



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

Citizens Information Board
Pre-Budget Submission 2022

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The Citizens Information Board (CIB) supports the provision of information, advice, advocacy, money advice and budgeting services across a wide range of public and social services. These services are delivered in three different ways – online, by phone and in person.

A key role of CIB is to support, promote and develop data and information on the effectiveness of current social policy and services, and to highlight issues that are raised by the users of those services. Through research and analysis of caller and query data and the feedback received from our services, we identify relevant problems and priorities across a range of sectors. These include social welfare, housing, health and social care services, along with the areas of over-indebtedness and financial exclusion. We provide data and analysis to inform public policy and influence budgetary choices.

- ❖ www.citizensinformation.ie – the website had just over 15 **million users** in 2020, and recorded 55 **million page views**. There have been over 75.6 million page views during the pandemic with over 20 million users to date
- ❖ Citizens Information Services (CISs) - almost **400,000 people** contacted CISs with **726,658 queries in 2020**
- ❖ Money Advice and Budgeting Service (MABS) – **over 37,000 people** were helped with problem debt last year via the MABS Helpline and face to face services
- ❖ Citizens Information Phone Service (CIPS) - dealt with **151,356 telephone enquiries** and responded to **over 2,800 Live Advisor¹ enquiries** in 2020, a 20% increase since 2019
- ❖ National Advocacy Service (NAS) - supported **3,081 people with disabilities** with information, advice and other supports and **1,047 representative advocacy** cases

¹ Live Advisor is a webchat service intended to assist those with hearing or speech impediments or who experience other barriers to communication by telephone

Introduction

This Pre-Budget Submission comes at a time of significant social and economic change and recovery for the Irish economy in the second year of the Covid-19 pandemic. The past year has brought major changes with some positive developments. The lessons from the pandemic should be built upon, with sustained investment to combat poverty and inequalities. This submission places a focus therefore, on individuals and families who are experiencing particular pressures and ‘pinch’ points as raised by citizens in their queries to and contact with CIB delivery services. In particular, the submission highlights where and how citizens were experiencing income inadequacy, gaps in service provision, including high costs, as well as issues relating to moving from welfare into work.

The submission is informed by the following elements over the past year:

- issues raised by citizens in their queries to and contact with CIB delivery services - Citizens Information Services (CISs), the Money Advice and Budgeting Service (MABS), the National Advocacy Service for People with Disabilities (NAS))
- policy issues identified by frontline staff during the course of processing these queries
- MABS concerns and recommendations relating to *debt, combatting arrears and financial exclusion* as set out in the second part of this submission.

Queries to CISs 2020 - 2021

In 2020, there were **398,967** callers to CISs,² and **726,658 queries** recorded from these callers on a range of issues: Social Welfare - 42%; Employment - 9%; Covid-19 specific queries - 9%; Housing - 8%; Health 7%; Money and Tax, 5%. In addition to recording query and client data, information staff in CISs and CIPs also submitted **6,679 Social Policy Returns³** (SPRs) during 2020.

The submission highlights income adequacy issues reflected in the type of queries presented to services by key groups who were particularly impacted by the Covid-19 pandemic, as well as the critical need for available and affordable quality public services.

Income Support Measures

Research demonstrates that lone parents, households where no-one is working, the long-term unemployed, and those not working due to an illness or disability are the key groups facing the highest rates of poverty. CIS data indicates that the main welfare related queries handled in 2020 related to both core income supports such as the Covid-19 Pandemic Unemployment Payment (PUP) (32,406), State Pension Contributory (22,695), Carer’s

² This comprised of 369,745 callers to CISs as well as an additional 29,222 callers assisted by CISs via a new Web Call Back option introduced during Covid-19 - represented a 29% drop in caller numbers since 2019, due to the closure of face-to-face services from March 2020.

³ A Social Policy Return is a case identified by services as one that occurs repeatedly and relates to an access/administrative barrier, an information gap, a gap in service provision or a policy anomaly that requires further analysis and a policy response.

Allowance (21,695), Disability Allowance (20,265), and Jobseekers Allowance (20,237), as well as ancillary supports such as the Medical Card (30,814).

