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*Society of St Vincent de Paul*

*Submission to the National Reform Programme*

*March 2019*

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## Introduction

The Society of St Vincent de Paul (SVP) welcomes the opportunity to input to the 2019 National Reform Programme (NRP) and to respond to the Irish Country Report issued by the European Commission. With over 11,000 volunteer members across the country, SVP sees at first hand the challenges facing people on low incomes who are struggling with poverty and social exclusion. SVP engages with the European Semester process on an annual basis, bringing the experience of our members and the people we assist into the policy making process at national and European levels.

## Poverty and deprivation

According to the latest SILC data, the at risk of poverty rate for 2017 was 15.7%, with consistent poverty at 6.7%.

There have been welcome decreases in the headline rates of at risk of poverty, consistent poverty and deprivation in Ireland. However, the poverty rates of particular vulnerable groups must also be considered. Children and lone parents continue to experience high rates of poverty and deprivation. Consistent poverty among children in 2017 was 8.8%, while the rate of consistent poverty for lone parents was 20.7%.

We note with interest the provision in the Social Welfare, Pensions and Civil Registration Act 2018 to “consult with stakeholders on examining ways in which social welfare rates are increased with the aim of ensuring adequacy for all recipients and shall do so in Quarter 1 of 2019”. Given the important role of social transfers in alleviating poverty and addressing income inequality as highlighted in the Country Report for Ireland this is welcome. Without social transfers, the at risk of poverty rate would be 43.8%, demonstrating the importance of the adequacy of social welfare rates.

## National Action Plan for Social Inclusion (2019-2025)

We still await publication of the forthcoming National Action Plan for Social Inclusion (2019-2025). The consultations on the development of the Plan which have been conducted by the Department of Employment Affairs and Social Protection have been very welcome and is a process which could be usefully replicated across other Departments. However, we note that the Department is currently considering revising the National Social Target for Poverty Reduction to 4% or less by 2024 and 2% or less by 2028 and is also considering revising the definition of poverty and social exclusion. SVP is concerned at these proposals. SVP believes that an ambitious target sends a strong message about the kind of society we want— where everyone is afforded the ability to live with dignity and free from poverty. The setting of an ambitious national target for poverty reduction allows for the monitoring of Government's commitment to prioritising the protection of vulnerable people from the experience of poverty and exclusion. An ambitious target should also be a key driver of policy actions and the allocation of resources across all Government departments.

SVP recognises that meeting the current target of 2% or less by 2020 is challenging, but we note the welcome reduction in consistent poverty in the 2017 SILC. Further improvements are expected to be documented in future releases of the Survey of Income and Living Conditions (SILC) as the positive social protection measures introduced in Budget 2018 and 2019 begin to take effect. We are therefore concerned that reducing the ambition of the targets to the degree proposed at this critical time may create a demotivating environment for action.

Importantly, targets cannot exist in isolation and need to be linked to specific policy actions, and the required level of resourcing, capacity and authority. Reducing and ultimately eliminating poverty

should be a fundamental aspiration of Irish society and a commitment of Government. We therefore recommend that the new National Action Plan for Social Inclusion sets a target of reducing consistent poverty to 2% or less by 2024 & eliminating consistent poverty by 2030 to align with Ireland's obligations under the Sustainable Development Goals (SDGs). Consideration should be given to the implications arising from any revision of the national poverty target on the work of the Advisory Council on Better Outcomes, Brighter Futures which has an emphasis on child poverty; as well as any targets which will be set in the successor to the Europe 2020 strategy.

Particular groups in the population have a higher risk of poverty and as such should be targeted through the new plan. Sub-targets should be adopted for children, lone parents, low work intensity households, and those living in social rented housing and those in receipt of social housing supports including the Housing Assistance Payment. SVP is also concerned at the levels of deprivation and social exclusion among Travellers, people living in direct provision and people experiencing homelessness, but accept that it may not be possible to set a target for these groups as they are difficult to capture in a survey such as SILC. However, it is essential that other data sources are utilised to set sub-targets that can be monitored (e.g. DJE data, PASS data & Census data). Quantitative indicators should also be complemented with qualitative indicators which adequately capture the lived experience of poverty, deprivation and social exclusion.

### In work poverty

The issues of low pay, inadequate income, precarious work and the high cost of living are key contributing factors to poverty and deprivation among the households SVP assist – the majority of which are households with children. SVP regularly meet working families who are experiencing significant stress and strain as they try to cover bills, housing and everyday costs.

In-work poverty is a key concern of SVP and in 2017, 14% of those living below the poverty line and 26.2% of those experiencing deprivation were at work (CSO, 2018).<sup>1</sup> More detailed data from Eurostat show the longer term trends in in-work poverty and its relationship to the poverty threshold, measured as 60% of median income. The rate of in-work poverty for a single adult increased from 8.7% in 2014 to 12.8% in 2016, falling to 11.1% in 2017. However, to give a complete picture of trends over time it is also important to examine changes in the poverty threshold. In 2011, there was a significant increase in the rate of in-work poverty, but the poverty threshold fell significantly. This suggests that incomes just above the threshold fell faster than the median. The drop in the in-work poverty rate from 2012-2014 reflects a fall in median incomes more generally. In the last number of years, there has been an increase in the rate and the threshold, which suggests that median income is increasing, but the lowest incomes are remaining stable or are increasing at a slower pace. This pattern indicates that recovery in income from employment in lower income groups is not recovering as fast as higher income groups and if this trend continues, we are likely to see further increases in working poverty.

