

SOCIAL POLICY UPDATE

Budget 2022 Outcomes



Budget 2022 Outcomes and CIB Pre-Budget Submission

Addressing Citizens' Concerns on Adequacy of Income, Debt and Money Advice




What we looked for and what was provided

This document reviews Budget 2022, in the context of CIB's Pre-Budget Submission, and assesses the new measures introduced against what we highlighted in our submission. It also comments on related measures announced in the lead up to and after the Budget.

The CIB Pre-Budget Submission (PBS) 2022 was informed by issues raised by citizens in their queries to and contact with CIB delivery services - Citizens Information Services (CISs), Citizens Information Phone Services (CIPS), the Money Advice and Budgeting Service (MABS), the National Advocacy Service for People with Disabilities (NAS) - which deal with over half a million callers each year.

The submission pointed to the need for measures to help combat poverty and inequalities, focusing on individuals and families who are experiencing pressures and 'pinch points', as well as those who were particularly impacted by the Covid-19 pandemic or whose situations worsened significantly. The submission highlighted how people are experiencing income inadequacy, gaps in service provision - including high costs - as well as issues relating to moving from welfare into work.

The evidence provided by delivery services, based on clients' concerns relating to social welfare, housing, health and social care, debt and financial exclusion and employment-related matters formed the basis for our policy recommendations. Many of the concerns that were raised by services feature in the Government's budgetary provisions for 2022 and are indicative of the continuing relevance of the work of these services.

 Image for income support

Working Age Income Supports - Main Budget Measures

- Increase of €5 in the maximum rate of all weekly social welfare payments;
- Proportional increases for qualified adults and people on reduced rates of payment;
- Jobseeker's Allowance recipients under the age of 25 will also get this €5 increase.

CIB welcomes the increase of €5 in the core social welfare rates, working age adult and pensioner rates as a step towards addressing income adequacy issues raised by citizens in services. These increases need to be considered in line with reducing the consistent poverty rate to the target of 2% by 2025 (Roadmap for Social Inclusion).

CIB has been recommending the removal of the age differentiated reduced rate payment of Jobseeker's Allowance for young people aged between 18 and 24 years for many years. We also recommended the alignment of existing social welfare rates with the Covid-19 PUP rates, with an emphasis on cushioning the impact of loss of income in the early stages of unemployment.

For those combining welfare and work, CIB highlighted the insufficient flexibility in jobseeker's payments, in particular the 'three day rule' affecting low income workers, and those working in part-time jobs, including qualified adults. We also noted the impact of this rule on Short-Time Work Support, which affects the extent to which the support provides an adequate incentive in combining part-time work and welfare.

 Image

Fuel Poverty - Main Budget Measures

- Fuel Allowance will increase by €5 from €28 to €33 per week;
- The income threshold for Fuel Allowance will increase by €20 from €100 to €120;
- Reduction of three months (from 15 months to 12) in eligibility criteria for Fuel Allowance for Jobseeker's Allowance or Supplementary Welfare Allowance recipients.

The targeted increase of €5 in the Fuel Allowance for those in receipt of long-term core social welfare payments is welcomed, given the level of fuel inflation, as are the measures to increase eligibility. In our PBS 2021 we recommended maintaining the Covid-19 extension of Fuel Allowance to 32 weeks.

The increase in the Carbon Tax of €7.50 to €33.50 per tonne is a positive measure, in that evidence shows it will reduce emissions, as will the planned investment of €100 million in improving the energy efficiency of homes. A key element of this will be the expansion of the Warmer Homes Scheme which targets low income households and the development of other new schemes such as the National Home Retrofit Scheme.

However, it is also recognised that this tax is regressive unless it is accompanied by compensation measures, as it disproportionately affects lower income households who spend a greater share of their income on heating their homes.

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 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.



