

# Planning for the right kind of recovery

Society of St Vincent de Paul  
Pre Budget Submission

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Society of St Vincent de Paul

## Contents

Introduction from SVP National President .....	3
A fair budget that will tackle poverty and social exclusion .....	5
An inclusive budget that will tackle unemployment and provide support and opportunities to those in joblessness households.....	7
A budget that invests in our children and young people.....	9
Policy priorities for Budget 2015 .....	11

## Introduction from SVP National President

The SVP sees at first hand the impact that the crisis and the austerity programme which has followed is having on struggling households across Ireland. Calls for assistance to the SVP's largest regional offices have increased by over 100% since 2009. The impact of cutbacks to incomes and services has been most keenly felt by those least able to afford it, resulting in increased demand for our services. SVP is spending almost €80 million per annum helping individuals and families in need.

SVP members are invited into the homes of the people who seek our help to provide support, friendship and assistance. We have a unique insight into the lives of people who are struggling. The reality witnessed by the Society of St Vincent de Paul cannot and should not be ignored in any assessment of the impact of the crisis, recession and the effects of long term disadvantage on communities across the country.

The fallout from six years of austerity and continued cuts is now becoming clear. Waiting lists are increasing for critical health services. Thousands of children with disabilities are waiting years for assessments and supports. A housing crisis has emerged, with homeless families being accommodated in hotels due to a shortage of suitable accommodation, with the risk of homelessness increasing for many households due to higher rents.

As Ireland begins to emerge from the economic darkness of recent years any element of solidarity which may have developed as a result of our shared pain is in danger of dissipating. The gap between those who are positioned to benefit most from any recovery and those still struggling on fixed incomes from the state or in low paid employment is striking.

SVP wants Budget 2015 to deliver on three key priorities so that Government can plan for the right kind of recovery, a recovery which does not leave people behind. Decision making must be embedded in a strong evidence base and rooted in values which acknowledge the importance of social and human capital as well as economic concerns.

Budget 2015 must:

- Tackle poverty and social exclusion
- Tackle unemployment and provide supports and opportunities to jobless households
- Invest in our children and young people

### **Vision for Irish Society**

Our vision for Ireland during and after the crisis is for a nation where caring for each other, and our children, older people and people with disabilities is valued and supported, where individuals, families and communities can participate fully in society and where an adequately resourced state, and a strong economy, employment and business environment support the type of society that we wish to live in.

However, notwithstanding some positive developments, we are moving further away from achieving this vision. An adjustment of around €2 billion is to be made in Budget 2015 - in a context where

over 750,000 of our people, including more than 200,000 children, are living in poverty. We now have almost 90,000 households on the social housing waiting lists and homelessness is increasing. At present over 390,000 people are on the Live Register seeking employment. More starkly one in four children is now growing up in a home where no one has a job. At a very basic level and with water charges on the way, SVP sees families struggling with their current household bills, especially with their energy costs. Ireland has one of the highest rates of third level qualifications among young people in the EU and yet 30% of children from disadvantaged areas leave primary school with low levels of literacy and numeracy, half a million adults have literacy problems, 25% have weak numeracy skills and almost 17% of our young people are not in employment, education or training. At a time of continued retrenchment in health spending, 10% of our population experience food poverty and we have very stark income-related health inequalities.

### **Planning for the right kind of recovery in Budget 2015**

This is a time of risk and opportunity for our country. We are asking Government to announce a budget for the right kind of recovery, a recovery which will tackle the inequalities that are preventing our people from reaching their potential and which are storing up human, economic and social costs for the future.

We need Government leadership and policies that focus on people as much as fiscal and economic issues. Our priority should be to ensure that when recovery comes, those who are struggling, disadvantaged, poor and excluded are not left behind.

We need a budget that outlines what Government will do to ensure that increasing growth and employment means that quality jobs are available to all, including those who are distant from the labour market, those who are living in disadvantaged and rural areas and those who have been scarred by the experience of long term unemployment and educational disadvantage.

We need a budget which allocates the resources to allow all children in Ireland to grow up free from poverty through the provision of better services and income supports to families.

