

SOCIAL POLICY UPDATE

Budget 2021 Outcomes



Budget 2021 Outcomes and CIB Pre-Budget Submission

 **Image for Budget 2021**

What we looked for and what was provided?

This document reviews Budget 2021, assesses the new changes introduced against what we highlighted in our Pre-Budget Submission, and also comments on related measures announced in the lead up to, and after, the Budget.

Overall, the Budget package this year amounted to nearly €18 billion, and includes a €3.4 billion recovery fund designed to support the economy and employment, in the context of the combined risks of Covid-19 restrictions, and a no-deal Brexit.

Our Pre-Budget Submission (PBS) 2021 was informed by issues raised by citizens in their queries to, and contact with, CIB delivery services - Citizens Information Services (CISs), the Citizens Information Phone Service (CIPS), the Money Advice and Budgeting Service (MABS), and the National Advocacy Service for People with Disabilities (NAS) - both before and during the Covid-19 pandemic. Our submission identified the two priorities of addressing poverty and helping people to return to work. Within these, we made a range of observations and recommendations that we believe would assist in alleviating poverty and supporting people in work.

Addressing the Risk of Poverty

An ESRI post-Budget analysis demonstrated that the tax and welfare measures announced in Budget 2021 will benefit the lowest-income families the most, with a 0.4% increase in disposable income for those households in the lowest income quintile (lowest fifth of households).

 Carers image

Disability, Illness and Caring

Budget 2021 provided some increases in payments and supports that will positively impact the lives of people with disabilities, carers, and people living with chronic illness and conditions. These measures included:



Increase in the earnings disregard for Disability Allowance (DA) from €120 per week to €140 per week from June 2021.

Provide a €1,000 support grant fund for contracts in 2021 towards supported employment services for jobseekers with a disability.

CIB in its PBS 2021 highlighted the fact that people with disabilities are a high welfare dependent group who also face many barriers to employment, and recommended maintaining a priority on employment quality and support for people with disabilities, through ensuring that reasonable accommodation measures take into account the post-Covid-19 home working reality. The DA earnings disregard aims to support people in receipt of DA to take up work and to remain in employment. The *'Make Work Pay'* report recognised that developments in the wider economy such as the national minimum wage and inflation can impact over time on the value of the Disability Allowance earnings disregard (and therefore the financial incentive to work) and recommended reviewing it at regular intervals.



A €5 increase in the Living Alone Allowance, bringing it from €14 to €19 per week from January 2021.

CIB's submission highlighted the inadequate level of income support available to people with disabilities, those with a long-term illness/condition, as well as older people - particularly women, who make up the majority of the over 65s living alone. Our submission called for the necessary resources to be invested in implementing the recommendations of the cost of disability research currently being carried out. We also sought a once off payment for those solely reliant on the State Pension and people on disability payments - in recognition of the additional costs faced during Covid-19.



The number of 'waiting days' for Illness Benefit will reduce from six days to three days for all new claims from the end of February 2021.

CIB's submission noted the difficulties for people who do not receive sick pay from employers and who can be without income for six days. Our recommendation was to revert to a three-day waiting period for receipt of Illness Benefit. CIB welcomes this change having continually identified this issue as highlighted by our services since the change to the waiting days in 2014, which was in effect, a reduction in the cover provided in the scheme.

In relation to the self-employed becoming eligible for Enhanced Illness Benefit as a temporary measure, our submission recognised this as a positive measure introduced during the pandemic in response to need and recommended introducing an option for the self-employed to increase PRSI contributions to enable access to a full range of entitlements.



Reform of the current sick pay scheme will be addressed in six months' time, when the Government will report on the private member's Sick Leave and Parental Leave (Covid-19) Bill 2020.

In our submission we drew attention to the situation for workers who had no or poor access to statutory paid sick leave, where employers are not obliged to pay employees during a period of sick leave. This affects low to middle-income earners in the private sector, migrant workers, casual and zero-hour contract workers. We noted that paid sick leave protects workers' incomes, protects their jobs by maintaining the relationship with their employer during a period of illness, and protects workers' health. Our PBS therefore recommended that consideration should be given to reforming the paid sick leave system,

when the pandemic passes, providing a comprehensive system to cover the entire workforce that includes legislative provision for a sick pay scheme.



Fuel Allowance will increase by €3.50 from €24.50 to €28.00 per week, effective from January 2021.
An increase in Carbon Tax by €7.50 from €26 per tonne to €33.50 per tonne.