Families and Children - Main Budget Measures

Increase in the qualified child weekly welfare rates by €2 for children under 12 years of age (from €38 to €40) and by €3 for children aged 12 years and over (from €45 to €48);

Increase of €10 to the Working Family Payment (WFP) threshold across all family sizes;

Increase of €10 to the Back to School Clothing and Footwear Allowance (BTSCFA). The weekly income limit for one-parent households will be increased to the same as two-parent households;

Extension of the Universal Subsidy under the National Childcare Scheme (NCS) to children aged up to 15;

Hours spent in pre-school or school no longer to be deducted from hours subsidised by the NCS;

New funding stream for early years and childcare providers in place from September 2022;

Extension of Parent's leave and Parent's Benefit by two weeks to seven weeks;

Supports maintained for Domestic, Sexual, and Gender Based Violence services programme (DSGBV) and recommendations arising from Tusla's Accommodation Review of refuge provision to be addressed.

In previous submissions, CIB has recommended welfare increases for qualified children, and in particular for teenage children as an effective income support. This targets support where it is most needed in addressing child poverty for a range of low income families, including those who are caring or parents with a disability.

As a result of Budget 2022, more lone parents will now be able to access the BSCFA, and the €10 increase will support low income parents with school costs.

The increase in the income thresholds for WFP for all families irrespective of size is welcomed. However, these increases in income limits are below the level of inflation for some low-income working families, who do not receive Fuel Allowance, and depending on family size.

CIB recommended increased in-work supports for lone parents in PBS 2022 allowing lone parents in employment, whose children are aged between 7 and 14, to receive both Jobseekers Transition Payment and the Working Family Payment, as well as extending eligibility for the Working Family Payment to low income self-employed people who fulfil all other qualifying criteria. Our PBS 2021 recommended reducing the WFP weekly hours' threshold from 19 hours to 15 hours to facilitate changing work patterns.

CIB welcomes the adjustments to the NCS – which includes the expansion of the universal element (€0.50 per hour subvention) to the care of children under 15 years, and ending the practice of deducting school hours from NCS hours' entitlement. CIB recommended increasing the subsidies under the NCS to make childcare more affordable for targeted groups and to ensure geographical access. At a broader level, we have also recommended the case for publicly funded universal childcare. While these changes should bring some benefits for those using registered childcare providers, it will not apply for people using informal childcare options - estimated to be about half of all childcare provision.

CIB welcomes the further increase in Parent's Benefit to seven weeks. Our submission more generally recommended revisiting flexible working time arrangements to ensure their fitness for purpose, to respond to the changing work and life dynamics over recent years and prioritising the implementation of new policies through the mechanism of the EU Work Life Balance Directive.

CIB also recommended the adequate resourcing of domestic violence services in order to meet the increased demand for services.



Disability, Illness and Caring - Main Budget Measures

Increase of €25 in the earnings limit on Disability Allowance (from €350 to €375) and an increase in the weekly means disregard from €2.50 to €7.60;

Increase of €1 per hour (equivalent to 60% of National Minimum Wage) in the Wage Subsidy Scheme for people with disabilities;

Rise in the Living Alone Increase of €3 from €19 to €22;

Provision of a Fuel Grant rebate for disabled drivers;

Increase in the income disregard for Carer's Allowance from €332.50 to €350 for a single person and from €665 to €750 for a couple. Increase in the capital disregard by €30,000 from €20,000 to €50,000;

Increase in the Dependent Relative Tax Credit from €70 to €245;

Extension of the period during which Carer's Allowance and Domiciliary Care Allowance can be paid for children in hospital from three months to six months.

In our PBS, CIB drew attention to the inadequacy of social welfare rates to meet individuals' and family's living costs where members of the household have a disability, especially where there is multiple disadvantage, for example those parenting alone with a disability.

We welcome the increase in the weekly means disregard for DA, having emphasised the situation for callers who experienced the means test for DA as too restrictive.

The increase in the earnings limit to €375 is also welcomed. The 'Make Work Pay' report recognised that developments in the wider economy such as the national minimum wage and inflation can impact on the value of the Disability Allowance earnings disregard over time and recommended reviewing it at regular intervals.

Our PBS also recommended taking action on the cost of disability and committing the resources needed to address this issue. We highlighted the need to address the current inadequate provision for the costs of transport for people with disabilities through targeted measures, or their incorporation into a cost of disability payment.