Many of the safety nets designed to protect people who are vulnerable have been undermined, rationed or simply removed in recent years. Unless we tackle the problems described above and ensure that the necessary social safety nets are put in place for a more inclusive society; we risk leaving a generation of children behind; we risk creating a future population of older people who live in poverty; we risk being unable to weather future crises; and we risk missing the opportunity to develop Ireland into a fairer, more equal society.

Geoff Meagher



National President,

Society of St Vincent de Paul

## **A fair budget that will tackle poverty and social exclusion**

The number of people in poverty in Ireland has increased with almost three quarters of a million people (16.5% of the population) now at risk of poverty and with 7.7% in consistent poverty. A combination of adequate income, access to quality employment, education and training opportunities and access to quality public services is necessary if Ireland is to meet the social target for poverty reduction to reduce the proportion of the population in consistent poverty to 4% by 2016 and to 2% or less by 2020.

Planning for the right kind of recovery means that all individuals and families can access a living income, in and out of employment. It means ensuring that the cost of living does not spiral, and that individuals and families can afford essentials like food, housing, energy and water. It means investing in Ireland's housing stock, through the provision of social housing by the state and by improving the quality, standards and energy efficiency of all housing in Ireland.

### **Increasing cost of living eroding the real value of incomes**

The Vincentian Partnership for Social Justice has found that the average cost of a Minimum Essential Standard of Living has increased by 3.25% in the five years from 2008 to 2013, much faster than the general inflation rate. Social welfare rates have not been increased since Budget 2009 and the tax burden on those on low and middle incomes has increased, pushing more people into poverty.

The cumulative impact of cuts to incomes, increased taxation and new service user charges means that the real value of social welfare payments and incomes from employment has not been maintained.

The increased demands on low, fixed and decreasing incomes (including the local property tax, water charges, the increased carbon tax, prescription charges, higher rents and higher energy costs) are putting more and more pressure on households. Increasing deprivation rates across all age groups demonstrate the impact of less income on people's ability to afford basic essentials such as adequate food, clothing and heating.

### **Government must ensure that household energy is affordable**

The Society of St. Vincent de Paul witnessed a 200% increase in its expenditure on energy since the beginning of the recession to over €11m in 2012. This dramatic increase reflects not only the pressure on families to afford energy but the steady rise in energy prices. Average domestic electricity prices in Ireland in 2013 were the fourth highest in the EU. Energy policy for low-income households must balance income, prices, energy-efficiency and awareness.

Research by the Vincentian Partnership for Social Justice shows that due to Government cuts and increases in energy prices, the purchasing power of the fuel allowance has reduced by 20% -55% (depending on the energy source purchased) since 2009. Furthermore, SILC data from 2012 reveals that one in eight people reported being unable to afford heating at some stage in the previous year. While the Fuel Allowance does not reach all those in fuel poverty and is a somewhat blunt instrument, it remains an important support for recipients of long-term social welfare recipients nonetheless.

With costs rising, and the doubling of carbon tax for solid fuels having taken place in May of this year, energy efficiency measures for low-income households are an absolute priority. Households must be assisted to reduce their energy usage across all housing tenures. The revenue from carbon tax should be ring-fenced for investment in retrofitting for low income homes, as committed by Government. Retrofitting schemes create employment, improve the national housing stock, create more sustainable communities and improve peoples' health and quality of life. To incentivise private landlords, the Budget 2014 tax incentive for home improvements should be extended to cover private rented dwellings, with landlords who benefit from this incentive obliged to accept Rent Supplement/HAP tenants and allow for the installation of pre-payment energy meters. A new National House Condition Survey needs to be resourced and fully rolled out in 2015 at the latest to inform the retrofitting programme. Supporting legislation needs to ensure that all landlords with SWA, RAS or HAP tenants must allow for the installation of pre-payment energy meters where necessary, and that their dwellings progressively reach minimum standards. Indeed, a legal framework should apply to all private rented sector dwellings to reach acceptable energy efficiency standards by 2020, and Budget 2015 needs to be designed to reflect and facilitate this policy direction.