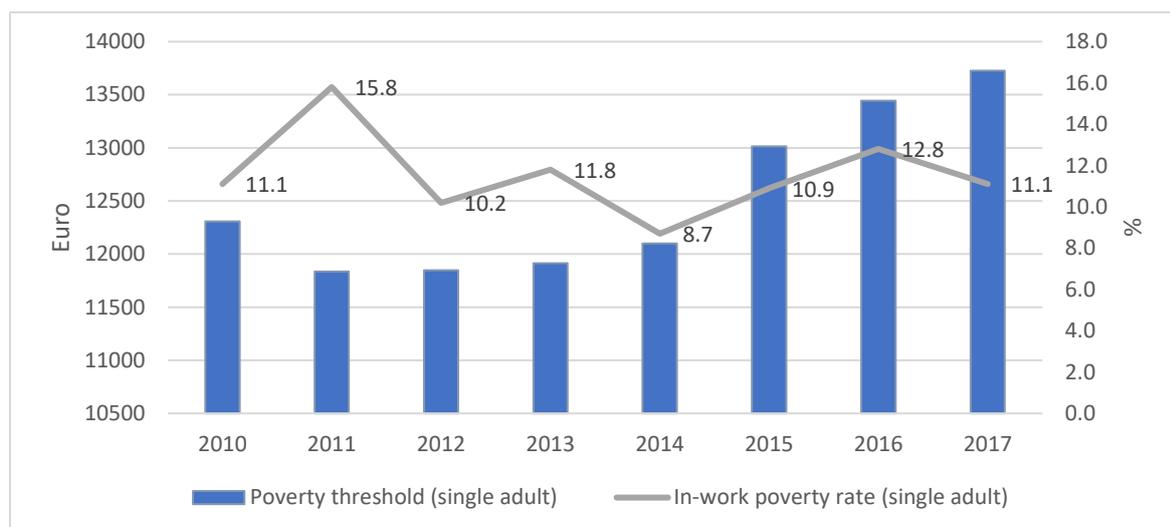
In 2017, Ireland had the fifth highest incidence of low pay in the OECD, which refers to the share of workers earning less than two-thirds of median earnings.<sup>2</sup>

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<sup>1</sup> CSO (2018) Survey of Income and Living Conditions 2017  
<http://www.cso.ie/en/releasesandpublications/er/silc/surveyonincomeandlivingconditions2017/>

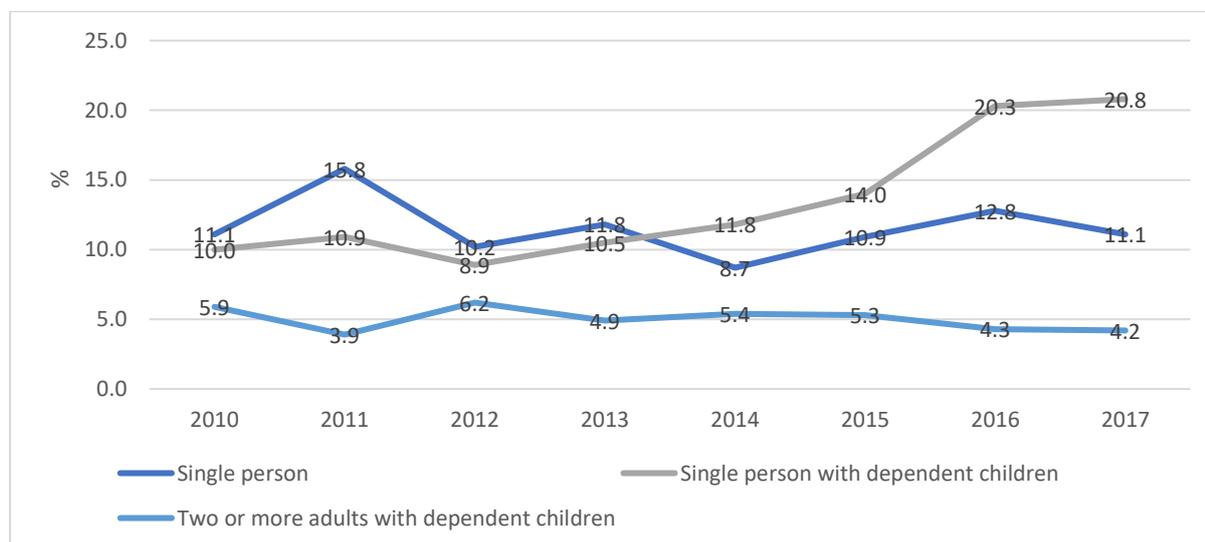
<sup>2</sup> OECD (2018) Wage Levels. <https://data.oecd.org/earnwage/wage-levels.htm>

**Figure 1: In-work poverty trends, EU-SILC 2010-2017**



As already mentioned, the majority of households SVP support are families with children, typically headed by one parent. Data from the Labour Force Survey (LFS) shows an increase in the employment rate of lone parents from 54% to 58% between 2016 and 2017.<sup>3</sup> However, there has also been an upward trend in working poverty among this group. Further data from EU-SILC and Eurostat show that the rate of in-work poverty is almost 5 times higher among one parent households compared to other households with children.<sup>4</sup> Of particular concern is that since 2012, the rate of in-work poverty among lone parents increased from 8.9% in 2012 to 20.8% in 2017.

**Figure 2: In-work poverty among households with children, EU-SILC 2010-2017**



In 2012, the reforms of the One Parent Family Payment included the introduction of conditionality to engage in paid employment or activation programmes based on the age of their youngest child. The reforms have been the subject to much criticism, specifically that the changes were implemented during a period of recession and high unemployment, in the absence of good quality affordable childcare, and without recognising the additional practical and financial challenges of parenting

<sup>3</sup> Source: Eurostat Labour Force Survey (lfst\_hhptety).

<sup>4</sup> Source: Eurostat European Survey of Income and Living Conditions (ilc\_iw02).

alone. In particular, the decision to abolish the features of the One Parent Family Payment which support lone parents to take up part-time employment was widely criticised. This has made it more difficult for lone parents with low earnings potential and high levels of caring responsibilities to access employment, education or training. The validity of these concerns have been reflected in recent research which showed that the reforms increased poverty among lone parents<sup>5</sup> and reduced the incomes of those already in employment.<sup>67</sup>

Analysis of data from other European countries shows that this pattern is not unique to Ireland and that increases in the labour market attachment of lone parents has not reduced their poverty risk.<sup>8</sup> This is primarily due to a higher propensity for lone parents (typically women) to be employed in low paid, variable hours and insecure employment.<sup>9</sup> Furthermore, while low replacement rates and low marginal tax rates are linked to higher employment among lone parents (in some countries), they do not enable access to higher paid employment.<sup>10</sup> In countries where there are lower wage differentials, more flexible working arrangements, and subsidised childcare is available, the labour market attachment of lone parents is higher, and rates of poverty are lower.<sup>11</sup>

#### The experiences of low income working households with children

In 2018, SVP commissioned the Vincentian Partnership for Social Justice (VPSJ) to carry out qualitative research on the experiences of household with children unable to afford a Minimum Essential Standard of Living.<sup>12</sup> In total, 30 families who had an income below what was required for a minimum standard of living took part in the study. Half of the households (n=15) had a least one parent who was working. Generally, these families received the Working Family Payment (WFP), and retained benefits such as the Medical Card but in all cases, their income was inadequate to meet their minimum needs as determined by the VPSJ Budget Standards Research.

