



Irish Minimum Income Network Report for Year 2 (2014)

What is the EMIN Project?

Bringing together various experts, professionals, academics and diverse entities active in the fight against poverty and social exclusion, the EUROPEAN MINIMUM INCOME NETWORK aims at building consensus towards the progressive realisation of adequate and accessible minimum income schemes in EU Member States.

The EMIN is a two-year project (2013-2014) funded by the European Commission, in line with the European Commission's Active Inclusion Recommendation of 2008, the Europe 2020 Strategy and in the context of the European Platform against Poverty and Social Exclusion.

You can also follow the work of the EMIN by clicking on 'follow' once you are on the EMIN blog <http://emin-eu.net>

Produced under Commission Tender N° VT/2011/100 Pilot project – Social solidarity for social integration

The opinions expressed do not represent the European Commission's official position.

November 2014

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A. Roadmap to an adequate minimum income system in Ireland

Finalised following discussion at the Irish Minimum Income Network Conference, 7 October 2014

1. Introduction

Minimum Income Schemes, the social assurance means tested schemes for people who do not have sufficient PAYE Related Social Insurance (PAYE) contributions to qualify for social insurance payments, provide the safety net which ensures that people can live a life with dignity and stay connected to society.

In Ireland, these schemes have traditionally included a range of benefits such as Jobseekers Allowance, One Parent Family Payment, Supplementary Welfare Allowance, Family Income Supplement, Disability Allowance and Carers Allowance.

Social assurance schemes make up 24% of all current expenditure and form the bulk of the Department of Social Protection's voted expenditure aimed at people of working age.

The schemes in question are undergoing fundamental change, as part of the radical reform of the welfare system which began under the Troika programme. This provides both opportunities and threats.

Current changes to the welfare system, including minimum income schemes, which are discussed throughout this roadmap, involve changes in the way welfare, activation and services are delivered and new conditions are attached.

The discussion on the future of the Irish minimum income system will take place in the broader context of the European Union, as Ireland is now fully integrated into the Eurozone and the EU Semester process and as EU member states are adopting similar approaches to welfare reform and social policy.

Context

People on low incomes have lost most in the recent recession and have been pushed to the limit by unemployment, rising costs, cuts to essential services and changes in welfare eligibility. In the period 2008 to 2014, the poorest decile of the population experienced an 18.4% drop in real disposable income. This is also the cohort which had the highest levels of financial stress. The number of people experiencing deprivation, defined as inability to afford some very basic necessities, doubled between 2008 and 2012 to over a quarter of the population, half of all lone parents and a third of all children.¹

While the budgetary measures in 2009 to 2015 impacted negatively on all decile levels, the greatest income loss was experienced by the highest earners at 15.5% while the lowest income group lost almost 13% of their income². The Irish unemployment rate has dropped

¹ Survey on Income and Living Conditions, (SILC), 2012, http://www.cso.ie/en/media/csoie/releasespublications/documents/silc/2012/silc_2012.pdf

² Distributional Impact of Tax, Welfare and Public Service Pay Policies: Budget 2015 and Budgets 2009 – 2015. Keane, C., Callan T., Savage M., Walsh J., Colgan B., ESRI. 2014.

from a high of 14% to 11%, but there are still 178,000 people who are long term unemployed. Youth unemployment and the number of young people not in employment, education or training remain stubbornly high. Young people also saw drastic cuts to their Jobseekers Allowance rate during the austerity budgets.

The importance of an adequate and effective minimum income system

For the Irish Minimum Income Network, an adequate and effective minimum income system is essential for the achievement of a sustainable recovery and a more inclusive society. This is not just about the amount of money in people's pockets but about the buying power of that money.

We need to strengthen our minimum income scheme to ensure that everyone has the opportunity to remain active in society, reconnect to the world of work and live in dignity.

Inadequate minimum income schemes trap people in poverty and lead to greater social, health and economic costs for individuals and society. Inadequate schemes may help in addressing very basic needs in the short term, but they can contribute to locking people in a cycle of dependency without adequate means to access opportunities or to fully participate in society.

