

Contents

Introduction	2
Income Adequacy	3
Children living in poverty	4
Summary of Key Points	4
Policy Recommendations	5
Increasing Core Social Welfare rates by €16 per week	5
Increase and Index-Link the Income Disregard for One-Parent Family Payment (OPFP) and Jobseeker’s Transitional Payment (JST)	5
Increase the Living Alone Allowance to ensure targeted measure support single adult households in line with MESL research	6
Increase the Fuel Allowance by €9.50 per week	7
Extend the Fuel Allowance to Working Family Payment Recipients	8
Work towards aligning the Child Support Payment to the primary social welfare payment and in Budget 2026, increase the payment by €6 per week for children under 12 and €15 per week for children 12 and over	8
Continue the roll out of free hot school meals to all children and ensure ongoing evaluation of the nutritional content	9

Introduction

Over the past five years, Ireland has faced an unprecedented series of domestic and global challenges that have exposed structural vulnerabilities in our social protection system. Since 2020, the country has navigated the impacts of a global pandemic and national lockdowns, responded to the humanitarian crisis caused by the war in Ukraine by welcoming over 112,000 refugees, and contended with a sharp cost-of-living crisis, with inflation peaking at 9.2% by the end of 2022.

Irish households have borne the brunt of these shocks, most acutely through spiralling energy costs. While recent price reductions have been announced, electricity and gas tariffs remain significantly elevated—65% and 99% higher respectively than January 2021 levels—excluding the temporary relief offered by electricity credits, which are not expected to be repeated this year. In the immediate aftermath of these crises, the Government acted swiftly and appropriately, introducing a range of universal supports to protect households. While these broad-based measures were necessary at the time, they are not sustainable in the long term. Universal interventions, by their nature, risk diluting the impact of public expenditure by failing to target those with the greatest need.

We believe that Ireland must now move towards a more strategic, data-led approach to social protection—one that benchmarks core payments against independently assessed minimum needs and allocates resources based on clear evidence. Such a shift would not only lead to

better outcomes for individuals and families but also ensure a more effective and sustainable use of public funds. Crucially, this approach would help decouple the adequacy of social welfare from the unpredictability of annual budget cycles. Decisions around income supports must be guided by evidence, to ensure that everyone in Ireland can live with dignity and security.

We welcome the emphasis placed on tackling child poverty in Budget 2026 and acknowledge the Government's commitment to improving outcomes for children. However, to be effective, any new measures must be rooted in the evidence of where need is greatest. The Minimum Essential Standard of Living (MESL) research clearly demonstrates that the cost of raising a child increases significantly with age. This is particularly true for households dependent on social welfare or on low incomes, where income inadequacy becomes more severe as children get older. The Central Statistics Office (CSO) also reflects this in its equivalence scale for income calculations, assigning a value of 0.33 to children under 14 and 0.66—the same as an adult—to those over 14.

While early investment in children delivers strong returns in terms of human capital, any serious attempt to reduce child poverty must also consider the acute, age-related financial pressures facing families with older children. The MESL 2025 data shows that current social protection supports are broadly adequate for infants and pre-school children but fall short for school-age children—meeting only 88% of the needs of children in primary school and just 64% for those in secondary school. We are therefore concerned that the proposed introduction of a second tier of Child Benefit does not reflect these age-related differences in need. To ensure resources are directed effectively, any child poverty measure must take account of the higher costs associated with older children and prioritise support to families facing the greatest levels of income inadequacy.

Income Adequacy

1. Increase core social welfare rates by €16 per week as part of the government's target to reduce consistency rates to 2% nationally.
2. Increase and Index-Link the Income Disregard for One-Parent Family Payment (OPFP) and Jobseeker's Transitional Payment (JST)
3. Increase the Living Alone Allowance to ensure targeted measure support single adult households in line with MESL research.
4. Increase the fuel allowance by €9.50 per week.¹
5. Extend the fuel allowance to Working Family Payment recipients.

¹ Society of St Vincent de Paul. (May 2024). *Submission on the Revised Energy Poverty Action Plan 2024*. The SVP recommended restoring the Fuel Allowance's purchasing power by increasing its value by €680.40 annually—equating to approximately a €13 increase per week—to better reflect escalating household energy costs

6. Introduce a weekly cost of disability payment of €55 to cover the additional costs facing people with a disability.

Children living in poverty

1. Work towards aligning the Child Support Payment to the primary social welfare payment and increase the payment by €6 per week for children under 12 and €15 per week for children 12 and over.
2. Continue the roll out of free hot school meals to all children and ensure ongoing evaluation of the nutritional content.