The increase in the disregard for Carer's Allowance (which we recommended in our PBS), along with the increase of €30,000 in the capital disregard is welcomed. We also recommended the extension of the Free Travel Scheme and the Household Benefits Package to Carer's Benefit recipients.



Older People

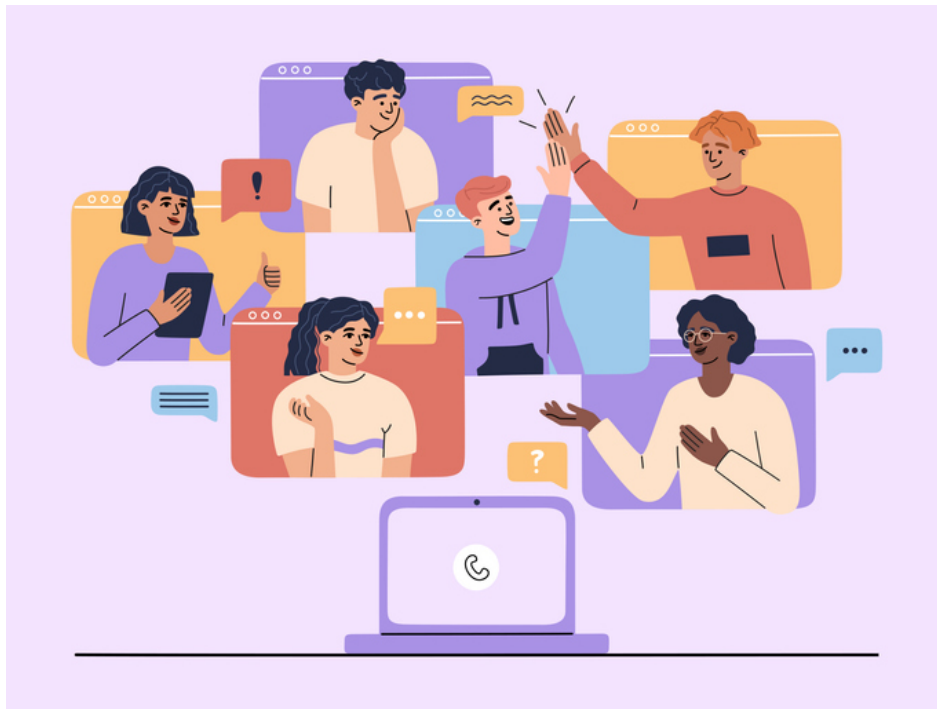
Increase of €5 to the State Pension (Contributory and Non-Contributory) rates;

The Living Alone Increase will rise by €3 from €19 to €22.

CIB welcomes the increase in the core pension payment of €5, as well as the Living Alone Increase, which is a targeted measure for older people and those with disabilities who are living alone.

In our submission we highlighted the need for clarity for people who are planning their retirement and reviewing pension entitlements, and to give time for the introduction of the necessary legislation related to changes in calculating pension eligibility. The Report of the

Commission on Pensions recommends the issuing of regular PRSI contribution statements in an easy-to-understand format, so that people are aware of their level of contributions and how this relates to their expected level of State Pension.




Younger People - Main Budget Measures

A new Youth Travel Card will enable people aged between 19 and 23 years to get a 50% reduction in public transport fares;

The minimum paid PRSI contributions required to qualify for Treatment Benefit will decrease from five years (260 weeks) to nine months (39 weeks) for people aged between 25 and 28.

CIB highlighted in PBS 2022 and in previous submissions the situation for younger jobseekers who are living on the reduced rate of Jobseeker's Allowance. CIB recommended removing the age differentiated reduced rate payment of Jobseeker's Allowance for young people aged between 18 and 24 years. While this did not occur, CIB acknowledges the contribution towards the cost of public transport for this age cohort.

Improved eligibility for those aged between 25 and 28 years to the Treatment Benefit scheme is also welcomed, which covers dental, optical, and aural services, including medical appliances.