Research has shown that shame accompanies poverty, and this has a disabling effect on people's capacity to seek work and progress their lives. Austerity measures taken by Government during the crisis have had a very negative effect on those on minimum income schemes in Ireland, through more stringent means testing, changes to eligibility criteria and in some cases cuts in rates.

Adequate and effective schemes help reduce inequality, which benefits the whole society. It is widely accepted that more equal societies are better for everyone, not just the poorest, and are more stable than more unequal societies.³

They have a high return on investment, while the cost of not investing has enormous immediate impacts for the individuals concerned and long term costs for society.

High-level social protection systems act as 'economic stabilisers'. Within the European Union, countries with high-level social protection systems have been best placed to resist the negative impacts of the recent crisis⁴.

As the Tánaiste Joan Burton (the Deputy Prime Minister who is also Minister for Social Protection), has pointed out on several occasions, welfare payments provide an effective economic stimulus package, as the money is used to address pressing needs and immediately re-enters the real, particularly local, economy, often reaching disadvantaged areas experiencing market failures.

³ The best known study in this area is [The Spirit Level: Why More Equal Societies Almost Always Do Better](#) by Richard Wilkinson and Kate Pickett, Penguin, March 2009.

⁴ The Social Protection Committee (SPC) of the EU, *Social Europe: Many ways, one objective* – Annual report on the social situation in the EU (2013), February 2014.

2. Developing a fit for purpose Minimum Income Scheme

In the preparation of the [Report on Minimum Income in Ireland](#) and at the [Round Table on an Action Plan for Minimum Income](#), the Irish Minimum Income Network gathered a wide range of views from different stakeholders on the shape of an adequate and effective minimum income scheme. This Roadmap tries to reflect the results of these exercises.

Developing an adequate and effective minimum income system requires a medium-term all of Government commitment to move progressively towards a system which is:

- **Adequate:** Minimum income entitlements must be set at a level which allows everyone to live with dignity and play a full role in society. There must be a step-by-step plan to bring all payments up to this level
- **Comprehensive:** Minimum Income Schemes are schemes of last resort and their coverage should not be restricted by unnecessary conditionality or by grounds such as residence status, age or occupation
- **Accessible:** The process of accessing and claiming entitlements should be clear, dignified and available to all who are entitled. The scheme itself must, therefore, be simple, transparent, fair, responsive and effective.

This in turn implies a long term commitment to fund payments through a progressive taxation system.

3. An adequate minimum income scheme

The level of minimum income schemes currently falls below all of the main measurements of poverty and adequate income in Ireland.

Poverty is officially defined, in the 1997 National Anti Poverty Strategy (NAPS) and subsequent Government policies, as follows:

People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living which is regarded as acceptable by Irish society generally. As a result of inadequate income and resources, people may be excluded and marginalised from participating in activities which are considered the norm for other people in society.

This definition shows the importance of taking into account what money can buy as well as the actual level of income. Income needed to avoid poverty is affected by the real cost of living and the cost and quality of services and availability of quality employment. The lack of access to affordable child and after school care, lack of access to social housing, costs of education and health care all impact on those on minimum incomes in particular. For those with medical needs, access to a medical card impacts enormously on their income as those with incomes over the minimum pay for health care and prescriptions at point of access.

Minimum Income rates need to be supplemented, as they are to a certain extent at present, by secondary benefits, which offer cash payments as income supplements to help with certain contingencies such as housing, heating, and education costs. The system needs to take specific account of the cost of disability. Transport needs for people with disabilities and people in rural areas may be different from other groups and affect their opportunities to take up work, training or community involvement. Particular costs such as childcare,

schoolbooks etc. need to be recognised. This also applies to the extra costs of healthcare for older people.

The Vincentian Partnership for Social Justice's (VPJ) research into the cost of a *Minimum Essential Standard of Living* (MESL) clearly shows that many households living on social welfare payments are unable to have a standard of living which meets their physical, psychological and social needs. The cost of a *Minimum Essential Standard of Living* rose by 3.25% in the period 2008 to 2013, higher than the Consumer Price Index rise. Payments fell behind both of these measures of inflation.