In one case a two parent dual earner households combined wages did not result in income adequacy. In other cases, some parents' combined wages meant they were not entitled to any social transfers, in-work supports or benefits such as the Medical Card. Employed lone parents in the study tended to only be able to work part-time due to the childcare issues.

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<sup>5</sup> Indecon (2017) Independent review of the amendments to the One-parent family payment since January 2012. [https://www.welfare.ie/en/downloads/DEASP\\_OFPP\\_Review.pdf](https://www.welfare.ie/en/downloads/DEASP_OFPP_Review.pdf)

<sup>6</sup> ESRI (2018) Lone-parent incomes and work incentives. <https://www.esri.ie/publications/lone-parentincomes-and-work-incentives>

<sup>7</sup> Society of St Vincent de Paul (2019) Working, Parenting and Struggling? An analysis of the employment and living conditions of one parent families in Ireland <https://www.svp.ie/getattachment/6cd5834e-a8cf-48bf-b14c-82227aa5bc61/Working,-Parenting-and-Struggling-Full-Report.aspx>

<sup>8</sup> Jaehrling, K., Kalina, T. and Mesaros, L. (2015) 'A paradox of activation strategies: why increasing labour market participation among single mothers failed to bring down poverty rates', *Social Politics, Vol 22 (1), pp86-110*.

<sup>9</sup> Murphy, M. (2016) Low road or high road? The post-crisis trajectory of Irish activation, *Critical Social Policy, Vol 36 (1), pp 1-21*.

<sup>10</sup> Bradshaw, J., N. Finch, E. Mayhew (2003) 'Financial Incentives and Mother's Employment: A Comparative Perspective' *paper for the Foundation in International Studies in Social Security. Sigtuna, Sweden June14-17, 2003*.

<sup>11</sup> OECD (2011) Doing Better for Families <https://www.oecd.org/els/family/47719022.pdf>

<sup>12</sup> Vincentian Partnership for Social Justice (2018) Stories of Struggle: Experience of living below the Minimum Essential Standard of Living. <https://www.svp.ie/social-justice/publications-submissions/publications/stories-of-struggle-2018.aspx>

*More women like me would work full-time if there was free or more accessible childcare, especially during the summer holidays, if there was a proper childcare scheme for low income families.*

The combination of low pay and variable hours made it difficult to plan and manage household finances. Occasionally, the weekly income of families in precarious employment did not cover the transport and childcare costs.

*I found a job as a carer but I had to travel and I had to work days and nights. I couldn't continue working because of the different hours, I started with twenty hours a week and this went down to just eight. I couldn't afford childcare and travel....I got small jobs locally after that, I would take anything I could get but one shop closed down and in another job the owner couldn't afford to keep a paid worker.*

*I work nights and my parents mind my children while I'm working, they spend the night at their grandparents. Then I sleep while they're at school, but I get little sleep, especially at the weekends and school holidays.*

The majority of families were in low paid employment, including as hotel porters, food service assistants, factory workers, entry-level administrators and carers. Others were tradespeople that had been impacted by the economic downturn and could not be sure of getting work.

Despite this growing body of evidence of the difficulties of working parents in making ends meet, we do not have any comprehensive data on the labour market conditions and experiences of these groups. The Labour Force Survey has data which show the relationship between employment and household composition but does not include information linking pay and household composition. To ensure that employment among parents, and in particular lone parents, increase their earning potential and eliminate their poverty risks, better data and analysis is required.

#### Income adequacy and labour market conditions

It is often incorrectly assumed that Ireland has relatively high levels of benefit generosity and this has contributed to fears that it may be a disincentive to employment, particularly for those with children. However, a report from the ESRI showed that 80% of those in receipt of unemployment benefits would see their incomes increase by 40% when taking up employment, just 3% would be financially worse off.<sup>13</sup> This incentive to take up employment is also demonstrated in Figure 1 which shows Ireland's replacement rate for single adults and lone parents are below the OECD and EU28 average, but slightly higher for couples with two children. We also compare Ireland to Denmark as it is a country with high rates of employment and low rates of child and family poverty. Among all household types replacement rates in Denmark are the highest in the EU.

The link between generous benefits and positive social and labour market outcomes is not surprising. Research shows that adequate social welfare can help unemployed people find a better job as a decent financial buffer enables jobseekers to wait for a job offer that matches their skills instead of having to take the first offer that comes their way.<sup>14</sup> This usually means they will keep the job for a longer time and lowers their risk of becoming unemployed again. Looking at this issue more closely another study using data from 20 European countries and the United States between 1992

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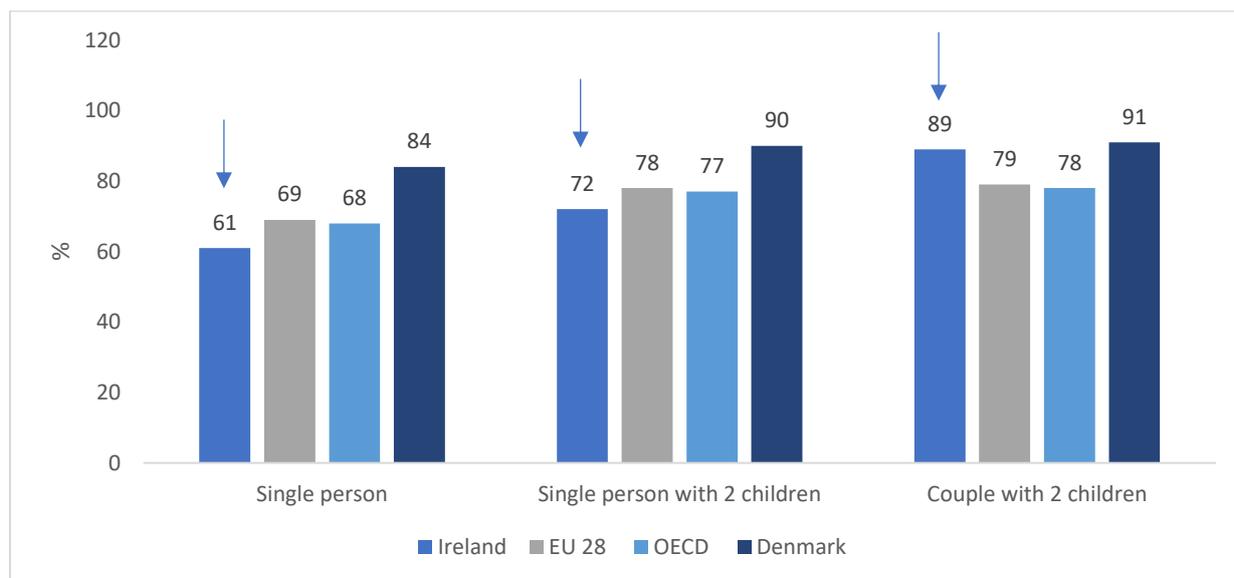
<sup>13</sup> Savage et al (2015) A profile of financial incentives to work in Ireland. <https://www.esri.ie/publications/a-profile-of-financial-incentives-to-work-in-ireland>

