lockdown restrictions at the lower end of income distribution, by providing a vital safety net and a relatively generous response to the pandemic crisis (McGann and Murphy, 2021; Crowley et al., 2020; Beirne et al., 2020). Others have argued that, even if short lived, pandemic benefits can reshape the Welfare State with experiences of decommodification and social citizenship (e.g., Dukelow et al., 2020). In the following sections, this paper briefly analyses the context around which the PUP was created, its take up by economic sector, gender and age profile, the length of claims, and exits.

The Pandemic Unemployment Payment (PUP) – The Take Up

The PUP is a social welfare payment for employees and self-employed people who lost their jobs due to COVID-19 and is administered by the Department of Employment and Social Protection (DEASP). Weekly payments between €300 and €350 were made available to workers who were laid-off on or after March 13th 2020, due to the pandemic.¹ According to the DEASP (2020), the PUP was effectively designed in a very short time. They estimated that, on 13 March alone, approximately 30,000 people visited local Intreo Centres (national agencies to support jobseekers) in order to apply for income support after losing their job. Self-employed workers were also eligible for the PUP. One year after its creation, by March 2021, over 800,000 people had received payments under the scheme (see Figure 1 above). The average weekly PUP payment was €303 in the first quarter of 2021.

Figure 2 – Number of persons in receipt of the PUP (March 2020 to April 2021)



Source: CSO (Author's elaboration).

The PUP was provided under section 202 of the Social Welfare Consolidation Act 2005 (amended). This allowed for the payment of the Supplementary Welfare Allowance in urgent cases. Since 5 August 2020, the benefit has been provided for by section 11 of the Social Welfare (COVID-19) (Amendment) Act 2020 (DEASP, 2020). Some general criteria to qualify for the PUP are that applicants must: be 18 - 66 years of age; have lost their employment on or after 13

March 2020 as a direct consequence of the COVID-19 pandemic; satisfy the contribution conditions for the payment; and be capable of work and be genuinely seeking work.² The PUP take up peaked in April 2020, when 605,539 were in receipt of the benefit (see Figure 2).

The take up of the PUP grew in waves. Figure 2 shows the number of people who registered for the payment as of the final week of each month from March 2020 to April 2021, according to the CSO (2021). These waves of growth reflect the periods when the public health restrictions were at their strictest, i.e. ‘level five lockdowns’. For instance, the first wave of the pandemic in Ireland in 2020 correlates with the first and strongest spike in PUP registrations between March and May 2020. From June 2020, the number of cases started to go down and so did the number of people on the PUP. As health restrictions began to ease from June 2020 and non-essential businesses re-opened, more people exited the scheme – the number of PUP users reduced by 63%, from 605,539 in April 2020 to 222,116 in August 2020. As the second wave of the pandemic in Ireland started in the autumn and a second lockdown was imposed in November (see Lima, 2021), the numbers of PUP registrations started to rise again. By January 2021, with the third wave and the implementation of the longest lockdown, the number of people in receipt of the PUP reached over 485,000 persons. At the time of writing, the PUP has been extended to new applicants until June 2021.