 Image for housing

Housing - Main Budget Measures

9,000 new-build social housing units, and over 4,000 affordable homes (affordable purchase and cost rental);

The Housing Assistance Payment (HAP) scheme to provide for 14,000 new HAP tenancies (bringing the total number of tenancies supported to 66,000);

The Rental Accommodation Scheme (RAS) will support a further 800 households in 2022, along with the ongoing cost of supporting 17,000 households already in the scheme;

Funding for the delivery of Traveller accommodation;

Funding for homeless services to support local authorities providing emergency accommodation and other services, including additional health supports;

Provision for 11,000 grants to adapt the homes of older people and people with a disability;

A new Zoned Land Tax of 3% introduced to encourage the use of land that is zoned residential and mixed-use to build homes.

As noted in our PBS 2022, the main housing related concerns raised by clients and services relate to the availability and affordability of suitable housing options for low-income households. CIB recommended escalating the direct Local Authority social housing building programme as a matter of urgency, with specific targeting of groups affected by consistent poverty, including people with disabilities, Travellers, one parent families, and households with no one in employment. Therefore, we welcome the resources allocated for social housing, as well as the allocation for Traveller accommodation.


The 7% increase in funding for HAP will allow more households to access the scheme. CIB and MABS have previously highlighted deficiencies in the HAP Scheme, in particular the gap between the payment and landlords' expectations and the persistence of the problem of 'top-ups'.

MABS also has a concern for the growing numbers of older clients who are renting privately and who do not know how they will afford their rent post-retirement. In PBS 2022, CIB and MABS again recommended increasing the rent limits for HAP in line with current market value. This is in the context of a 7% increase in rents nationally compared to 2020, with a standard average rent of €1,848 for Dublin, and €1,352 nationally. While rent limits were not specifically addressed in Budget 2022, the Government's Housing for All report states that the Department will look at the need to amend the level of discretion available to Local Authorities under the scheme, to take into account increasing rents.

In relation to homelessness, CIB recommended funding more housing placement supports for people in danger of homelessness or living in inappropriate accommodation. In this regard, we acknowledge the increased funding of €194 million for homeless services to support local authorities providing emergency accommodation as well as other services, including additional health supports.

CIB also welcomes the increase in funding for the Housing Adaptation Grant, having recommended increasing resources for the Grant to restore the funding to 2010 levels (when €77 million was allocated). Levels of funding are moving closer to pre-recession levels with an increase this year in funding of €5m (8%) on the 2021 allocation, bringing the total for 2022 to €65 million.

CIB recommended taking action - such as the taxation of vacant or underdeveloped land - to bring vacant properties in all parts of the country into use for residential accommodation purposes. The Housing for All report includes this as an objective.

 Image for healthcare

Expansion of dental access for medical card holders;
€3.75m to fund 120,000 extra personal assistance hours and 30,000 extra home support hours;
Lowering Drug Payment Scheme threshold to €100;
Extension of free GP care to children aged six and seven years.

CIB welcomes the expansion of dental access for those on medical cards, which was raised as an issue by services - in particular, the problems for callers in accessing dentists who accept medical card patients, high dental costs even with a medical card, and the fact that the cover is restricted.

Our submission had recommended a review of the provision and geographical coverage of dentists operating the Dental Treatment Service Scheme for medical card recipients, to ensure that services are adequate to meet needs in the current context.

Funding for PA and home support hours is also welcomed, an issue highlighted by CIB in previous submissions.



Employment and Tax - Main Budget Measures

Standard rate tax band will be increased by €1,500;
Personal Tax Credit, Employee Tax Credit, Earned Income Tax Credit and Widowed Person or Surviving Civil Partner (without dependent child) Tax Credit will increase by €50;
Increase in the 2% ceiling USC rate band by €608 to €21,295, so that the salary of a full-time worker on the minimum wage will remain outside the higher rates of USC;
Reduced USC rate for medical card holders will be extended for another year;
Tax relief of 30% on heating, electricity and broadband expenses to support remote working;
Increase in the National Minimum Wage of €0.30 bringing the rate to €10.50 per hour in 2022.

The changes to PAYE and tax credits in Budget 2022 are welcome, as are the increased supports for people working from home. CIB's submission on remote working in August 2020 recommended a review of the appropriateness of the rates and of the provisions for reclaiming tax in light of the experience during Covid-19 and the wider issue of costs, and the apportioning of the costs.