<sup>14</sup> Gangl, M. (2004) Welfare states and the scar effects of unemployment: A comparative analysis of the United States and West Germany", *American Journal of Sociology* Vol 109, no. 6.

and 2009, found that association between benefits and unemployment depended heavily on the types of opportunities available. In countries where there are strong protections for workers, there will be more attractive job opportunities, and in those circumstances, generous benefits work to improve job to worker matches. However, if the jobs on offer are low paid or precarious, people are more likely to remain unemployed.<sup>15</sup>

The enactment of the Employment (Miscellaneous Provisions) Act 2018 is welcome as it will give workers a greater deal of certainty when it comes to the predictability of their hours.

**Figure 3: Net replacement rates in unemployment including housing benefits 2018**



Source: OECD Tax and Benefit Model, 2018

## Education

Despite Ireland having the youngest population in Europe, with 28.2% of the population aged 0-19, Ireland spends relatively limited amounts on education.<sup>16</sup> Ireland’s total expenditure on education is 11.1% which is just above the EU average of 10.2% but this fact does not take in to account our young population. Ireland is unusual among European countries in that it has a growing young population as well as a growing older population.

### Early Childhood Care and Education

The introduction of the Affordable Childcare Scheme (ACS) in Budget 2017 was a very positive development, and the increased investment in the Early Childhood Care and Education Programme (ECCE) will benefit parents. This scheme has now been renamed the National Childcare Scheme, and SVP is concerned at the removal of any reference to affordability in the title of the new scheme. While reducing childcare costs is essential and very welcome, this does not guarantee affordability. Data from Eurostat demonstrates that in 2016 almost 60% of one parent families were unable to access childcare due to financial reasons, and childcare costs in Ireland remain among the highest

<sup>15</sup> Biegert, T. (2017) “Welfare benefits and unemployment in affluent democracies: the moderating role of the institutional insider/outsider divide”, *American Sociological Review*, Vol 82, no 5.

<sup>16</sup> <https://www.socialjustice.ie/sites/default/files/attach/policy-issue-article/4553/2016-09-16nsmeducation2pager.pdf> Social Justice Ireland National Social Monitor 2016 Education

among all OECD countries<sup>17</sup>. It is expected that the IT system for the National Childcare Scheme will be in operation by October 2019, allowing an additional 8,000 families to benefit from access to childcare subsidies. However, there are questions of capacity within the sector, with many families struggling to find a subsidised childcare place, particularly for babies and toddlers. Although the preference for many families, particularly those requiring a greater level of flexibility if working hours are variable, childminders are not currently covered under the National Childcare Scheme. It is not currently clear when or how this issue will be addressed, which will leave many parents unable to access supports for childminding costs.

### School costs

While expenditure on education has increased from 2013-2016, this was largely consumed by the growth in student numbers.<sup>18</sup> This has meant schools have continued to experience funding shortfalls and have had to rely on parent's 'voluntary' contributions to meet day-to-day running costs. An underinvestment in schools contributes to higher education costs for parents. SVP has received calls in June and July from parents who have stated schools are combining the payment for the book rental scheme with a 'voluntary' contribution. This lack of transparency is a very worrying development and may make it more difficult for parents to opt out of paying the 'voluntary contribution'. SVP members have also highlighted that some schools have refused to issue school workbooks and journals to pupils until parents pay the contribution towards the school. One parent who contacted SVP for the first time was extremely upset to receive reminder text messages from her child's school concerning a 'voluntary' contribution. She described how this was traumatic for her as she regularly receives phone calls from her bank as she is in mortgage arrears. Payment requests from schools vary from €65 per year up to €220.00.<sup>19</sup>

In May 2018 the Education (School Admissions) Bill passed in the two houses of the Oireachtas. This legislation ensures equal access to schools for all children and young people. In particular it bans the imposition of registration fees on parents.<sup>20</sup> However, calls to SVP from parents for back to school help have continued this summer.

A concern for SVP members and the families they support is the changing of schoolbooks on an annual basis. A voluntary Code of Practice among publishers has been in operation since 2011. This Code prohibits the printing of new editions for a minimum of six years, however, they can change if there are changes to the curriculum. Changes in the curriculum results in high book costs for parents particularly if a school book rental scheme is not in place. Barnardos School Costs Survey 2018 highlight the slow progress of the implementation of school book rental scheme in schools, particularly secondary schools. They surveyed 2,201 parents, results from the survey show only 40% of secondary school pupils have a book rental scheme in their school.<sup>21</sup>

Following a commitment in the Action Plan for Education 2017, the Department of Education introduced a school circular aimed at reducing the cost of education to parents. Schools who complied with the circular could avail of additional funding via a premium school capitation fund. However, in March 2018, the Department of Education confirmed that they were not actively monitoring compliance with the circular and no school has been awarded additional funding.<sup>22</sup> It is

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<sup>17</sup> SVP (2019) Working, Parenting and Struggling? Available from [www.svp.ie/workingparents](http://www.svp.ie/workingparents).

<sup>18</sup> ASTIR Association of Secondary Teachers, Ireland Volume 36: Number 2: March 2018

<sup>19</sup> Correspondence from SVP Information Support Officer East Region 25 July 2018

<sup>20</sup> <https://www.education.ie/en/The-Education-System/Legislation/education-admission-to-schools-bill-20161.pdf>

<sup>21</sup> <https://www.barnardos.ie/assets/files/pdf/Barnardos-2018SchoolCostsSurvey-BriefingPaper.pdf>

<sup>22</sup> Irish Times Article, 6<sup>th</sup> March 2018, <http://www.irishtimes.com/news/education/no-school-has-been-rewaded-under-plan-to-cut-uniform-costs-for-parents-1.3415959>

estimated that every parent subsidises ‘free’ education to the value of €46 million through fundraising and contributions.