The bulk of enquires to CISs relate to income supports and to issues relating to the level /rate of payments, means-testing, the interface between part-time work and welfare payments, and the impact of social welfare related transitions upon a change in circumstances. Research on the Minimum Essential Standard of Living (MESL)⁴ has demonstrated that **social welfare payments are still inadequate** for certain households, i.e. those with a single adult aged under 65 years, and lone parents, most of whom are women, who are not able to meet basic needs, participate in normal activities, or take part in society.⁵ The Vincentian Partnership's Living Wage estimate, which is based on the MESL research is €12.30 per hour for 2020/2021⁶, reflective of housing costs, in particular, relating to rent. Rent now accounts for over half (54.6%) of a single person's minimum living costs in Dublin, and over approximately a third outside of Dublin⁷. It is important to note here that calculation of the Living Wage is based on a single-adult household, and that households with children, including lone parent households experience additional costs which need to be taken into account in these households' standards of living⁸.

Services reported on the financial difficulties experienced by clients who were working on a **part-time basis** in relation to eligibility for Covid-19 PUP or jobseekers payments⁹. Problems arose for people working two jobs or in some cases three jobs on a part-time basis, who were laid off from one of these jobs. This meant non-entitlement to the Covid-19 PUP due to being in insurable employment, even for a limited number of hours, as well as non-eligibility to a jobseekers' payment due to the pattern of hours worked, for example, hours spread over 5 days. The reduced hours and non-replacement of this income affected those in low paid work in particular. In this context it is useful to reference the concept of '**living hours**', which recognises that low paid workers often do not get the hours they need to make ends meet¹⁰.

Clients felt that the Covid-19 PUP rules discourage the take up of employment, in contrast to the disregard provided for the self-employed¹¹. If the economy recovers well, and there are more job opportunities for people, more Covid-19 PUP recipients will take up employment. However, there may need to be provision for some existing recipients to maintain their payment while taking up paid employment for a period of time, similar to the earnings disregard for the self-employed. This would provide the flexibility for people to

⁴ https://www.budgeting.ie/download/pdf/mesl_2019_update_report.pdf

⁵ https://www.budgeting.ie/download/pdf/mesl_2019_update_report.pdf

⁶ The Living Wage rate is calculated by researchers at the VPSJ's Minimum Essential Budget Standards Research Centre, and is set by the Living Wage Technical Group.

⁷ <https://www.budgeting.ie/living-wage/>

⁸ Living Wage Update 2020

⁹ As at 10 August 2021, there have been 47,678 queries to CISs about the Covid-19 PUP since the start of the pandemic.

¹⁰ <https://www.livingwage.org.uk/living-hours>

¹¹ A person can earn up to €960 over 8 weeks and keep their Covid-19 PUP payment.

continue to work on a part-time basis, as well as seek employment in other sectors if necessary, which may require additional training.

This, in conjunction, with the **‘three day rule’** in relation to jobseekers payments – where a person must be unemployed for four consecutive days in seven - caused the most problems. This issue has been raised by CISs for a number of years, but has been accentuated by the impact of Covid-19. CIB has recommended in previous submissions changing eligibility for jobseeker’s payments to criteria based on hours worked rather than the number of days worked, to better support part-time and casual working patterns¹². It has also been recommended that this rule could be replaced by an income disregard, as is the case with other benefits¹³.

The pandemic also highlighted insufficient **flexibility in jobseeker’s payments**, and in particular, the rule above which is too restrictive, and does not recognise the different work types and patterns that are available / suitable for individuals and those with families. This rule also impacted **Qualified Adults (QA)** or adult dependents (who are predominantly women) of those in receipt of a social welfare payment, where QAs wishing to take on a reduced number of hours employment per week spread over five days were not eligible for a JA payment in their own right¹⁴. Eligibility for jobseekers’ payments requires applicants to demonstrate that they can work full-time, and are looking for full-time work, and can cover their childcare needs. For women in particular, failure to satisfy these conditions means they cannot establish their individual right to payment, or to access education, training and employment opportunities¹⁵.