There is also a sizable gap between minimum income payments and the *at risk of poverty* threshold (60% of mean equalised income). In 2012, the weekly payment for a single person was €204.25, plus €137.24 for an adult dependent (66% of poverty line figure) and €68.62 for a child (33% of poverty line amount) while the weekly payment rates are €188 weekly for JA and equivalent payments and €186 weekly for those on Supplementary Welfare Allowance.

Determining the level of minimum income schemes

Stakeholders consulted for this road map favoured the use of both the 60% *at risk of poverty* line and a well-designed budget reference methodology.

The *at risk of poverty line* (60% of median income) gives a snapshot of how the lowest incomes are keeping up with the rest of society. Reference budgets give a more absolute measure of what people can afford.

The Vincentian Partnership's Minimum Essential Standard of Living (MESL) provides a robust methodology, strongly peer reviewed, to determine the minimum level of income necessary to live with dignity and to meet physical, psychological and social needs.

The methodology centres on the income needed to afford a basket of goods based on needs not wants. This concept is very clear and can resonate with the public. Interestingly, it has been used to help determine an acceptable income in the bankruptcy process guidelines published in 2013.

The recognition of the need for people to be able to participate in society is appropriate and more likely to lead to social inclusion, as is the fact that it recognises different family types, the different costs of living in urban and rural areas, the cost of disability and the costs of children.

We therefore propose that the principles of a minimum income scheme should be defined in terms of a 'double-lock', whereby adequacy is defined as enough to ensure that the recipients receive enough to:

- **rise above the 'at-risk-of-poverty' line** of 60% of median income; and
- **afford a 'basket' of goods and services** on the lines of the *Minimum Essential Standard of Living in Ireland* sufficient to afford a quality of life and participation in society

This poverty measurement would need to be indexed and regularly reviewed to ensure that it remains adequate.

4. An effective Minimum Income Scheme

Stakeholders consulted for this exercise favoured a simple, transparent, fair scheme which is easy to access.

The current complex system has grown up over many years to respond to different needs and includes a large element of contingency, discretion and conditionality.

Stakeholders also expressed concern, however, that greater simplicity, moves towards a single adult payment and reduced discretion must not disadvantage groups such as people with disabilities, carers, homemakers or lone parents whose particular needs are recognised under the present schemes.

Improving the effectiveness of minimum income schemes will be a multifaceted challenge. The system is currently undergoing radical and major change led by the Department of Social Protection, with 44 Intreo offices rolled out at the time of writing and a further 17 to come. Reforms to date have focussed mainly on activation, with less attention to the implications for social inclusion, adequate income support and access to quality services.

The proposals in this section are designed to ensure that this change creates a more robust safety net for those ineligible for social insurance related supports. This will require much more than reconfiguring current schemes but rather re-engineering the rationale behind how schemes are designed and delivered. It will also require political understanding, acceptance and commitment not just in Government but across society.

Building blocks of an effective system

Building an effective minimum income system will require:

- ✚ Moving from a contingency approach, whereby new schemes emerge as a response to a newly identified need, to a comprehensive, rights-based system
- ✚ Increasing the consistency and transparency of the system, replacing the current complex mix of different schemes, with different objectives, different means tests and different income threshold cut off points
- ✚ Reducing conditionality within schemes, which results in people falling into in and out of eligibility for schemes
- ✚ Close monitoring of how secondary benefits interact with payments to reduce unemployment and poverty traps in particular with regard to Rent Supplement (the move to the new Housing Assistance Payment while a step in the right direction is still not widely taken up)
- ✚ Ensuring that claw- back from those who have received overpayments does not overly penalise and push people into unsustainable situations

First steps

Some steps towards an effective system include:

1. **Integrated policy objectives** across Government based on rights and needs of recipients
2. **Simplification and consistency**