### DEIS – Delivering Equality of Opportunity in Schools

A new approach to identifying schools was implemented in 2017 which provides a more objective and transparent way of targeting resources towards schools with a greater concentration of disadvantage. One of the biggest challenges facing a new model for DEIS is to ensure that the interventions will reach those students who are educationally disadvantaged but who do not attend a DEIS school. The new model of funding allocation for DEIS proposes tapering of funding for schools rather than a sharp withdrawal below the specified cut off.<sup>23</sup> It is unclear how many schools and ultimately students will benefit from ‘tapering’. Research indicates that over half of disadvantaged groups attend non-DEIS schools. Growing Up in Ireland data indicates that over two-thirds of children from semi-skilled or unskilled manual or non-employed backgrounds attend non-DEIS primary schools. Patterns are roughly comparable for second level schools.<sup>24</sup>

There is little policy attention on the levels of disadvantage between Urban Band 1 schools and Urban Band 2 schools. Urban Band 1 schools face a higher concentration of disadvantage and greater complexity of need. ESRI research points to the complexity of need in Urban Band 1 schools, with a greater representation of children from migrant and Traveller backgrounds and those with special educational needs<sup>25</sup>. Also, students who start their education in Urban Band 1 schools are also more likely to remain in DEIS schools at post-primary level (with almost 60% doing so compared with a third of those in Band 2 and rural DEIS schools). This suggests that these young people are more exposed to the cumulative effects of being taught in a disadvantaged context.<sup>26</sup> The difference in funding/resources between Urban Band 1 schools is that these schools receive extra teachers compared to Urban Band 2 but there is no evidence to suggest this is sufficient to bridge the gap between Urban Band 1 and Urban Band 2.

### Further and higher education

State investment in higher education has declined 38% from €2bn in 2009 to €1.3bn in 2016.<sup>27</sup> SVP recognises that accessibility and affordability are key problems within the current system. The increase in the student contribution to €3,000 and cuts and changes to the maintenance grant have put further and higher education out of reach for many students.

Marginalised and vulnerable groups including people living on low incomes, lone parents, Travellers and migrants face additional barriers accessing higher education. The Higher Education Authority points out that in spite of high progression rates to higher education overall, progression rates in disadvantaged areas of Dublin can be as low as 15%, in comparison to more affluent parts of the city where progression to higher education rises to over 90%. It is important that these considerations are reflected in the Country Report and analysis of progress under the European Pillar of Social Rights.

Lone parent families are the cohort most likely to experience poverty in Ireland and the group most frequently helped by SVP. Student parents are more prevalent in part-time (44%) than in full-time Higher Education (10.5%).<sup>28</sup> Many lone parents who seek support from SVP have expressed their

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<sup>23</sup> Department of Education and Skills, DEIS Plan 2017 (DES 2017)

<sup>24</sup> Smyth (2017) Off to a good start? Primary school experiences and the transition to second-level education <http://www.esri.ie/publications/off-to-a-good-start-primary-school-experiences-and-the-transition-to-second-level-education>

<sup>25</sup> Smyth et al. (2015) Learning from the Evaluation of DEIS. <http://www.esri.ie/pubs/RS39.pdf>

<sup>26</sup> Smyth et al. (2015) Learning from the Evaluation of DEIS. <http://www.esri.ie/pubs/RS39.pdf>

<sup>27</sup> <http://hea.ie/2018/06/13/iiea-conference-on-the-funding-of-higher-education-13th-june-2018/>

<sup>28</sup> <http://hea.ie/assets/uploads/2018/01/HEA-Eurostudent-Survey.pdf>

interest in attending higher education on a part time basis but the fact they cannot receive the SUSI grant is a major barrier. Lone parent participation in education has decreased by approximately 20% between 2011 and 2016.<sup>29</sup> Funding is provided for full-time students undertaking primary degrees but not for those undertaking part-time courses. Very often part-time study is the only viable option for someone with work and family responsibilities; however, a disincentive exists in that they are subject to tuition fees. The HEA set up an advisory group to consider part-time and flexible higher education in 2012, which, recommended that by 2016, 'full equality of provision and support will have been achieved in higher education for all students, regardless of time, place or pace of study'.<sup>30</sup> However, this is still not the case. Given the anomaly that exists between full-time students and part-time students in respect of tuition fees, SVP believe that the SUSI student grant should be provided for part-time students to engage in education and learning.

To address the low participation of lone parents in education, the Department of Education's 1916 Bursary Fund offered 200 bursaries for an overall target group of lone parents, first-time and mature student entrants, students with a disability, Travellers, Further Education Award holders, and ethnic minorities. While these initiatives are welcomes, it does not support sufficient numbers of lone parents in Ireland, of which there are 218,817. 86.4% are lone parent mothers.<sup>31</sup>

The DIT Campus life survey outline that the monthly expenditure, which excluded fees, for a student living away from home is €1,314 which equates to €11,829 per year.<sup>32</sup> A further issue SVP members encounter, and which cause financial hardship for students is the cost of transport while attending college. Where someone lives dictates the extent and quality of access and supports available to students. The current qualifying criteria for the non-adjacent grant rates was changed in Budget 2011 from 24km to 45km. This puts many students at a disadvantage financially, especially those from outside major urban areas. In addition, rural public transport links are inadequate for students who need to be in class in the mornings, or later in the evening. Cullinan et al (2013) examined the impact of travel distance on higher education participation, showing travel distance has a negative impact on the likelihood of school leavers from lower-socio economic backgrounds proceeding to higher education.<sup>33</sup>

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<sup>29</sup> [http://www.cso.ie/en/databases/Census2016Profile4-Households and Families. Family Units in Private Households 2011 to 2016 by Type of Family Unit, Number of Children, Economic Status of Reference Person and Census Year](http://www.cso.ie/en/databases/Census2016Profile4-HouseholdsandFamilies/FamilyUnitsinPrivateHouseholds2011to2016byTypeofFamilyUnit,NumberofChildren,EconomicStatusofReferencePersonandCensusYear). CSO Statbank

<sup>30</sup> HEA 2012b, p33

<sup>31</sup> [http://www.cso.ie/en/media/csoie/releasespublications/documents/population/2017/Chapter\\_4\\_Households\\_and\\_families.pdf](http://www.cso.ie/en/media/csoie/releasespublications/documents/population/2017/Chapter_4_Households_and_families.pdf)

<sup>32</sup> <http://www.dit.ie/campuslife/studentsupport/costoflivingguide/>

<sup>33</sup> <http://hea.ie/assets/uploads/2017/06/How-Equal-Access-to-Higher-Education-in-Ireland-Research-Papers.pdf>

## Housing

SVP welcomes the focus on problems with housing supply, the shortage of social housing, increasing homelessness and the need to ensure that effective measures are taken to address the housing crisis in the Country Report.