The National Minimum Wage increase to €10.50 per hour is welcome, in the context of progressing the NMW towards the Living Wage of €12.90 per hour as committed to in the Programme for Government.

Our recent submissions have consistently emphasised the importance of achieving the Living Wage, as well as finding an appropriate balance between the needs of low income working households, the need to eliminate welfare to work traps, and the need to 'make work pay'.



Education and Training - Main Budget Measures

People in employment programmes (Community Employment, Tús, and the Rural Social Scheme) will receive the €5 weekly increase to their payment;

7,600 places in Further Education and Training courses in key skills areas of the economy;
€200 increase in the maintenance grant payment in the Student Support Scheme and a €1,000 per annum increase in income limits;

Reduction in travel distance to qualify for non-adjacent rate;

Allocation of an additional €3 million to implement the new 10 year Adult Literacy for Life Strategy supporting lifelong learning, including literacy and digital literacy;

130,000 premises passed and available for connection to the National Broadband Plan network by end 2022.

CIB emphasised that the issue of access to education and training for Qualified Adults where time spent as a Qualified Adult dependent on a partner's claim does not count towards eligibility for the Community Employment Scheme. We have highlighted the issue of restricted access to Active Labour Market Programmes (ALMPs) for qualified adults in previous submissions, and the need to re-enforce the building up of labour force attachment for this cohort.

While these changes to the Student Support Scheme are welcome, further reform is necessary. In our submission on the review of the Student Grant Scheme (SUSI) in 2021, we made a number of recommendations in this regard. These included increasing the value of maintenance payments to reflect actual living costs with specific attention to those on lower incomes; the need to ensure that income thresholds more accurately reflect the current cost of living; and reviewing the distance criteria taking into account regional disparities, as well as the impact of financial pressures on students' choices.

CIB welcomes funding to support the implementation of the new 10 year Adult Literacy for Life Strategy, particularly in relation to the 'Expand' pillar in the strategy, which aims to build digital competencies, and to provide increased investment in literacy provision, including more English language support for migrants; and also in relation to the 'Empower' pillar which sets out targeted supports for particular groups including migrants, Travellers, and people with disabilities.

For the past number of years, we have highlighted the multiple issues relating to clients accessing public services online - with difficulties relating to digital literacy, and limited access to, and affordability of, broadband affecting older people and rural dwellers in particular.

 image for debt

Debt and Income Adequacy - Main Budget Measures

Delivery of 2,620 new social homes through various leasing schemes (including Mortgage to Rent and Repair and Lease) delivered by local authorities and approved housing bodies (AHBs).

Enhancement of the resilience of financial services in Ireland through the development of effective policy and legislation in the context of the European Legislative Framework.

MABS has assisted many clients with their journey through Mortgage to Rent (MTR) and considers that in the absence of alternatives, it is a solution for eligible borrowers, but as more of a last resort where other solutions are not possible - such as accessing a Personal Insolvency Arrangement (PIA), the availability of a 'debt for equity swap' or a Government-backed mortgage to shared equity scheme.

Eligibility thresholds remain a key barrier to access to MTR and MABS, therefore, recommended a review of these thresholds, particularly as they relate to borrowers with low incomes and positive equity in their homes.

In relation to mortgage arrears, MABS recommended revisiting the Mortgage Arrears Plan with a particular focus on finding solutions for legacy unresolved cases where borrowers continue to engage.

In the PBS 2022, MABS emphasised the need for a policy focus on ensuring the financial inclusion of low-income households and the need to develop a 'Financial Inclusion Strategy for Ireland' involving all main State and private sector stakeholders, requiring them to become more active in promoting inclusion and access. MABS also recommended regulatory and creditor commitment to additional protection of consumers in vulnerable circumstances.

This review of Budget 2022 measures highlights the relevance of the feedback provided by delivery services,

based on their clients' concerns in relation to social welfare, employment, housing, health and social care, as well as debt and financial exclusion matters.

This evidence demonstrates the extent to which queries and concerns that are being dealt with in services are reflected in 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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