Budget 2015 must introduce measures which protect struggling households and which address increasing levels of poverty and social exclusion. Further measures which reduce the incomes and living standards of households that are struggling will only serve to undermine Ireland's recovery and to entrench the problems which have emerged as a result of several years of austerity.

## **An inclusive budget that will tackle unemployment and provide support and opportunities to those in joblessness households**

Budget 2015 must introduce measures to tackle unemployment through ensuring access to quality employment opportunities, education and training services, particularly for those most distant from the labour market and those living in disadvantaged urban and rural areas. SVP welcomes the recent fall in the unemployment rate, however we are concerned at the moderation in employment growth reported for the first quarter of 2014. Many of the people we assist continue to experience high rates of joblessness and unemployment, which must be tackled if Ireland is to experience the right kind of recovery.

### **Balanced regional development**

The much discussed economic recovery has been less evident outside of Dublin and some of the other major urban areas. SVP members around the country, and particularly in rural areas, report little evidence of increased employment opportunities and economic recovery for many of those we assist. There is concern that high rates of emigration in rural areas account for the fall in unemployment, rather than signalling a meaningful increase in employment and improved opportunities for rural dwellers.

The lack of public transport and the cost of public and private transport are additional barriers for those in rural areas who are trying to access education, training and employment opportunities.

Given the preponderance of companies and industries on the Eastern seaboard SVP wants to see priority given in other regions to developing job opportunities in the community and voluntary, public and self-employed sectors.

Given the lack of industry in some regions SVP welcomes the collaboration between the Department of Social Protection and Education and Skills to proactively improve awareness and communication of the various industry oriented skills initiatives such as Momentum, Springboard, Jobbridge and Jobsplus amongst others. This proactive branding needs to be extended to training and employment initiatives such as Community Employment, Tus and other schemes which many long term unemployed people engage in and which may be the only opportunities for participation in rural areas. The emphasis should be on activation and training programmes which prepare participants for the type of employment opportunities that are available locally, as well as more general skills and training.

### **Cost of housing and childcare as barriers**

While employment is a key route out of poverty, it is not a guarantee of an income adequate to stave off poverty, particularly for those with families. Access to Family Income Supplement and quality public services are particularly important in supporting individuals and families to take up and remain in employment, even when this is low paid.

The high cost of housing and childcare are key factors in determining whether a household can afford a minimum essential standard of living when in low paid employment, according to research by the Vincentian Partnership for Social Justice.

The number of low income households who are not living in social housing is growing. This has implications for tackling unemployment and joblessness among low income households. The poverty traps associated with Rent Supplement are well-rehearsed. There is an inequity between identical households in employment who are in local authority housing versus those in private rented housing which highlights the challenge of accessing employment for those with low earnings potential who cannot access local authority housing.

In a context where there is a focus on supporting those in jobless households to access employment, particularly households with children, this is very concerning.

#### **Further Education and Training - meeting learners' needs**

The latest OECD survey on literacy and numeracy shows that a quarter of Irish adults cannot interpret basic numerical information while 18% have serious challenges reading and understanding text. SVP is very worried about unemployed people not being able to progress out of the 'low skills trap' as they are not being offered appropriate opportunities to upgrade their literacy and numeracy skills to a level whereby they can achieve the qualifications needed by employers.

Access to and navigation of the learner landscape must be simplified and made attractive to those who would benefit most from returning to education and training.

Budget 2015 must introduce measures to ensure balanced regional development, the provision of education, training and employment opportunities to all learners in urban and rural areas, and address the cost of housing and childcare as two of the most serious barriers to employment facing our country.



## A budget that invests in our children and young people

SVP welcomes the publication of *Better Outcomes Brighter Futures: the National Policy Framework for Children and Young People 2014-2020*. We fully support the strategic focus on implementation in the framework with its stated purpose of coordinating all of Government's functions and responsibilities to achieve better outcomes for children.