The issue of access to education and training for Qualified Adults was also highlighted where time spent as a Qualified Adult dependent on a partner’s claim does not count towards eligibility for the Community Employment Scheme.

CIB highlighted the issue of restricted access to Active Labour Market Programmes (ALMPs) for qualified adults in previous submissions, and the need to re-enforce the building up of labour force attachment for this cohort¹⁶. The importance of ensuring that adequate secondary benefits and income disregards are in place so that Qualified Adults are supported to participate more in the labour force has also been recommended.¹⁷

The experience of Covid-19 PUP has demonstrated the **significant drop in income** on sudden loss of employment for individuals who are new to the social welfare system. CISs

¹² Pre-Budget Submission 2019; Pre-Budget Submission 2018;

https://www.citizensinformationboard.ie/en/publications/social_policy/prebudget_submissions.html

¹³ Keane, C et al (2021) Covid-19 and the Irish Social Welfare system

¹⁴ There were over 67,000 qualified adults of main claimants on working-age income and employment payments in 2020. Data is drawn from the Statistical Information on Social Welfare Services Annual Report 2020, and includes disability payments.

¹⁵ National Women’s Council (2020) Submission to the Department of Employment Affairs and Social Protection on their Statement of Strategy 2020 – 2023.

¹⁶ CIB (2019) Submission on the Pathways to Work Strategy 2020 – 2024

https://www.citizensinformationboard.ie/downloads/social_policy/pathways_to_work.pdf

¹⁷ NESF (2021) The Future of the Irish Social Welfare System: Participation and Protection. No. 151 November 2020.

and MABS have highlighted the impact of sudden losses of income on their clients and have raised the need for increased welfare payments in the early stages of job loss as a cushioning element. In this regard, it has been recommended that there is a stronger link between Jobseekers Benefit (JB) rates and pre-job loss earnings so that JB provides more income support for individuals in the short-term¹⁸. The Short-Time Work Support in respect of Jobseekers Benefit for people temporarily placed on a shorter working week, was considered to be a disincentive to work, due to the low rates of payment, compared to the Covid-19 PUP rate - for example, a return to work for a maximum of 2 days per week with a Short-Time Work rate of €121.80 per week plus wages compared to remaining on the Covid-19 PUP rate of €350 per week.

The pandemic has led to the creation of a **second tier of social welfare recipients**, and last year, we saw in particular, a sense of inequality being expressed by existing social welfare recipients, in receipt of lower rates of social welfare payments. This issue also arose when tapering of PUP was introduced from September last year. Moving from a payment of €350 per week to €203 is a shock and can create financial hardship.

CIB has highlighted in previous submissions the situation for younger jobseekers who are living on the reduced rate of Jobseeker's Allowance. Research has demonstrated that **younger people** in particular have been disproportionately impacted by the crisis, as well as the longer term impacts of the recession¹⁹. The personal rate of Jobseeker's Assistance for those aged 18-24 years not living independently and with no dependent children is €112.70 per week compared to €203 a week for those aged over 25. There was no such age distinction made with the Covid-19 PUP. This cohort will be particularly affected by an economy that is slow to recover, and correspondingly a withdrawal of the Covid-19 PUP.

The government announced return to work economic supports as well as the gradual cessation of the Covid-19 supports in their Economic Recovery Plan, published in June 2021, and in their Pathways to Work Strategy 2021 – 2025 in July.

While there are specific measures and policies in these plans targeting people with disabilities, lone parents, older workers and 'returners', migrants and other disadvantaged groups, e.g. the early engagement model for jobseekers with disabilities, it is also essential to ensure that these groups have equal access to mainstream measures and supports, and are not impeded in their participation in these by disability, care responsibilities, or other factors causing people's weak or distant attachment to the labour market.

Provisions relating to Redundancy

As part of the measures introduced by the government at the start of the pandemic in the *Emergency Measures in the Public Interest (Covid-19) Act, 2020* changes were brought in that extended the period of time that people could be laid-off without automatically triggering redundancy terms, until the end of September 2021.