### Housing Assistance Payment

The Housing Assistance Payment (HAP) is a vital support for individuals and families who are unable to access social housing, and who cannot afford market rents. However, the policy direction set out in Rebuilding Ireland, where the majority of social housing need is to be met in the private rented sector through the Housing Assistance Payment is flawed. The high cost to the State, coupled with the lack of security of tenure and high cost to the tenant means that while HAP is an essential measure in the current context, it is only a short term, temporary response to long term housing need.

State expenditure on HAP has increased from €390,000 in 2014 to €276 million in 2018. While this is meeting the immediate needs of households in the private rented sector, and is important in helping homeless families to move out of emergency accommodation, commentators have questioned whether HAP provides 'value for money'. According to Reynolds (2017)<sup>34</sup> the financing of a direct build social housing unit in Dublin through state borrowing would cost approximately €800 per month. In contrast, the monthly repayment for a HAP unit in Dublin is €1,244. This means financing a HAP unit in Dublin is €5,328 more expensive to the state per annum than a new build unit. Furthermore, if private market rents increase, as they have done in recent years, then the cost of HAP necessarily has to increase in time.

### Homelessness

In January 2019 6,363 homeless adults accessed emergency accommodation while 3,624 children were also homeless. Significant rent increases, increases in demand for private rented housing and the lack of social and affordable homes has led to families and individuals accessing homeless accommodation. Families that have to 'self-accommodate' have to find their own emergency accommodation and are not able to access supports such as a case manager to help with the daily challenges of homelessness and support families to move on from emergency accommodation.

In 2017, the government announced a new type of emergency accommodation: family hubs. They are provided in refurbished buildings including former religious institutions, warehouses, retail units, and former hotels & B&Bs.<sup>35</sup> There is concern that the structures and regulations considered necessary for the operation of these centres, and for the assurance of child protection, will impact on normal interactions within and between families, and impinge on family privacy and autonomy and on the exercise of parental roles.<sup>36</sup> The Irish Human Rights and Equality Commission (IHREC) has recommended that the legislation governing the provision of emergency accommodation (Section 10, Housing Act, 1988) be amended to place a limit on the length of time a family will spend in emergency accommodation of any kind, suggesting that this should be no more than three months.<sup>37</sup> When a family exits homelessness it must be into secure and affordable accommodation so that they are not faced with the threat of experiencing homelessness in the future.

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<sup>34</sup> Reynolds, M. (2017) cited in Cited in An absence of rights: Homeless families and social housing marketisation in Ireland, Hearne, R., Murphy M., Administration, vol 66, no.2 (2018),pp.9-31 doi: 10.2478/admin 2018-0016 DeGruyter Open

<sup>35</sup> [https://www.maynoothuniversity.ie/sites/default/files/assets/document/Investing%20in%20the%20Right%20to%20a%20Home%20Full\\_1.pdf](https://www.maynoothuniversity.ie/sites/default/files/assets/document/Investing%20in%20the%20Right%20to%20a%20Home%20Full_1.pdf)

<sup>36</sup> [Housing%20&%20Homelessness/Homelessness-and-Social-Housing-Policy.pdf](https://www.maynoothuniversity.ie/sites/default/files/assets/document/Housing%20&%20Homelessness/Homelessness-and-Social-Housing-Policy.pdf)

<sup>37</sup> [file:///E:/The-provision-of-emergency-accommodation-to-families-experiencing-homelessness.pdf](https://www.maynoothuniversity.ie/sites/default/files/assets/document/The-provision-of-emergency-accommodation-to-families-experiencing-homelessness.pdf)

SVP members have on many occasions cited the strength and resilience shown by homeless parents who work very hard to maintain a semblance of normality for their children. The fact that many hotels and B&Bs have no facilities for play or study for children causes undue stress for families. SVP members provide cinema passes, zoo passes, etc. to families to enable them to spend some time together away from their emergency accommodation. The Children's Rights Alliance has published comprehensive research on the educational needs of children who are experiencing homelessness<sup>38</sup> while Focus Ireland has published research into food poverty among homeless families living in emergency accommodation<sup>39</sup>. Findings from research in the Irish context must be used to inform the development of policy and services for families who are experiencing homelessness.

## Social housing

Tenants in receipt of HAP are deemed to have their housing need met, and as such do not appear in the Summary of Social Housing Assessments, which identifies the numbers of households qualifying for and in need of social housing supports. In 2018 the total number of qualified households for social housing supports was 71,858, a drop of 16.2% on the 2017 figure. However, tenants who have their housing need met through the Housing Assistance Payment are often in insecure tenancies and would have their housing need better met through social housing provided by a local authority or Approved Housing Body. Households awaiting a transfer from HAP into social housing are not captured in the Summary of Social Housing Assessments.

There is a great deal of inconsistency in the ways that local authorities calculate the rent payable by tenants, known as differential rent. For example, some local authorities include income from the Working Family Payment as assessable income for calculating differential rent, while others do not. This can result in households with similar levels of income and circumstances paying different amounts of rent. This should be reviewed, with the aim of improving consistency and increasing the return from employment for households in social housing or in receipt of social housing supports. Choice based letting should be rolled out nationally as it has been demonstrated to work well in local authority areas which it currently operates in in terms of speeding up allocations of social housing to those on the waiting list.

The Country Report for Ireland references under-occupation of social homes, particularly in Dublin. This issue needs to be addressed as part of the wider development of social housing, for example, ensuring that there are enough single bedroom units being developed by local authorities and approved housing bodies in areas where there is under-occupation of larger homes, so that tenants who would like to remain in their community, but in accommodation more appropriate to their needs, would have the option to do so. Maintaining strong, stable communities and allowing people to age in their community as well as ensuring that overcrowding and under-occupation are addressed should be considered in this regard.