### **Investing in Early Childhood Care and Education - a cornerstone of a forward looking society**

We applaud the commitment to supporting parents and families in the new policy framework. We see the frustrations and barriers which too many parents experience when they try to either move into education or training or take up work. The supply of childcare places for those returning to study or work is not adequate to meet the demand. There are currently only 5,000 places in CETS, the Childcare Education and Training Support Programme for parents participating in training courses or employment schemes and 25,000 places available in the Community Childcare Subvention Scheme which is not available countrywide. There is often a shortfall between the subsidy and the actual cost of childcare that poorer families simply cannot make up.

With the exception of the Free Pre-School Year, early care and education services in Ireland remain the most expensive in the EU due to lack of public subsidy. Investment in ECCE is also much lower in Ireland, at about 0.4% of GDP, which is much lower than the more usual 0.7%, and far short of the internationally accepted benchmark figure of 1% of GDP as the annual cost of a high quality early years system.

This lack of investment must change if quality early years care and education is to be available for those who need it. Ireland must prioritise investment in early years for the benefit of future generations.

### **Healthy eating - a building block for healthy lives**

SVP is very concerned about food poverty. We note that the UN ESCR Committee states that there is a positive obligation on countries to 'ensure that everyone has the right to be free from hunger'. But we know that there are structural and policy barriers which prevent this from being achieved. Food prices in Ireland remain above the European average. The Vincentian Partnership for Social Justice's research shows that food comes after housing and childcare costs as the 3rd most expensive item in a household's expenditure.

We know that schools, especially those in disadvantaged areas, are an effective setting in which to both promote healthy eating messages and to provide children with a healthy breakfast to begin their school day. We welcome the commitment to the School Meals Scheme that has been shown to date and ask that funding for this is increased to allow the scheme to deepen its reach and scope.

### **Costs of Education - a barrier for poorer families**

SVP continues to advocate for a reduction in the various participation costs of education which many low income families simply cannot afford; school books, uniforms, ICT learning tools, subject

equipment, and of course school tours, sport and recreational activities. We continue to work with the Minister for Education and Skills and his staff on ways to reduce costs.

#### **Child and adolescent mental health services – timely intervention needed**

Child and adolescent mental health is growing as an area of concern. SVP understands how important timely access to intervention is, as 75% of mental health issues occur before the age of 25 years. We know of the regional disparities and differences in both diagnosis and access to appropriate treatment in the Child and Adolescent Mental Health teams and want Government to prioritise improving both the composition of these teams and equity of access to this service, particularly for 16 and 17 year olds.

#### **Progressing to success - helping disadvantaged young people into further education and training**

While 92% of students sit the Leaving Certificate the numbers of young people from disadvantaged or low income families progressing to third level studies remains lower. One in 10 young people still leave school early, and these are predominantly students from low income families. SVP wants to see all relevant agencies (SOLAS, Education and Training Boards, Community Training Centres, DSP, Youthreach) collaborate to provide high quality courses which meet the developmental and vocational needs of early school leavers and offers them a stepping stone to further education and work experience opportunities.

Budget 2015 must prioritise investment in our children and young people and tackle the inequality of opportunity that is experienced by too many of our children, young people and families.

## Policy priorities for Budget 2015

### Tackling poverty and social exclusion

Policy priority for Budget 2015	Lead Department
Adult social welfare rates, child income supports and all secondary benefits must reflect the increased cost of living so that their purchasing power is maintained	Department of Social Protection
Reverse the cut to young people's jobseekers payments and Supplementary Welfare Allowance	Department of Social Protection
Ensure that those on low incomes can benefit from any reduction in income taxes, for example by adjusting tax credits rather than tax bands or the marginal tax rate and by restoring the PRSI free allowance	Department of Finance
Introduce measures to protect low income households and those with additional needs due to illness, disability or age from water poverty	Department of Social Protection and Department of the Environment Community and Local Government
Remove the prescription charge of €2.50 per item prescribed for medical card holders and retain the monthly Drug Payment Scheme threshold at €144 per month	Department of Health
Address the housing crisis through the provision of social housing and access to affordable accommodation in the private rented sector	Department of the Environment, Community and Local Government and the Department of Social Protection
Develop new financial mechanisms to fund the quality and quantity of social and affordable housing that Ireland requires	Department of Public Expenditure and Reform, Department of Finance and Department of the Environment, Community and Local Government
Resource and roll out a new National House Condition Survey by end 2015 at the latest	Department of the Environment, Community and Local Government
Tackle energy inefficiency in the private rented sector ensuring that properties for rent have BER levels of C3 or higher by 2020	Department of the Environment, Community and Local Government
Ensure that all landlords in receipt of Rent Supplement provide permission for the installation of electricity and natural gas Pay-As-You-Go pre-payment meters	Department of Social Protection Department of the Environment, Community and Local Government,
Ring fence revenue from the carbon tax (increased to €20 per tonne carbon in 2014) for energy efficiency measures provided by the SEAI or equivalent schemes.	Department of Finance
Extend the Budget 2014 tax incentive for home	Department of Finance