¹⁸ Keane, C. et al (2021) Covid-19 and the Irish welfare system

¹⁹ Roantree, B, Maître, B, McTague, A. & I. Privalko (2021) Poverty, Income Inequality, and Living Standards in Ireland. ESRI

This has impacted employees in different ways, some of whom have had to take up other work and forego their right to redundancy, allowing employers to avoid redundancy payments. It can also discourage people from taking up new employment, with some employees holding out for a resumption of their employment, in the hope that things will return to pre Covid-19 times. It has also caused stress and anxiety where employees have spent a significant number of years working for the same employer, and who do not want to miss out on potential entitlements.

Concerns expressed by services included the fact that this could lead to a significant increase in the number of redundancy claims from employers, when this is allowed again, and increases in redundancy claims to the Workplace Relations Commission, resulting in a backlog of cases and increased waiting times. There were also concerns about the capacity of the Social Insurance Fund to compensate employees given a potential increase in demand. A potential loss of supports for employers through the EWSS could impact on the survival of businesses, highlighting the importance of government stimulus packages for business.

Minimum Wage Workers and Migrants

Minimum wage workers are more likely to be female, young, migrants and those working part-time²⁰. The Covid-19 pandemic uncovered gaps and inconsistencies in employment practices throughout the state. As a confidential service CISs received a number of calls from undocumented migrants who had found themselves without their 'cash in hand' employment, resulting in no means to buy food or pay rent. Due to their undocumented status and not having a PPSN, they could not access social welfare and feared accessing the health system. Undocumented migrants typically experience high levels of labour exploitation. The moratorium announced mid-2020 allowing the undocumented access supplementary welfare without a PPSN was a positive move, but was regarded by many undocumented workers as too high a risk. The proposals brought forward by the Minister for Justice, Helen McEntee TD, are a welcome development, whereby eligible people would be granted an immigration permission that allows for unrestricted access to the labour market. These proposals are due to be implemented by the end of the year²¹.

Recommendations – Working Age Income Supports

Remove the age differentiated reduced rate payment of Jobseeker's Allowance for young people aged between 18 and 24 years.

²⁰ ESRI (2020) National minimum wage

²¹ Those eligible for this scheme need to have a period of 4 years residence in the State without an immigration permission, or 3 years for those who have children. Press release. Minister McEntee outlines draft scheme to regularise undocumented migrants to Cabinet. Department of Justice, 23rd April 2021 <https://www.gov.ie/en/press-release/4b765-minister-mcentee-outlines-draft-scheme-to-regularise-undocumented-migrants-to-cabinet/#:~:text=undocumented%20scheme%20will%20open%20by%20the%20end%20of%202021&text=The%20Minister's%20initial%20proposals%20envisage,case%20of%20those%20with%20children>

Change eligibility for jobseeker's payments to criteria based on hours worked rather than the number of days worked, to better support part-time and casual working patterns.

Prioritise Qualified Adults' access to employment supports and activation measures on a voluntary basis.

Enable modifications to the Short-Time Work support where post-Covid-19 return to work is on a partial / phased basis.

Make provision for some existing recipients to maintain their Covid-19 PUP payment while taking up paid employment for a period of time, similar to the earnings disregard for the self-employed²².

Provide information on options for those ending their Covid-19 PUP and transitioning to either social welfare or employment supports.

Increase alignment of existing social welfare rates with the Covid-19 PUP rates, with emphasis on cushioning the impact of loss of income in the early stages of unemployment.

Set social protection payments and/or supports at a level that lifts people above the poverty line, prevents deprivation and supports an adequate standard of living, by establishing the Minimum Essential Standard of Living (MESL) as the benchmark for social welfare payments.

Commission on Tax and Social Welfare to consider reform of the benefit and tax systems to align more with changing family/work patterns as well as to consider individualising social welfare payments, particularly for family payments and QAs.

Support for pathways back into work and reduce the time requirement of 15 months on a Jobseekers Allowance payment for eligibility to schemes, e.g. the Part-Time Job Incentive Scheme.

Related Employment Issues

Permit employees to make redundancy claims and ensure access to the Social Insurance Fund for redundancy payments where employers are unable to pay redundancy.