Our PBS recommended maintaining the Covid-19 extension of the fuel allowance to 32 weeks in recognition of increased fuel costs due to “lockdown” and people spending longer periods at home.

The increase in the Carbon Tax is a positive measure, in that €100 million of this revenue will be invested in improving the energy efficiency of homes, through expansion of the Warmer Homes Scheme (targeting low income households) and for new schemes, e.g. the National Home Retrofit Scheme. CIB has noted in previous submissions that fuel poverty is influenced by high fuel costs, low incomes and energy inefficient homes. MABS and CISs have previously called for a more *integrated, multi-dimensional approach to fuel poverty* – including the regulation and action on energy processes, targeted financial support to certain households (lone parents, older people, unemployed people) and the expansion of energy efficient schemes (addressed in Budget 2021).



Increase in Carer’s Support Grant of €150, bringing it to €1,850 per year, effective from June 2021.
Increase in the Dependent Relative Tax Credit from €70 to €245.

CIB welcomes the increase in the Carer’s Support Grant, when it is next paid to recipients in June 2021. Our submission raised the issue of non-entitlement to the Household Benefits Package and Free Travel for those in receipt of the Carer’s Benefit Scheme. The increase in the Dependent Relative Tax Credit provides some recognition for those caring for a family member other than their child, e.g. a parent, aunt, sibling etc.



Housing

- Funding for the Housing Assistance Payment (HAP) scheme to provide for 15,000 new HAP tenancies; and a further 800 new households are to be supported under the Rental Accommodation Scheme (RAS).

- 9,500 new builds in social housing, and €369m additional capital funding available to local authorities and approved housing bodies to build and acquire additional homes for social housing.




- €22m additional funding is being made available to support the provision of homeless services including emergency accommodation and €15.5 million is allocated for the delivery of Traveller accommodation.

- €60m for housing adaptation grants for older people and people with disabilities.

As noted in our PBS 2021, the main concerns raised by clients and services relate to the availability and affordability of suitable housing options for low-income households. CIB recommended ensuring that Housing Assistance Payment rents align with market rents on a national basis and that Rent Supplement levels are reviewed as to their adequacy, so as to reduce the risk of homelessness and deprivation for low income households.

CIB welcomes the increased funding for the building and acquisition of social housing, noting in our submission that 'for-profit' private provision of housing does not adequately support social inclusion or alleviate poverty. We also welcome the allocation for the delivery of Traveller accommodation, an area we have highlighted in previous submissions.

 Image of older people

Older People



The qualifying age for a State Pension will continue to be 66 years. Legislation will be introduced later in 2020 to reverse the planned increase in the pension age to 67 on 1 January 2021 (as currently included in social welfare legislation).

We called for the Programme for Government commitment to defer the planned 2021 increase in age eligibility to 67 years to be met in this year's Budget and our submission raised this issue, highlighting that the lack of information around the enactment of legislation in relation to the State (Contributory) Pension was raised by clients approaching retirement. These people need to be able to plan for their future pension provision and require clarification on the methodology (either the total contributions approach or the average rule) to be used. We recommended that the proposed Commission on Pensions should be established as soon as possible to undertake its review of issues including contributions, calculation methods, and eligibility.



In early October, it was announced that income limits for over-70s to qualify for a medical card would increase from 1st of November, up to €550 per week for a single person, up by €50, and to €1050 for a couple, up from €900 - as had been committed to in last year's Budget.

Our PBS recommended a review of the means limits for all Medical Card applicants to reflect increases in social welfare entitlements and also the commencement of legislation to increase the medical card weekly income limits for people aged over 70 years.



Widowed or Surviving Civil Partner Grant – increased from €6,000 to €8,000.

CIB and MABS have consistently called for the re-instatement of the Bereavement Grant in our Pre-Budget Submissions and, in the absence of the Grant, welcome this significant increase for widowed parents with dependent children. We noted in our PBS that the support for funeral costs under the Exceptional Needs Payment does not adequately compensate for the costs associated with bereavement, and secondly, that there were low levels of awareness amongst clients of CISs of this support towards the costs of a funeral.



Families and Children



Increase for qualified children, €5 per week for children aged 12 years and over, in recognition of the additional costs associated with this age group, and of €2 per week for children under 12 years of age.

CIB recommended in previous submissions increases for qualified children, and in particular for teenage children as an effective income support, targeted where it is most needed, which will help to address child poverty for a range of low income families, including those who are caring in caring roles or parents with a disability.