Summary of Key Points

The inflation and cost-of-living crisis has led to significant financial strain on individuals, with increasing debts and decreasing savings.²

Temporary government support provided short-term relief but may lead to income shocks if not permanently adapted.

Analysis from the Vincentian MESL Research Centre shows that of the 145 household categories who were dependent on social protection, only 9 households had income adequacy, 81 households are in income inadequacy and 74 in deep income inadequacy.³

Social welfare support currently meets only 64% of the minimum needs of older children, compared to 88% for primary school age children.⁴

The 2024 SILC report indicates an increase in the at-risk-of-poverty rate to 11.7% and the consistent poverty rate to 5.0%.

The Budget should restore the purchasing power of social protection payments to 2020 levels, increase the payment to reduce rising poverty rates, and improve adequacy for older children.

Adequate social protection must be complemented by pathways to quality employment, as employment alone is not always a route out of poverty.

² ESRI. (2025) *The response of low-income households to the Cost-of-Living Crisis in Ireland*. <https://www.esri.ie/publications/the-response-of-low-income-households-to-the-cost-of-living-crisis-in-ireland>

³ Vincentian MESL Research Centre. (2025). *MESL Report 2025*. Minimum Essential Standard of Living. <https://www.budgeting.ie/publications/mesl-2025/ai>

⁴ Ibid.

Policy Recommendations

Increasing Core Social Welfare rates by €16 per week

The *Minimum Essential Standard of Living* (MESL) Update 2025 confirms that the current core adult social welfare rate of €244 per week has lost purchasing power since 2020. An increase of €11 per week is required simply to restore the real value of the payment to 2020 levels. However, restoring adequacy—not just parity with past inflation—requires a more ambitious response.⁵ To support the Government’s commitment to reducing consistent poverty to 2%, we recommend increasing the core adult rate by €16 per week, bringing it to €260. This proposed increase is not only necessary to address rising living costs—including housing, energy, and food—but also represents a strategic investment in reducing poverty and deprivation. Without an increase that accounts for inflationary pressure since 2020, low-income households will continue to fall further behind.⁶ Current payment levels are no longer sufficient to meet the basic needs of many individuals and families, particularly those with children. Budget 2026 provides an opportunity to deliver targeted, evidence-based increases that will ensure income supports are adequate and sustainable.

This year’s Budget presents a critical opportunity to acknowledge the ongoing pressure of elevated living costs on low and fixed-income households. It is essential to restore the real purchasing power of social protection payments to 2020 levels on a permanent basis and to make targeted improvements in adequacy, particularly for older children. Doing so is not only the right course of action but also a means of reducing the long-term harm caused by persistent deprivation and providing households with greater certainty to plan for the future.

Increase and Index-Link the Income Disregard for One-Parent Family Payment (OPFP) and Jobseeker’s Transitional Payment (JST).

Adequate social protection must be complemented by accessible pathways to quality employment for those able to work. However, employment is not always a guaranteed route out of poverty. The Society of St Vincent de Paul (SVP) is increasingly supporting working households who are unable to afford basic necessities such as food and heating. Lone parents, in particular, face barriers such as unaffordable childcare and the risk of losing benefits, trapping them in poverty and forcing them to rely on SVP support to make ends meet.

⁵ Thornton, R., O’Carroll, N., McGovern, A., & Boylan, H. (2025). *MESL 2025*. Vincentian MESL Research Centre, Society of St Vincent de Paul. Supported by the Department of Social Protection. Retrieved from www.budgeting.ie.

⁶ Central Statistics Office. (2025). *Survey on Income and Living Conditions (SILC) 2024: Enforced Deprivation and Income Adequacy*. Retrieved from <https://www.cso.ie/en/releasesandpublications/>

We recommend increasing the income disregard for recipients of the One-Parent Family Payment (OPFP) and Jobseeker’s Transitional Payment (JST), and index-linking it to the national minimum wage. This would ensure that the value of work is protected over time and that income thresholds keep pace with inflation and rising living costs.