improvements to cover private rented dwellings, with landlords who benefit from this incentive obliged to accept Rent Supplement/HAP tenants	Department of Social Protection Department of Environment, Community and Local Government
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### Tackling unemployment and providing opportunities for jobless households

Policy priority	Lead Department
Make activation services and supports available to people beyond those on the Live Register, including those on social welfare payments other than Jobseekers Allowance and Benefit, and including unemployed people who are not in receipt of a social welfare payment	Department of Social Protection
Reverse the reductions in the earnings disregard for the One Parent Family Payment	Department of Social Protection
Protect and enhance Family Income Supplement	Department of Social Protection
Reverse the decision to remove the full medical card from those returning to employment	Department of Health
Do not introduce any further restrictions to eligibility for the various support schemes aimed at low income adult learners who wish to avail of second chance, further and third level education opportunities	Department of Education and Skills and Department of Social Protection
Increase the rate of Back to Education Allowance for young people aged under 26 to €188 per week	Department of Social Protection
Ensure that the Further Education and Training Services Plan and individual annual ETBs Service Plans allocate sufficient funding to enable low skilled people attain at least FETAC Level 3 (via an intensive immersion programme) so that they can progress to further training and meet employer skills needs	Department of Education and Skills
Invest in rebranding and communicating more effectively the various job initiatives which the long term unemployed engage with	Department of Education and Skills and Department of Social Protection
Ensure that courses targeting adult learners are flexible and responsive and provide sufficient childcare and after-school places to facilitate those with caring commitments to participate	Department of Education and Skills/SOLAS/Department of Children and Youth Affairs
Increase the proportion of funds going to adult literacy	Department of Education and Skills/SOLAS
Protect the training and materials budget of the Community Employment scheme	Department of Social Protection

Protect and maintain the Community Education budget until evidence exists for a move towards an alternative funding model	Department of Education and Skills
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### Invest in our children and young people

Policy Priority	Lead Department
Restore Child Benefit to families of children in full time second level education aged 18 and over, and living in low income households	Department of Social Protection
Extend coverage of both CETS and CCS countrywide and allow both private and community providers to participate in the schemes	Department of Children and Youth Affairs
Prioritise funding of the School Meals Scheme to allow it to expand its reach and improve its effectiveness	Department of Social Protection, Department of Children and Youth Affairs, Department of Education and Skills
Protect book grant levels in both primary and second level schools	Department of Education and Skills
Protect funding of the new integrated model of services delivery - the Educational Welfare Services which target hard to reach pupils and early school leavers (Educational Welfare Services, School Completion Programme & Home School Liaison)	Department of Education and Skills, Department of Children and Youth Affairs, Child and Family Agency
Protect continued funding of National Literacy & Numeracy Strategy in schools	Department of Education and Skills
Prioritise improving equity of access to and composition of Child and Adolescent Mental Health Teams	Department of Health, Health Service Executive
Resource the forthcoming National Access Plan for Access to Higher Education to improve progression to third level study from disadvantaged groups	Department of Education and Skills
Resource agencies working with early school leavers to provide high quality and relevant training and work experience opportunities	Department of Social Protection, Department of Education and Skills