## Cost rental

Under the Programme for a Partnership Government, and in the Strategy for the Rental Sector, there is a commitment to develop a "cost rental" option for lower income households. Cost rental

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<sup>38</sup> Scanlon, G & G McKenna (2018) Home Works: A study on the educational needs of children experiencing homelessness and living in emergency accommodation. Available from: [https://www.childrensrights.ie/sites/default/files/submissions\\_reports/files/Home%20Works%20Study%20on%20the%20Educational%20Needs%20of%20Children%20Experiencing%20Homelessness%20-%20Full%20Report.pdf](https://www.childrensrights.ie/sites/default/files/submissions_reports/files/Home%20Works%20Study%20on%20the%20Educational%20Needs%20of%20Children%20Experiencing%20Homelessness%20-%20Full%20Report.pdf)

<sup>39</sup> Share, M & M. Hennessy (2017) Food access and nutritional health among families in emergency accommodation. Available from <https://www.focusireland.ie/wp-content/uploads/2014/08/Share-and-Hennessy-2017-Food-Access-Report-%E2%80%93Main-Report-FINAL.pdf>

models can involve rents set at approximately 70% of market rent<sup>40</sup> and may be effective in providing a supply of more affordable accommodation over time.

Under a cost rental model, a housing provider charges rents that are sufficient to cover current and capital costs, creating the potential to provide rental accommodation at below market rents and address the affordability gap for certain households between the social housing sector and market rental. The National Economic and Social Council (NESC) argues that providing cost-rental accommodation with secure occupancy to a significant share of the population is the best available response to the dynamics of rental systems and housing markets that we are now facing. It also points out the need for a movement in this direction to be accompanied by complementary adaptation of housing assistance payments, limiting the state's current exposure to rising rents in the private rented sector, and ensuring affordability for tenants currently paying differential rent.<sup>41</sup>

A further benefit of a cost rental model highlighted by the Nevin Economic Research Institute (NERI) is that it would supplement social housing investment by local authorities and could begin to exert downward pressure on market rents by a gradual expansion in supply of new dwellings as well as the charging of full economic rental cost below going market rates. The move to cost rental therefore has the potential to reduce State exposure to rent increases, by providing an instrument capable of ensuring supply and assisting in the control and moderation of rents.

Notwithstanding the above benefits, it is acknowledged that there will be limited capacity to provide affordable rents through a cost rental approach in the early stages without the provision of subsidies to moderate high initial costs. It should also be noted that the concept of affordability should not be linked to discounts on market rents, but rather to the income of the household.

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<sup>40</sup><http://oireachtasdebates.oireachtas.ie/debates%20authoring/DebatesWebPack.nsf/committeetakes/CHH2016052600002?opendocument>

<sup>41</sup> [http://files.nesc.ie/nesc\\_reports/en/138\\_Social\\_Housing\\_ExSum.pdf](http://files.nesc.ie/nesc_reports/en/138_Social_Housing_ExSum.pdf)

## Housing standards

Each local authority is obliged to carry out inspections of private rental properties on their area. However, in 2017 only 4.5% of privately rented homes were inspected, of which 79% failed to meet the minimum standards.<sup>42</sup> SVP members are continually meeting people who are living in substandard, inadequate housing but who are too afraid to raise their issues and concerns in fear of being evicted.

SVP recommends that all local authorities be properly resourced to ensure they can inspect a property before it is rented to prospective tenants. SVP recognises the commitment of the government to strengthen the inspection capacity of local authorities, with the aim of achieving a 25% annual inspection coverage of rental properties by 2021.<sup>43</sup> This needs to remain a priority and the funding provided.

## Energy and climate change

Light, heat and power are fundamental requirements to participate in society and a pre-requisite for social inclusion. SVP's ambition is affordable energy and warm homes for all. Tackling energy poverty must be the cornerstone of Ireland's environmental policy. It is estimated that up to 28% of the population experiences energy poverty.

Poorer communities across the globe are more likely to experience the effects of climate change such as flooding and drought and be exposed to air pollution, to poor water quality and water contamination. SVP is fully supportive of efforts to reduce our carbon emissions and invest in sustainable and renewable energy generation. At present Ireland is one of the worst performers in reducing carbon emissions and we will need to do a lot more to meet our climate action commitments by 2030. However, the cost of climate action must not fall disproportionately on those living in rural areas or low income households. This not only relates to energy poverty but also the impact of a transition to a low carbon economy for communities reliant on fossil fuel employment.

The current Strategy to Combat Energy Poverty comes to an end in 2019 and while many of the key actions have been met, it was a relatively unambitious strategy and a large proportion of the population continues to experience energy poverty. It is critical that the new strategy has ambitious and measurable targets with supporting achievable actions. This will require policy coherence across the forthcoming National Action Plan for Social Inclusion and the National Energy and Climate Plan.

## Key challenges and concerns in regard to energy poverty

### **Increases in energy prices and their impact on low income households**

- In the past 12 months electricity and gas prices have increased by almost 10% and by over 25% since 2010.<sup>44</sup>

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<sup>42</sup> <https://www.socialjustice.ie/content/policy-issues/time-accept-failure-and-start-rebuilding-irelands-housing-policy>

<sup>43</sup> <https://www.oireachtas.ie/en/debates/question/2017-12-05/531/?highlight%5B0%5D=housing&highlight%5B1%5D=standards>

<sup>44</sup> CSO (2018) Table 7 Consumer Price Index – Division 04 Housing, Water, Electricity, Gas and other Fuels <https://www.cso.ie/en/releasesandpublications/er/cpi/consumerpriceindexoctober2018/>

- Considering the Public Service Obligation (PSO) levy, standing charges and VAT, the uncontrollable related costs of the average electricity bill in an urban area accounts for 37%. For rural areas, this increases to 39%.<sup>45</sup>
- Although the uptake in PAYG hardship meters have significantly reduced the number of disconnections among customers in financial difficulty, PAYG customers are often subjected to a “poverty premium” as they cannot avail on online offers or discounts for using direct debit or online billing. There is also a practice by which retail outlets surcharge top-ups, adding additional unnecessary charges to PAYG customers.<sup>46</sup>

#### **Limited uptake of energy efficiency schemes among low income households**

- Since 2000, 134,883 homes have been upgraded under the Warmer Homes schemes.<sup>47</sup> But it is estimated that over one million homes need improving.<sup>48</sup>
- In addition, the Department of Housing, Planning and Local Government has upgraded 64,000 local authority homes since 2014 with cavity wall and attic insulation and it is estimated that approximately 30% of social housing stock, is more than 40 years old, which would equate to approximately 40,000 more units.<sup>49</sup>
- The *Better Energy Warmer Home Scheme* is available to social welfare recipients who own their own home. This may be a good option for older people but for those in receipt of the One Parent Family Payment or Disability payment, it is more likely they are living in social housing or the private rented sector.
- A key finding from research by the ESRI in 2018 was that there is a cohort of homeowners who are not eligible for the ‘Better Energy Warmer Homes’ scheme but their circumstances, due to budget or credit constraints, preclude them from participating in the more general ‘Better Energy Homes’ scheme as this it requires upfront payment which can be claimed back after the works.<sup>50</sup>
- Sustainable Energy Authority of Ireland (SEAI) found that after a decade of decline, the typical amount of energy used in Irish homes is rising. Between 2005 and 2016, electricity use in households increased by 6%.<sup>51</sup> This demonstrates that a lot more investment is required to further improve the energy performance of our entire housing stock, with a particular focus on the private rented sector.