Resource the Workplace Relations Commission to speed up the hearing of complaints and establish a section in the WRC Enforcement Unit to specifically assist employees to pursue enforcement of awards.²³

²² Self-employed people in receipt of the Covid-19 PUP who are looking to maintain their business can receive up to €960 over an eight-week period, while retaining their full PUP entitlement. To support businesses, self-employed people will be eligible for a grant if they choose to close their PUP 'Number on pandemic unemployment payment drops below 160,000 as economy reopens' Irish Independent, 10th August, 2021

²³ CIB (2020) Employment Rights that Work for All. https://www.citizensinformationboard.ie/downloads/social_policy/socialpolicy-employment-rights-for-all.pdf

Ensure all eligible undocumented workers are granted an immigration permission allowing for unrestricted access to the labour market.

People with Housing Needs

Since the onset of Covid-19, housing issues have come into sharp focus and reflect central concerns around the availability and affordability of suitable housing options for low-income households. MABS deals on an ongoing basis (including through Abhaile) with people living with mortgage debt whose numbers have increased as a result of Covid-19. Difficulties experienced by people with disabilities are identified by CISs and by the National Advocacy Service (NAS) on an ongoing basis. In 2019, for example, housing and accommodation accounted for 50% of NAS representative advocacy cases, including those experiencing or at risk of homelessness.

There were over **60,500 queries** relating to housing matters to CISs in 2020, with local authority and social housing queries comprising over half of these (including the Housing Assistance Payment (HAP) scheme, at just under 12,000), and queries relating to private rented housing reaching almost 10,000. The issues raised included:

- the level at which the Housing Assistance Payment (HAP) rental limits are set
- the income threshold / limits for social housing
- the availability of affordable properties and
- the difficulties for clients who are homeless and are resorting to staying with family or friends on an ad hoc basis (and are thus not considered to be homeless by some local authorities).

In relation to HAP, the key issue arising was **affordability and access**, with the rent limits considered to be too low and not reflective of the rental market in different geographical areas²⁴. This creates a **discrepancy** between the financial support provided by HAP and the actual cost of rent in a client's local area. Clients reported being unable to meet the cost of the difference between their HAP support and their rent, causing financial stress for them and their families. Experiences of poverty and debt due to 'top-ups' and paying for accommodation while waiting for approval were also reported. Delays in processing HAP applications were reported on generally. Services highlighted how these can, in turn, impact on an applicant's readiness to access rental properties when they come to the market. See below for examples of HAP issues recorded by the national CIPS.

HAP Concerns 2021– Sample Calls to Citizens information Phone Service

“Caller can't find accommodation within rent limits for himself, partner and 1 child, even with the addition of the 20% flexibility. Topping up as a result and suffering financially.”

“Caller is eligible for HAP but landlord refuses. Caller fearful to report landlord for fear of eviction”

²⁴ CIB (2017) Housing Assistance Payment. The Experience of Citizens Information Services.
https://www.citizensinformationboard.ie/downloads/social_policy/HAP_Report_CIB_2017.pdf

“Caller has been told by Local Authority that they can't avail of HAP as the difference between HAP and what the caller would have to pay directly to the landlord is too great and it would be financially unsustainable. The caller has tried to get a property at a lower rate but is finding it impossible in her area. Rent Supplement is not an option as they work full time.”

“Caller is under financial distress, they are entitled to the HAP payment but the landlord wants the rent and deposit at the start of the tenancy. HAP pay at the end of the month.”

“Caller told by County Council that she cannot get HAP as she is not on long-term payment (in receipt of PUP). Cannot get RS as she is on housing list.”

“Caller applied for HAP in January still waiting on application to be processed. Council say due to backlog they are dealing with applications from November. Caller is at risk of losing house as will not be able to continue paying full rent”

“Caller granted HAP but says rent prices are much higher than the rent limits and topping up would cause extreme hardship to caller reliant on Disability Allowance”

Caller is being refused HAP as she would have to top up too much above the limits. Caller is a lone parent with 3 children and says that €600 is a completely unrealistic limit for suitable accommodation in their area.”