PUP by Economic Sector

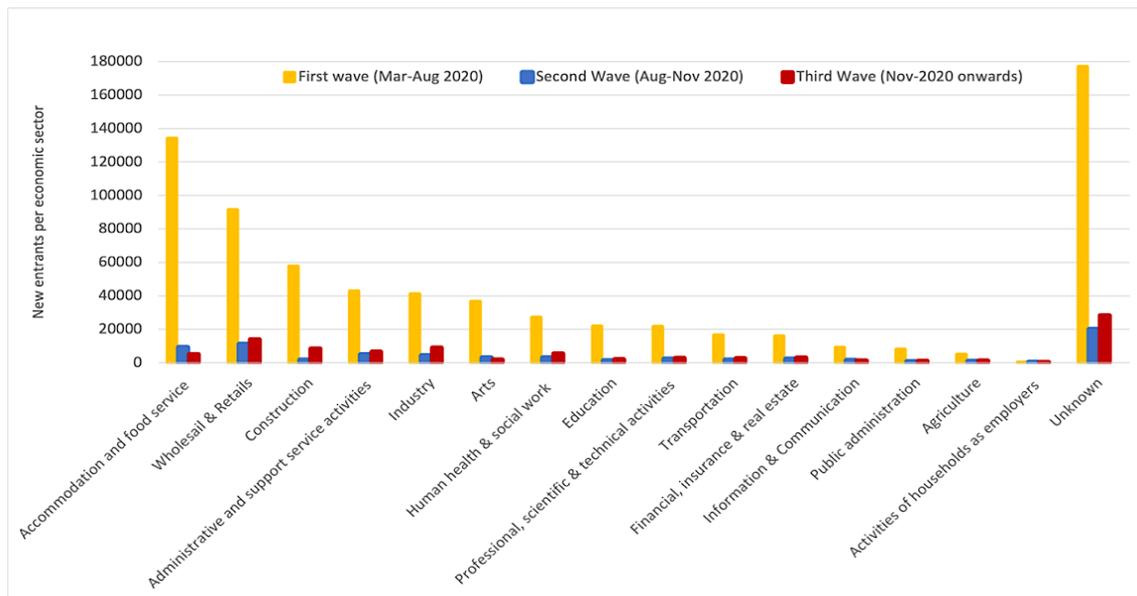
Job losses linked to the COVID-19 pandemic also came in waves,³ corresponding to the intensifying of government restrictions and public health procedures in order to prevent and manage the disease. Loss of employment was more prevalent in sectors and businesses in which social distancing is harder to implement, and thus where it may be more difficult to regain employment (Byrne at al., 2020). According to the HSE, the first wave of the pandemic in Ireland took place between March and August 2020; the second wave from August to November; and the third from November 2020 onwards (See Lima, 2021).

Figure 3 shows PUP claims by sector and in the three waves of the pandemic from March 2020 to April 2021. Job losses since the outset of the COVID-19 pandemic have been concentrated in three sectors: the accommodation and food sector, the retail and wholesale sector and the construction sector. Most jobs were lost in the accommodation and food sector and by the last week of March 2020, 110,559 people working in this sector had claimed the PUP. In the same period, 75,828 people working in the retail and wholesale sector and 48,999 people working in the construction sector claimed the benefit.

The number of new PUP entrants declined during the second wave but increased again during the third wave, when the country readopted severe health restrictions. This increase was at a lower level when compared to the first wave. This variation in the number of new entrants might be related to the extension of the lockdown periods (the second wave had the shortest duration) and due to people entering the PUP scheme in the first wave and not finding work, so they remained on the PUP.

By the end of April 2021, the accommodation and food sector, the retail and wholesale sector and the construction sector accounted for approximately 17%, 13% and 8% respectively of claims or 40% of the total claims. According to the Department of Social Protection (2021), a similar pattern is also observed in other pandemic-related benefits, such as the Employment Wage Subsidy Scheme (EWSS).⁴ Other sectors were also severely hit, such as the arts and entertainment sector. The education, human health, transportation and financial sectors were moderately affected, while others were just mildly affected, such as agriculture and public administration.

Figure 3 – PUP Entrants by Sector and Pandemic Wave



Source: CSO (Author’s elaboration).