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<sup>45</sup> Based on an urban domestic average consumption of 3,600kWh and a rural domestic average consumption of 3,900kWh. <https://www.cru.ie/wp-content/uploads/2017/07/CER17042-Review-of-Typical-Consumption-Figures-Decision-Paper-1.pdf>

<sup>46</sup> Stamp et. al. (2018) Left behind in the cold [https://www.mabs.ie/downloads/reports\\_submissions/Left Behind in the Cold Dublin 10 and 20 MABS Report.pdf](https://www.mabs.ie/downloads/reports_submissions/Left_Behind_in_the_Cold_Dublin_10_and_20_MABS_Report.pdf)

<sup>47</sup> Parliamentary question <https://www.kildarestreet.com/wrans/?id=2018-04-17a.3187>

<sup>48</sup> SEAI (2017) Behavioural insights on energy efficiency in the residential sector <https://www.seai.ie/resources/publications/Behavioural-insights-on-energyefficiency-in-the-residential-sector.pdf>

<sup>49</sup> Joint Oireachtas Committee on Climate Action <https://www.kildarestreet.com/committees/?id=2018-10-10a.5&s=retrofitting+social+housing#g7>

<sup>50</sup> Collins, M., Dempsey, S., and Curtis, J., “Householder preferences for the design of an energy efficiency retrofit subsidy in Ireland”, *Economic and Social Review*, 49(2) 145–172: <https://www.esri.ie/article/view/916>

<sup>51</sup> SEAI (2018) Energy in the Resident Sector. <https://www.seai.ie/resources/publications/Energy-in-the-Residential-Sector-2018-Final.pdf>

### **Energy efficiency standards in the private rented sector are inadequate**

- Research conducted on behalf of SVP by the Vincentian Partnership for Social Justice (VPSJ) showed that the private rented sector has higher proportions of E, F and G Building Energy Ratings (BERs) than either local authority or owner occupied homes.<sup>52</sup>
- The Housing Standards 2009 do not include measures to realise energy efficiency in private rented dwellings and while a BER rating is required in order to let a dwelling, there is no minimum BER threshold below which a dwelling is considered unfit for letting.
- There are insufficient incentives and obligations for private landlords to consider upgrading and retrofitting their properties.

### **Ensuring the transition to a low carbon economy is fair and just**

Research has shown that an increase in the carbon tax, as it is currently designed, would hit low income households harder, particularly those living in rural areas. A significant increase in the tax could potentially add €10.50 to a bag of coal, €2.25 on a bale of briquettes, and 26.5 cents on a litre of diesel. And unless there is greater investment in public transport and energy efficiency schemes, low income households will have to absorb these costs as they are unable to afford the switch to climate friendly alternatives. The development of a new National Energy and Climate Plan provides an opportune moment to review the application of the PSO and the carbon tax to low income and rural communities and to consider how we can ensure that communities reliant on employment from fossil fuel generation are not left behind.

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<sup>52</sup> Vincentian Partnership for Social Justice (2014) Minimum Household Energy Need.  
<https://www.svp.ie/getattachment/716d46e2-e390-4fce-8e4e-cc3fb2297f62/Minimum-Household-Energy-Need-VPSJ-Research-report.aspx>

## Conclusion

SVP supports the conclusion in the Country Report for Ireland that increased investment in skills, education and training as well as social inclusion is essential for improving Ireland’s productivity and long-term inclusive growth. In spite of economic growth and growth in employment, SVP continues to respond to hundreds of thousands of calls for assistance from individuals and households in need, with more than 160,000 calls received in 2018.

The high level priorities set out below, in conjunction with the concerns and issues outlined throughout this submission should inform the Government’s National Reform Programme and the Country Specific Recommendations issued by the European Commission.

### SVP priorities

- Include an ambitious target for poverty reduction, with sub-targets for vulnerable groups, in the forthcoming National Action Plan for Social Inclusion. Ensure that this target is linked to specific policy actions and the required level of resourcing and that there is policy coherence across Department and other strategies to ensure that the target is met.
- Given the continuing scale of the housing crisis we call for a dedicated Country Specific Recommendation on Housing for 2019. This should include a focus on increasing the build and acquisition of dedicated social housing by local authorities and approved housing bodies and examining options such as the delivery of an affordable cost rental sector, with affordability linked to income, rather than market rents.
- In order to meet our climate obligations and to ensure that the cost of climate action does not fall disproportionately on those living in rural areas or low income households, tackling energy poverty must be the cornerstone of Ireland’s environmental policy. Without addressing energy poverty, it will not be possible to meet our climate obligations, as low income energy poor households are often unable to change their behaviours in response to measures such as an increase in carbon tax for example.
- The lower progression rates of students from disadvantaged backgrounds should be acknowledged in the NRP and the Country Report for Ireland and measures to address this should be prioritised.
- Address rising school costs by restoring the capitation grant to 2010 levels and prioritise measures to address the needs of disadvantaged students attending no-DEIS schools.
- Continue to invest in quality measures and consolidate the Early Years services by improving qualifications, pay and conditions for staff in the sector and ensure that parents who choose childminders can avail of subsidies under the Affordable Childcare Scheme
- Implement the recommendations contained in SVP’s research report “Working, Parenting and Struggling”<sup>53</sup> so that the issue of increasing poverty among working lone parents is addressed

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<sup>53</sup> SVP (2019) Working, Parenting and Struggling: An analysis of the employment and living conditions of one parent families in Ireland. Available from [www.svp.ie/workinparents](http://www.svp.ie/workinparents)