In relation to applying for local authority and social housing, key issues that emerged were:

- Differing **administrative processes** for delivering the same scheme across local authorities. This was evident where clients needed an inter-county transfer of their position on the housing list, and/or HAP entitlement, or when neighbouring councils used different approaches in calculating differential rent. This latter issue can mean that a tenant in one local authority area can qualify for housing assistance whilst, a client in another local authority will not, even if they have the same income.
- Clients of CISs and CIPs in low and middle income households experience **the income thresholds for Local Authority Social Housing** supports as too low. The new regulations on social housing assessment are welcome²⁵, as they support households with larger numbers of children, by allowing a local authority, to increase the maximum income threshold by 2.5% in respect of each child member of a household, regardless of how many children that is. However, this will only benefit those households with over four children.
- Services recorded instances demonstrating how a social housing applicant can range from the ‘unwaged’ to those earning a ‘low income’ supplemented by social welfare payments, all of whom require housing support. However, some clients reported being suddenly, and without warning, **taken off the waiting list** after several years of waiting, often on foot of a new payment or scheme they applied for, or a temporary increase in their income. This can mitigate the client’s best efforts towards activation and education and training, and frustrates those that have been waiting for years on a social housing waiting list.

²⁵ Social Housing Assessment (Amendment) Regulations 2021 (Statutory Instrument No. 116 of 2021)

In calculating the living wage for 2020/2021, the Vincentian Partnership for Social Justice found that the housing costs for a living wage worker have increased by an average of 7.5% nationally over the last year. Rent now accounts for over half (54.6%) of a single person's minimum living costs in Dublin, and over approximately a third outside of Dublin.²⁶

Private Rented Housing

There were almost 10,000 queries relating to private rented housing to services in 2020 in addition to HAP queries. Feedback from services last year in relation to **private rented accommodation**²⁷ reflected the difficulties for tenants in acquiring and maintaining affordable rental properties. This has a knock on effect in terms of accessing labour market opportunities, in that housing remains a barrier for many people on welfare wishing to transition to employment because of lack of available, secure, and affordable private rented accommodation.²⁸

There were also some instances where tenants were given an **illegal eviction** notice – despite the imposition of various tenancy protection measures for much of the year. In this regard, the announcements extending rental protections for those financially impacted by the pandemic are welcomed, in particular, no rent increases or evictions permitted until January 2022. Another positive measure was the increase in Supplementary Welfare Allowance rates in respect of Rent Supplement applications following the onset of Covid-19, which are due to decrease later in the year.

The issue of **affordability in the private rental sector**²⁹ is a long-standing and ongoing problem for many users of CIB services including people with disabilities and/or mental health difficulties who are being “priced out” of the private rental housing sector or are being discriminated against in that sector. The issue of homelessness for those with disabilities and mental health difficulties needs particular attention – Census data in 2016 has shown that 27% of the homeless population had a disability, compared to 13.5% of the general population.

A key challenge is to deal realistically with the twin issues of rapidly rising rents and insufficient supply of housing to rent which is compliant with minimum standards in all areas of the country³⁰.

²⁶ <https://www.budgeting.ie/living-wage/> Research carried out by the Minimum Essential Budget Standards (MEBS) Research Centre at the Vincentian Partnership for Social Justice.

²⁷ CIB is currently undertaking research on the private rental sector in partnership with Threshold. The research will have a particular focus on housing affordability and the financial vulnerabilities of private renters.

²⁸ NESF (2021) The Future of the Irish Social Welfare System: Participation and Protection. No. 151 November 2020

²⁹ CIB and Threshold have jointly commissioned research on affordability issues impacting on private sector tenants who are users of our respective services.

³⁰ CIB sets out these issues in a submission on the Housing for All Strategy. <https://www.citizensinformationboard.ie/en/publications/submissions/>

Feedback from delivery services indicates continued issues in accessing the **Housing Adaptation Grant for Older People and People with a Disability** including eligibility issues as well as access and administrative problems. Issues arising include the means test for the grant being experienced as a barrier for many as it is based on the total household income and not the income of the person with a disability. Inflexibility in terms of what the grant can be used for was also raised, e.g. no funding for an attic conversion, despite the fact that it would meet the needs of the household member who has a disability.