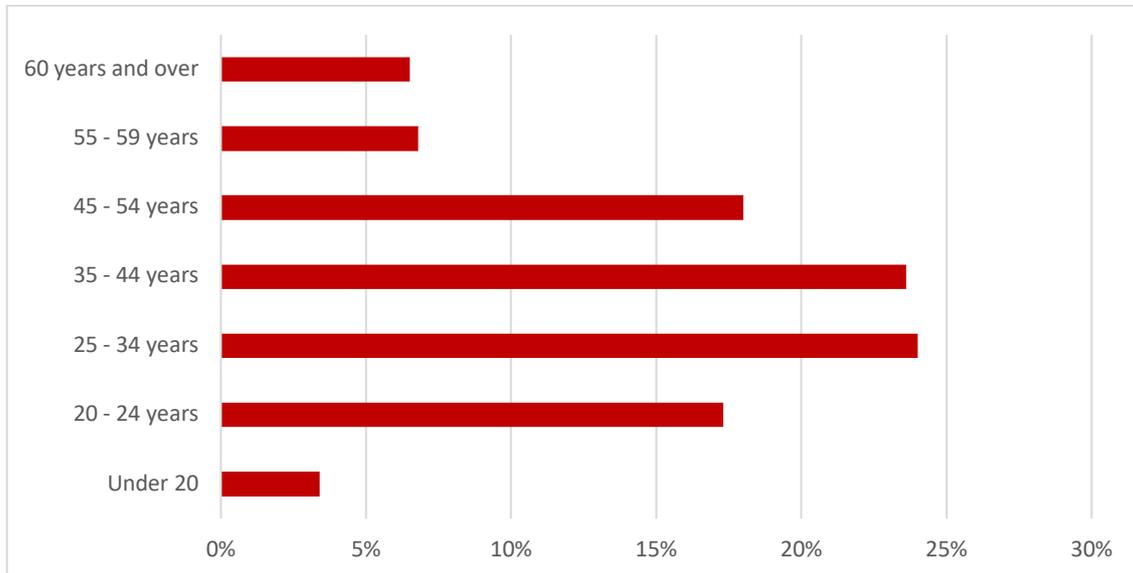
Self-employed workers can claim the PUP where there has been a significant reduction in income as a direct consequence of the pandemic. The PUP enabled self-employed people to take-up occasional self-employment work. Artists, for instance, have successfully campaigned for conditionality to be waived (Murphy, 2021), so they can earn €960 over eight weeks while also retaining full PUP entitlements. The unknown category in Figure 3 refers to PUP claims where sufficient information was not available so a NACE sector (Nomenclature of Economic Activities) has not been assigned to them.

Gender of Workers Receiving PUP

In the economic sectors most vulnerable to the effects of the COVID-19 pandemic, jobs were disproportionately held by female, low-skilled workers that were under 35 years old and on part-time arrangements (Byrne et al., 2020). As noted by the authors, 54% of those employed in the accommodation and food services sectors in Q4 2019 were female, 61% did not have a university degree, 56% were under 35 years of age and 42% worked part-time. Byrne et al. (2020) also report that, according to DEASP data, women applicants corresponded to 52% of the applicants

in the two weeks following the public health restrictions, while making up one third and one quarter of new claimants in the following two weeks.

Figure 5 – PUP Recipients by Age (March 2020 to April 2021)



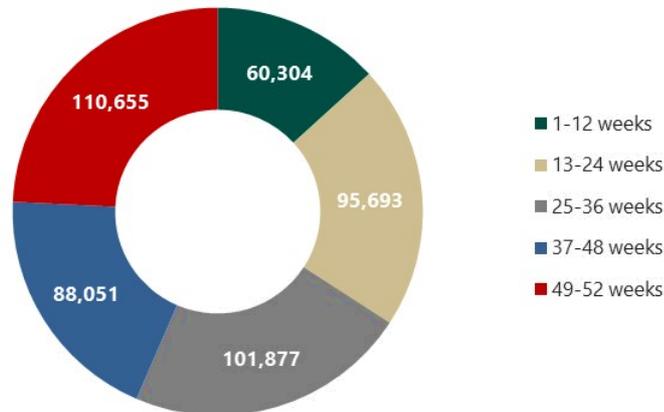
Source: CSO.

Figure 5 shows the proportion of workers receiving the PUP by age (see Appendix 2) by April 2021. Persons under 20 years old accounted for just over 3% of all claimants, a significant decrease from mid-April 2020, when this cohort accounted for 20.5% of PUP recipients. The cohort between 25 and 34 makes up the largest proportion of claimants, with nearly 30% (or 412,167) of all claimants. Some members of this age group had already faced high unemployment rates when entering the job market during the Global Financial Crisis (Byrne et al., 2020) and are now facing new challenges during the pandemic. Previous research has suggested that younger workers, immigrants, women and people in part-time jobs or lower-paid jobs are more exposed to the impacts of COVID-19 and more likely to be out of work during the pandemic (NESC, 2021; Gallacher and Hossain, 2020).