When OPFP was introduced in 1997, the income disregard allowed recipients to earn the equivalent of 26 hours at the minimum wage before any reduction in payment applied. However, this benchmark has steadily eroded. As of January 2025, the income disregard stands at €165 per week—equivalent to just 12.22 hours at the current minimum wage of €13.50 per hour.⁷ This devaluation of the disregard weakens the work incentive and increases financial pressure on lone parent households.

To restore the income disregard to its 2020 real value, it would need to be increased to €220.60 per week. For Budget 2026, we propose setting the disregard at the equivalent of 16.5 hours of work at the minimum wage and index-linking it going forward. This would not only support lone parents in employment but also help reduce child poverty by enabling families to retain more of their earned income. Indexation would ensure that the disregard remains responsive to economic conditions and continues to fulfil its original purpose—to make work pay.

Year	Minimum Wage	Income Disregard	Hours worked before loss of welfare
2000	€5.58	€146.50	26.25 hrs
2012	€8.65	€146.50	16.93 hrs
2020	€10.10	€165.00	16.34 hrs
2025	€13.50	€165.00	12.22 hrs

Increase the Living Alone Allowance to ensure targeted measure support single adult households in line with MESL research.

We recommend increasing the Living Alone Allowance as a targeted measure to support single-adult households, who face a disproportionately higher cost of living relative to multi-person households. The *Minimum Essential Standard of Living* (MESL) research consistently shows that single-adult households have the highest income inadequacy across all household types reliant on social welfare supports.⁸ This is due in part to the fact that essential household costs—such

⁷ Department of Enterprise, Trade and Employment. (2024). *National Minimum Wage 2025 Announcement*. Retrieved from <https://www.gov.ie/en/publication/minimum-wage-2025/>

⁸ Thornton, R., O’Carroll, N., McGovern, A., & Boylan, H. (2025). *MESL 2025*. Vincentian MESL Research Centre, Society of St Vincent de Paul. Supported by the Department of Social Protection. Retrieved from www.budgeting.ie.

as energy, rent, and food—are not significantly reduced when only one adult resides in the home, leading to higher per capita expenses. According to MESL 2025, even with the current Living Alone Allowance of €22 per week, a working-age adult living alone and reliant on the social welfare rate faces a substantial shortfall in meeting a minimum acceptable standard of living.⁹ Increasing the allowance would be a cost-effective and well-targeted intervention, delivering additional support to those most vulnerable to poverty, deprivation, and social isolation. This is particularly urgent in the context of sustained high housing and utility costs, which disproportionately impact those living alone.

Increase the Fuel Allowance by €9.50 per week.

Budget 2026 must reckon with the new reality of high energy prices. ◀

At SVP, our members see that the cost of energy continues to overwhelm many of the people we assist. Whether that is falling behind on bills or struggling to keep credit on the prepay meter, it is clear that we need to reset how the government is protecting people from energy poverty. Whilst the additional social protection payments and electricity credits of recent years have provided a lifeline to households, they are unpredictable and cannot provide the stable foundation people need to budget for their heating needs.

Heading into this winter what we need is permanent and comprehensive support.

There are clear signals to the government that people are struggling with energy poverty and need continued support. At SVP, our requests for assistance with energy have increased by around 60% between 2021 and 2024. The CRU shows that arrears levels for domestic customers have climbed in recent years and remain high.¹⁰ The CSO's SILC data shows higher rates of both lone parents and renters falling into arrears 'twice or more' in 2024 (for lone parents the rate doubled).¹¹

With tariff prices approximately 60% higher for electricity and 90% higher for gas compared to 2021, Budget 2026 must provide ongoing support to people at risk of energy poverty.¹²

The core value of the Fuel Allowance has been frozen since Budget 2022. Whilst it has been temporarily boosted with annual payments – which have provided essential support to people -

⁹ Vincentian MESL Research Centre. (2024). *Working-age adults living alone and income adequacy*. MESL Update Briefing Paper. Retrieved from www.budgeting.ie/publications

¹⁰ Commission for Regulation of Utilities. (2025). *CRU202542 – Arrears and NPA disconnection update: February 2025*. Retrieved from <https://www.cru.ie/publications/cru202542-arrears-and-npa-disconnection-update-february-2025/>

¹¹ Central Statistics Office. (2025). *Table 5.2: Household arrears and finances at the end of the month – Survey on Income and Living Conditions (SILC): Enforced Deprivation 2024*. Retrieved from <https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2024/>

¹² Commission for Regulation of Utilities. (2024). *CRU202489 – Decision paper: Winter 2024–25 package of customer protection measures*. Retrieved from <https://www.cru.ie/publications/cru202489-cru-decision-paper-winter-2024-25-package-of-customer-protection-measures/>

we head into Budget 2026 with no certainty about the level of assistance that will be offered. Will people be paying for their energy at 2025 prices, with 2022 levels of assistance?