A key issue for people with disabilities and older people in accessing housing is to be able to access other supports to **enable independent living**, such as Personal Assistant services, or Home Supports which continue to remain underfunded.

Recommendations - Housing

We acknowledge that the new *'Housing for All'* plan contains provisions that relate to many of the recommendations below.

Escalate the direct Local Authority social housing building programme in a strong, focused and proactive manner and as a matter of urgency, with specific targeting of groups affected by consistent poverty, including people with disabilities, Travellers, one parent families, and households with no one in employment.

Increase the rent limits for the Housing Assistance Payment (HAP) in line with current market value in order to adequately provide housing supports to low-income households who are renting³¹.

Ensure that all new developments are universally designed to ensure accessibility for all irrespective of age or ability.

Increase resources for the Housing Adaptation Grant to restore the funding to 2010 levels.

Increase the income thresholds with respect to social housing eligibility.

Provide for further forms of rent regulation and rent certainty to combat the obvious difficulties arising from a free market approach.

Take concerted and urgent action - such as the taxation of vacant or underdeveloped land - to bring vacant properties in all parts of the country into use for residential accommodation purposes.

³¹ Limits on the rent that can be paid for a property covered by HAP were last revised in March 2017 and those for Rent Supplement in July 2016. Meanwhile rents increased nationally by 24% between Q1 2017 and Q4 2020. Roantree et al (2021) Poverty, Income Inequality and Deprivation in Ireland. Residential Tenancies Board (2021) Residential Tenancies Board Rent Index Q4 2020. https://www.rtb.ie/images/uploads/forms/RTB_Rent_Index_Report_Q4_2020_updated.pdf

Increase resources for the inspection of accommodation (private and public) provided under social housing policy.

Adequately fund Local Authorities to provide housing maintenance and cover the backlog of maintenance requests. In addition, Local Authorities should be obliged to allocate sufficient funds to meet the need for housing maintenance in their annual budgets.

In relation to homelessness, fund more housing placement supports for people in danger of homelessness or living in inappropriate accommodation.

Provide policy responses including funding, if necessary, to allow for inter county transfers, to allow social housing applicants to move to areas with greater housing availability and accessibility in line with the evolving needs of their family unit which may necessitate a move for work or education reasons.

Families and Children

During Covid-19 there were many issues raised particular to families with children, and a predominant issue was the lack of affordable and accessible childcare, and the financial protection for employees with caring responsibilities for both children and vulnerable family members.

Income Supports - Feedback from CISs highlighted that those in receipt of the Jobseekers Transition payment should be allowed to access the **Working Family Payment** (WFP) and that not being allowed to do so acts as a disincentive to engage in the workforce.

A second issue arising affecting a number of clients was the non-entitlement of those in self-employment on low incomes to access the Working Family Payment. Working Family Payment recipients were also impacted by a reduction in work hours due to Covid-19, where a review of their WFP could not take place until the due review date, combined with hours of work that were spread over five days, meaning they were not eligible for JA/JB instead of WFP. Financial concerns were also experienced by households who are just above the weekly family income threshold for eligibility for WFP, whose lost income because of the Covid-19 crisis could not be replaced. Services also raised the issue of Child Benefit not being available with respect to older children, aged 18 – 22 year olds in full-time education, who are dependents, highlighting that there can be high costs of dependency for low income families. At this age, young people may be progressing to third level education generating extra costs³². The Increase for a Qualified Child (IQC) rate where applicable, is paid up until the age of 22 years where the young person is in full-time education.

A recurring issue for custodial parents who contact CISs is that **child maintenance** income is considered as means, similar to household income, 50% is deducted from social welfare payments. Once a maintenance order is in place regardless of whether or not it is paid, the

³² CIB has highlighted in its submission on the SUSI grant the low income thresholds for the grant, which have remained relatively unchanged for many years. This is despite the increase in incomes.

maintenance is treated as income calculated as means which results in a reduction of other social welfare payments. This is in contrast to the situation where rent or mortgage repayment up to a maximum of €95.23 per week can be offset against income from maintenance payments.