Working Family Payment thresholds for families with up to three children to be increased by €10 bringing them to €541 for one child; €642 for two children and €743 for three children.

Removal of the €425 earnings threshold on One-Parent Family Payment (until April 2021).

The removal of this threshold will support lone parents to increase their earnings and keep their OFP, although arguably it has less relevance in the current Covid-19 context, given the higher rate of unemployment. Our PBS highlighted the impact of reduced hours of work on low income and one parent families, with a recommendation to reduce the Working Family Payment weekly hours' threshold from 19 hours to 15 hours.



Parent's Benefit increases to 5 weeks for parents of children born or adopted from November 2019 –an increase of 3 weeks.

CIB welcomes this three week increase in the context of current need for Covid-19 parental supports. More broadly in relation to parenting, our submission recommended assessing

the costs and benefits of introducing an entitlement to flexible working arrangements. Our submission also stressed that the barriers to parents as raised by CIS and MABS clients - relating to the availability and affordability of childcare - in engaging in work have been exacerbated by Covid-19.

 Image of working people

Measures to help people return to work

Our PBS recommended exploring the impact on employment of the pandemic, relating in particular to the suitability and adaptability of existing employment policies and legislation in dealing with the new context and in addressing the impact of the pandemic e.g. in relation to flexible and remote working, employer's responsibilities, and enforcement of employment rights.



Increase in the National Minimum Wage announced on the 6th of October of €0.10 bringing it to €10.20 per hour from 1 January 2021.

From 1 January 2021 the weekly income threshold for the higher rate of employer's PRSI will increase from €394 to €398. This follows a recommendation of the Low Pay Commission to ensure that the increase in the hourly minimum wage does not lead to work disincentives for workers, in particular those seeking to work full-time.

Increase in the 2% ceiling USC rate band, from €20,484 to €20,687 to ensure that the salary of a full-time worker on minimum wage will remain outside the USC's top rate.

Previous CIB submissions have highlighted the importance of achieving an appropriate balance between the needs of low income work-households, the need to eliminate welfare to work traps, the need to 'make work pay', and the merit of moving towards the Living Wage, currently set at €12.30 per hour. In this regard, PBS 2021 recommended progress to be made in moving the National Minimum Wage towards the Living Wage as committed to in the Programme for Government.



An earnings threshold of €480 per month will be introduced for self-employed people getting PUP to allow them to take up occasional work opportunities and keep their PUP.

The Earned Income Tax Credit for the self-employed will increase from €1,500 to €1,650. This increase will also be applied for the 2020 tax year.

Funding for €1,000 COVID-19-Enterprise Support Grant doubled to €24 million.

Our submission highlighted the difficulties for low income self-employed workers, in particular those who had closed their PUP claim as they attempted to re-establish their business, where in many cases, the short-to-medium term earnings were likely to be so low as to discourage the resumption of the business. We have also previously recommended the introduction of an earnings disregard for the self-employed on Jobseekers Allowance.



€10 million will be provided for supports for people who are unemployed, with a specific focus on youth unemployment (in addition to the €112 million provided in the July Jobs Stimulus 2020).

Our PBS drew attention to the high unemployment rate for young people aged under 25 years; noting as well that those who have lost their job due to the pandemic, or who have been temporarily laid-off, are more likely to be young, low-skilled and part-time when


compared to the population average. We also recommended phasing out the age differentiated reduced rate payment of Jobseeker's Allowance for young people aged between 18 and 24 years.



Increase in current funding of €4m for the recruitment of additional staffing resources for the Health and Safety Authority to allow it to respond to the increased demand for their services arising from Covid-19.

Monitor, through the Health and Safety Authority, challenges of COVID-19 in the workplace including compliance with the national Return to Work Safely Protocol through the Health and Safety Authority.

In our submission, we highlighted the concerns for clients' whose employers were not following health and safety guidance in the workplace during the pandemic, and the need for resources and the infrastructure to investigate non-compliance.

 Image for online access


Online Access



An additional €132m capital allocation to the National Broadband Plan for 2021 to benefit rural communities, in order to facilitate balanced regional development, and equality of opportunity for all communities. This investment is particularly critical in the context of the new COVID-19 environment.

Remote Working Tax Credit - where the employer does not make a contribution, a worker will now be able to make a tax deduction for the cost of broadband for the year, and expenses wholly and exclusively required for work will also be allowed.