- **A thorough review** of all schemes and the rationale behind them to ascertain if they are achieving their stated objectives and securing the best outcomes for their target client group. Ending contingency, in the interests of simplicity, where possible, without compromising particular additional supports to vulnerable communities and individuals
- **A feasibility study** on the establishment of one robust, basic scheme, with tailored conditionality, to take account of particular needs
- **A review of the gendered bias** of the Qualified Adult payment and how this impacts on women's access to the social welfare system
- **Close monitoring of secondary benefits**, including Rent Supplement and the new Housing Assistance Payment (HAP) levels and conditions to ensure that they respond to need and that their cut-off points are tapered enough to avoid poverty traps
- **Recognition of differences between rural and urban areas** in terms of costs of living and deciding adequacy
- **A focus on the welfare and wellbeing of children**, rather than the familial status of parent(s) in the area of Child Income Supports

3. Accessibility

- **A major information campaign**, backed up by strengthened information systems, using all appropriate channels to ensure that potential recipients are aware of their rights and entitlements

4. Comprehensiveness

- **Integration of asylum seekers** into mainstream social welfare, abolishing *Direct provision* in favour of a system based on the same needs and rights as other recipients
- **Ending the *Habitual Residence Condition*** which excludes many immigrants, and returned emigrants, from benefits.

5. Dignified and effective delivery

- **A feasibility study of a centralised unit** to deliver effective, speedy, responsive means testing to improve consistency, efficiency and transparency and to reduce transaction costs
- **Greater speed and flexibility** in review mechanisms to allow them to respond faster to changing conditions. (For example, the Rent Supplement levels set for the areas in the Dublin and surrounding areas are inadequate and simply cannot sustain people in private rented sector accommodation.)
- **Prioritise people and communications skills** for staff dealing with clients. Emphasis the need to treat people with sensitivity, respect and dignity
- **Remove physical barriers** which impinge on people's dignity such as glass screens. (The Tánaiste has said forcefully that said that glass screens have no

place in her vision of a fit for purpose system). Ensure that there are adequate private spaces where confidential matter can be discussed

6. Improved information and data

- **Data sharing** of 'real time' live information between agencies and departments, following the model of the current pilot where data is shared between a Local Authority, Department of Social Protection and landlords to improve speed and quality of the new housing support payment
- **Improved inter and intra agency data** quality and compatibility
- **A cost benefit analysis** on an interagency data warehouse system, which could allow various agencies such as the Health Service Executive, Revenue Commissioners, Departments of Social Protection, Environment and Local Government, Local Authorities etc. to share and access data, subject to data protection legislation

5. Progressing this agenda

Members of the Irish Minimum Income Network have identified a need to build support across society for an adequate and effective Minimum Income System, as part of a broader system of active inclusion, through awareness raising, political advocacy and public debate.

While there is currently some hostility to social welfare recipients in certain sections of the media, we believe that we can win support for an adequate and effective system through consistent promotion of clear, positive messages, effectively communicated, which emphasise the gains and benefits to all from having a decent floor under which no one is expected to subsist.

It is important, in this element of our roadmap, to highlight the real needs of people on minimum income schemes and to support them in articulating this.

In effect, the next phase is to embark on an awareness raising strategy which shows the benefits to all of having

- a) a decent baseline below which we should not expect people to subsist
- b) a welfare system which allows people to live in dignity and which does not damage their life chances

Members of the Irish Minimum Income Network have also identified a need to combat myths about welfare recipients and build positive collective or public support for welfare as a safety net and public good through which people on minimum income schemes can re-engage with work and society.

A more fundamental challenge for proponents of a robust minimum income system, particularly in times of economic stringency, is to win public support for the taxation required to fund such a system, which requires a rethink of our low-tax economic model.

B. Developing Consensus for the Road Map

Within the Irish Minimum Income Network, there is general consensus on the principles and priorities identified in the draft Roadmap.

This view is not shared by business leaders, but is shared across social NGOs, trade unions and, to a certain extent, government.