It is time to permanently restore the value of the Fuel Allowance. Without this targeted assistance, we are concerned energy arrears will soar even higher, and prepay customers will be facing repeated self-disconnections, spending this winter with inadequate heating and light.

Extend the Fuel Allowance to Working Family Payment Recipients

We must also extend the Fuel Allowance to recipients of the Working Family Payment, as committed to in the Programme for Government. This will help ensure the warmth and wellbeing of the 100,000 children who live in these families.¹³ We urge the government to begin this rollout in Budget 2026.

6Introduce a weekly cost of disability payment of €55 to cover the additional costs facing people with a disability.

Work towards aligning the Child Support Payment to the primary social welfare payment and in Budget 2026, increase the payment by €6 per week for children under 12 and €15 per week for children 12 and over.

We recommend increasing the Child Support Payment (CSP) in Budget 2026 and introducing a clear pathway to align it with a fixed percentage of the primary adult social welfare payment—specifically, 45% for children under 12 and 55% for children aged 12 and over. This approach would ensure a more transparent, needs-based system that better reflects the real cost of raising children and removes vital supports from the uncertainty of annual budget negotiations. Evidence from the *Minimum Essential Standard of Living* (MESL) 2025 shows that current CSP rates fall significantly short of what is needed to ensure income adequacy for children. For children aged 12 and over, current payments meet just 64% of their essential needs, while for those in primary school, only receive income to cover 88% of their needs.¹⁴ These shortfalls disproportionately affect one-parent families, larger households, and families reliant on social protection due to disability or long-term illness. Older children in particular face increased costs

¹³ Oireachtas. (2023, March 1). *Written answers - Department of the Environment, Climate and Communications - Energy Costs* [Parliamentary Question No. 118]. Retrieved from <https://www.oireachtas.ie/en/debates/question/2023-03-01/118/>

¹⁴ Thornton, R., O'Carroll, N., McGovern, A., & Boylan, H. (2025). *MESL 2025*. Vincentian MESL Research Centre, Society of St Vincent de Paul. Retrieved from www.budgeting.ie.

related to education, nutrition, and social inclusion—costs not reflected in the current CSP structure.

Increasing the CSP by €6 per week for children under 12 (bringing the rate to €56) and €15 per week for children aged 12 and over (bringing the rate to €77) would represent immediate progress. Establishing a longer-term benchmark of 45% and 55% respectively would further ensure that child income supports remain adequate, predictable, and responsive to need—delivering more effective poverty reduction and upholding the State’s commitment to protect children from material deprivation.

Continue the roll out of free hot school meals to all children and ensure ongoing evaluation of the nutritional content.

Expanding access to free hot school meals for all children is a vital step in tackling child poverty and promoting equality of opportunity in Ireland. School meals play a critical role in addressing food insecurity, supporting children’s health, and improving educational outcomes—particularly for those from low-income and disadvantaged households. The *Survey on Income and Living Conditions (SILC) 2024* highlights that over 89,000 children are living in enforced deprivation,¹⁵ many of whom face daily struggles accessing sufficient, nutritious food. Evidence from the Healthy Ireland Survey and international research confirms that access to regular, balanced meals improves concentration, attendance, and overall wellbeing.¹⁶ Universal provision also reduces stigma and ensures no child is excluded based on income.

To maximise impact, it is essential that the continued roll-out of hot school meals is accompanied by rigorous monitoring of nutritional standards and child health outcomes. Embedding this programme as a core part of the education and social inclusion infrastructure would help break the link between poverty and poor educational performance—contributing to both short- and long-term anti-poverty goals.

¹⁵ Central Statistics Office. (2025). *Survey on Income and Living Conditions (SILC) 2024: Enforced Deprivation and Income Adequacy*. Retrieved from <https://www.cso.ie/en/releasesandpublications/>

¹⁶ Department of Health. (2023). *Healthy Ireland Survey 2023: Summary of Findings*. Retrieved from <https://www.gov.ie/en/publication/healthy-ireland-survey-2023/>