Duration of PUP Claims

Up to March 2021, the number of claimants on the PUP for long periods remained largely consistent, with approximately 111,000 persons or 24.2% on the PUP for 49 weeks or more, out of the 52 weeks the scheme was in place - over 94% of the maximum possible duration (DEASP, 2021, p.9). Within this cohort, approximately 51,000 were in receipt of the payment continuously since its first week in March 2020. Figure 5 shows the number of weekly PUP payments received between March 2020 and March 2021, according to DEASP data.

Figure 5 - Number of Weekly PUP Payments Received by Current PUP Recipients



Source: DEASP.

Exits And Phase Out

The speed at which jobs are restored depends on a number of factors, such as the return of economic activity, the return of social interactions, and vaccine roll-out. As soon as the most stringent containment measures are lifted, it is expected that people will return to work (Byrne at al., 2020). In a similar way to other unemployment-related benefits, the PUP requires claimants to return to work as soon as possible. 129,959 PUP recipients closed their claims in the first quarter of 2021.⁵ Because the PUP is pandemic-related, there are expectations that staff might be re-hired by their previous employer when ongoing public health restrictions are lifted and the economy reopens. However, this is not always the case, since several businesses in diverse sectors were forced to close their doors or are on an unstable financial footing. It has been reported that people who lost their jobs during the pandemic might have changed careers or moved to other jobs (Walsh et al., 2021) although the numbers involved are unclear.

The PUP will be closed to new applicants from 1 July 2021, as part of the plans to phase out the payment. The government intends to reduce the PUP payment rate by €50 from September 2021 to bring the benefit in line with pre-pandemic payment levels, which was generally €203 per week for regular unemployment payments. Social justice advocates have called for an income adequacy for those in receipt of welfare, including a review of increased social welfare rates in the 2022 budget (Oireachtas Social Protection Committee, 2021).

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Notes:

¹ These values were adjusted from €203 to €350 in March 2020. There are plans to bring this value down to previous pre-pandemic social welfare system.

² See Part 2 of the Operational Guidelines: COVID-19 Pandemic Unemployment Payment (PUP).

³ Wave 1: 01/03/2020 – 01/08/2020; Wave 2: 02/08/2020 – 21/11/2020 and Wave 3: 22/11/2020 onwards. See Lima (2021) for an analysis of COVID-19 cases and deaths during the three waves of the pandemic in Ireland.

⁴ Employment Wage Subsidy Scheme (EWSS), formerly Temporary COVID-19 Wage Subsidy Scheme (TWSS), is administered by the Revenue and provides a flat-rate subsidy to qualifying employers based on the numbers of eligible employees on the employer’s payroll and gross pay to employees (Revenue). This scheme is out of the scope of this paper. See <https://www.revenue.ie/en/employing-people/ewss/index.aspx>

⁵ MyWelfare Quarterly Statistical Report 2021 (Department of Employment Affairs and Social Protection): <https://www.gov.ie/pdf/?file=https://assets.gov.ie/134062/d9677d52-30e0-470a-a3d6-4714e5951515.pdf#page=null>

Appendix 1 – PUP Sectoral Take up



Wave	Accommodation and food service	Wholesale & Retails	Construction	Administrative and support service activities	Industry	Arts	Human health & social work	Education
First wave (Mar-Aug 2020)	134096	91335	57711	42819	41080	36505	27121	21865
Second Wave (Aug-Nov 2020)	9131	11015	1647	4729	4254	2802	2825	1105
Third Wave (Nov-2020 onwards)	5014	13939	8462	6505	8951	1775	5345	1986
Total	148241	116289	67820	54053	54285	41082	35291	24956

Wave	Professional, scientific & technical	Transportation	Financial, insurance & real estate	Information & Communication	Public administration	Agriculture	Activities of households as employers	Unknown
First wave (Mar-Aug 2020)	21568	16491	15854	9169	8043	4953	266	176892
Second Wave (Aug-Nov 2020)	2200	1601	2048	1315	603	831	11	19997
Third Wave (Nov-2020 onwards)	2698	2486	2857	1124	1057	1236	28	28202
Total	26466	20578	20759	11608	9703	7020	305	225091