Most Government interviewees, both officials and politicians, feel that government has been very generous in increasing social welfare rates during the boom years, as a political expression of social solidarity, and in largely maintaining basic rates throughout the economic crisis. Although, as already mentioned on page 5, this has not stopped those on the lowest incomes experiencing the second highest drop in income at just under 13% during the period 2009 to 2015.

The Minister responsible (Tánaiste/Deputy Prime Minister Joan Burton) has said recently (September 2014) that the end of austerity will not necessarily allow for a restoration of welfare levels. The trend in government has been towards greater conditionality in all payments, including minimum income payments. Certain groups, particularly young people, have had their payments dramatically reduced.

There is agreement between the Network and Government on the importance of more positive public representation of welfare, although Government tends to emphasise greater conditionality and a robust attitude to fraud as their preferred ways of achieving this. Equally, there is agreement in principle on the importance of 'one-stop-shops' and improved information on entitlements.

It was also noted that the government has done little to engage employers on the issue of the informal economy, thus facilitating them to keep pay rates down. The result of this has been that pay rates in the services, retail and other low paying sectors have remained inadequate. This lack of engagement with employers also extends to a lack of consultation with them on the new Further Education and Training Strategy which is worrying as employers are ideally placed to identify current and emerging training and skills needs which would improve learner outcomes for those who are activated.

This has been viewed by these commentators as another lost opportunity to reform the system. It was in this context that the Minister for Social Protection spoke about her frustration about the fact that some payments in effect subsidised low wage employers through the FIS scheme. A fear was expressed by some that the tight fiscal environment might offer an opportunity for further conditionality and decreased eligibility for MIS to be introduced under the guise of reform which would be counterproductive and result in less access for vulnerable groups. This fear has also been articulated by the Irish President when he addressed the European Parliament.

A new momentum for a living wage has emerged as interested parties seek to stop the low pay race to the bottom. In the 2015 Budget speech, a new Commission on Low Pay was announced.

There has always been a concern that social policy outcomes, and the role of the Department of Social Protection, are seen as less important than other Departments. This has been identified for many years as a weakness in the implementation of the Irish NAP Inclusion, as

it has been in many other EU member states and is currently resonating as a strong criticism of the Europe 2020 strategy in its mid-term review.

One of the groups most excluded from minimum income is the number of asylum seekers in 'direct provision', living on €19.10 plus board and accommodation. This system is coming under intense public scrutiny, with a new Programme for Government commitment to review it which is to be welcomed.

C. Steps taken to advance the road map

The draft Road Map has been discussed and developed within the Irish Minimum Income Network (social NGOs, equality NGOs, trade unions and a progressive think tank for social and economic change.)

The principles in the roadmap have been discussed extensively with a large number of stakeholders, including politicians, business representatives, officials, trade unions and NGOs. This has contributed to developing the road map and identifying opportunities to promote it.

There has also been a close link with the Vincentian partnership for Social Justice, the body involved in developing reference budgets in Ireland.

The issues have been raised in detailed presentations, by one or more network members, at:

- A presentation to a parliamentary committee
- A submission to Government on budgetary policy
- A seminar for a broad range of actors in 2013
- Workshops at two national annual 'Social Inclusion Fora', which bring together the main actors in the Social Inclusion Strategy/Platform Against Poverty in Ireland.

The roadmap was discussed thoroughly at the final conference/round table of the Irish Minimum Income Network in October 2014 and the Roadmap completely re-written to reflect these discussions. The Conference was attended by 54 representatives of government, academia, think tanks, trade unions and people living on minimum income.

D. Future activities

The Network will continue to function after the end of the funded project as it sees its contribution as a timely one with the potential to create better outcomes for vulnerable people.

The network has agreed a programme of activities which includes:

First quarter of 2015	Convening a broader alliance to take forward the work of the Minimum Income Network
First half of 2015	A further round of meetings with key stakeholders about the roadmap, with a particular emphasis on the Tánaiste, politicians and senior Government officials
Second half of 2015	Developing a website to dispel myths about welfare and promote a more positive approach
Before Budget 2016	Opinion pieces in national newspapers and key journals