The CIB submission recommended the rapid delivery of broadband for rural areas; funding to implement digital inclusion; mainstream use of assistive technologies in e-government services as well as provision for offering clients other options for communicating with government.

 Image for healthcare

Health and Social Care



€5m allocation to alleviate waiting lists for Home Care Support Hours.

€100m for disability services including Day Services, Children's Disability Services, respite, Personal Assistance hours, and de-congregation.

Our submission recommended that more resources were needed for home care recognising that the level of home care support for older people and people with disabilities provided prior to Covid-19 needed to be restored.

We also stated that the commitment to introduce a Statutory Homecare Scheme in the Programme for Government be expedited, noting that a significant number of homecare workers are migrants, essential workers during the pandemic.

We also recommended that additional funding was needed to address the situation for people with disabilities who lost their access to day services, therapies, and personal assistance - essential services for well-being and participation.



Mental health funding of €38 million to support increased demand for services due to COVID-19 and to progress 'Sharing the Vision'.

Our submission recommended the provision of additional counselling and supports for people with mental health difficulties.



An allocation of €5.8 million is to be made for the Decision Support Service (DSS) under the Assisted Decision Making legislation in 2021, i.e. additional funding of €2.3 million compared to last year's budget allocation.

CIB called for the adequate resourcing of the implementation of the Assisted Decision Making Capacity Act, 2015.

 image for debt

Debt/Financial Inclusion Measures



Reform of personal insolvency legislation to increase support for borrowers whose income has been severely hit by the pandemic, through the Personal Insolvency (Amendment) (No.1) Bill 2020 announced on the 5th October.

In the Submission, MABS recommended a 'hybrid' approach to debt resolution, including a robust and time-bound framework for enabling borrowers in early arrears to reach arrangements with their creditors (with the assistance of MABS where that is necessary); improved access to, and throughput from, personal insolvency and bankruptcy (where needed) for all borrowers, but particularly low income borrowers and those in late stage mortgage arrears; and a stronger footing and role for voluntary/informal and 'out of court' arrangements.



Increase in the asset threshold from €400 to €1,500 making it easier for a debtor to qualify for a Debt Relief Notice, as detailed in the Personal Insolvency (Amendment) (No.1) Bill 2020.

MABS recommended this change and welcomes the other supports for borrowers contained in the draft legislation.



Increase in funding of €2.75m for the recruitment of additional staffing resources for the Competition and Consumer Protection Commission to allow it to respond to the increased demand for their services arising from Covid-19 and Brexit.

MABS recommended regulatory and creditor commitment to the additional protection of consumers in vulnerable circumstances applying in the first instance to arrears management and resolution. Other issues raised include access and affordability of essential goods and services, sales and marketing of products, the provision of customer supports and the up-skilling of staff to recognise consumer vulnerability and achieve improved outcomes in working with vulnerable customers and customers in crisis. This has relevance during 'lockdowns', in particular, for the need to extend the moratorium on disconnection of utilities. These recommendations are directed to the Central Bank of Ireland, ComReg, CRU – credit industry, utilities and broadband providers.

Rental protections including a ban on eviction notices and rent increases from 27 March to 1 August 2020, under the Emergency Measures in the Public Interest (Covid-19) Act 2020.



New protections were introduced on the 1st August under the Residential Tenancies and Valuation Act 2020 up until January 2021 for tenants whose tenancy is at risk due to the Covid-19 pandemic.

Arising from health restrictions introduced from the 21st October, a further ban on evictions for 6 weeks will be legislated for on a temporary basis.

CIB welcomes the introduction of these provisions which recognise the challenges for tenants during a 'lockdown' in particular, for those who are facing rent arrears and who are at risk of losing their tenancy. CIB also welcomes the new role for MABS, and the Residential Tenancies Board under the Residential Tenancies and Valuation Act 2020, to assist tenants with rent arrears impacted by Covid-19.

In conclusion, this review of budget measures demonstrates the relevance of our social policy work in the context of the issues addressed in Budget 2021. The insights provided by delivery services, based on clients' concerns in relation to social welfare, housing, health and social care, debt/financial exclusion and employment-related matters forms the basis of our policy recommendations. This evidence demonstrates the extent to which the issues being addressed by these services reflect public policy priorities.

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The "Social Policy Update" is a bi-monthly newsletter produced by CIB's Social Policy and Research Team.

The Citizens Information Board is the national agency responsible for supporting the provision of information, advice and advocacy on social services, and for the provision of the Money Advice and Budgeting Service.

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