Childcare

Unmet childcare needs are greatest among lower-income families, households in poverty, lone-parent families and families with an adult who has a disability. **Unaffordability** has been found to be the most commonly reported reason for unmet childcare³³.

The impact of Covid-19 accentuated pre-existing inadequacies in childcare across the country. The lack of childcare also combined with other barriers including lack of flexible arrangements, e.g. a return to work on a part-time basis, or flexible leave options.

The National Childcare Scheme cannot be availed of where a child is with an unregistered childminder. However, childminders may be more suitable for workers involved in atypical work, typically less well-paid work as they tend to be less expensive, and can be more flexible, minding children in the evenings or weekends (NESC, 2021)³⁴. In addition, the National Childcare scheme has been criticised for being less favourable for some low income families whose parents are not in work or education³⁵. It has been proposed that the take-up of the National Childcare Scheme by different socio-economic groups be kept under review, to ensure that barriers in relation to taking up employment, because of the costs and/or availability of childcare, do not continue, especially for low-income households³⁶. It is worth noting here that Budget 2021 did not provide additional funding for childcare.

Unlike most other European countries Ireland does not provide universal childcare as part of the welfare state. Where such services are comprehensive, universal and free, there is less reliance on income transfers to prevent and alleviate poverty, and provide an adequate standard of living.³⁷ Countries with publicly funded universal childcare provision have much higher employment rates among women, and in particular, women in single parent households.³⁸

Domestic Violence

A client who is in a domestic violence situation may also be experiencing financial abuse in relation to the household's income from social welfare. Evidence from services indicate instances where a partner/spouse withheld access of the QA payment from their Qualified

³³ Grotti, R, Maître, B & D. Watson (2019) Technical Paper on Social inclusion and access to care services in Ireland. ESRI: DEASP

³⁴ NESC, 2021: 88. Registration is only required where a person is minding three or more children. The intention of this is related to child protection and quality of services.

³⁵ Wayman, S. New national childcare scheme: 11 essential points you need to know. Irish Times Tue, Nov 19, 2019,

³⁶ NESC (2021) The Future of the Irish Social Welfare System: Participation and Protection. No. 151 November 2020.

³⁷ NESC (2021) The Future of the Irish Social Welfare System: Participation and Protection. No. 151 November 2020.

³⁸ Sunday Business Post, 'Welfare State must be reformed to look after younger working families'. Aidan Regan, May 16th 2021.

Adult, making the woman financially dependent on their partner in a domestic abuse situation.

Concerns arose, primarily, for women in situations of domestic abuse, particularly financial abuse, who needed to flee the family home and had no access to money, because of their partner's control of all the finances. An example is where a woman needing to flee domestic violence could not access a social welfare payment without the knowledge of her partner, as his income was required to be taken into account in the means test. In June 2020, the government introduced a positive measure for victims of domestic abuse applying for Rent Supplement, where Rent Supplement could be provided for the first three months without a means test, and only a minimum contribution to rent to be payable over this period. There needs to be a comparable provision introduced for women in domestic violence/abuse situations who need financial supports in an emergency situation. In a recent Dáil debate, this issue was referred to and the need for 'generous allowances from community welfare officers to offer support in meeting day-to-day needs as victims break free from abusive relationships'³⁹. Guidelines could be introduced to the Urgent Needs Payment to allow for emergency payments for women (and men) who need to leave abusive relationships.

Other financial concerns arose for women in domestic abuse situations on a social welfare payment where maintenance payments were no longer being paid by their partners.

Cohabiting Couples

CIB has previously highlighted the difficulties caused due to the disparity between the tax and welfare treatment of cohabiting couples, who are jointly assessed for social welfare purposes but as separate, unconnected individuals in the context of income tax assessment. For example, where a partner in a cohabiting couple/unmarried parent dies, the surviving partner is not entitled to the Widow's, Widower's, or Surviving Civil Partner's Pension or Grant, even where both have sufficient PRSI contributions, and where they may have been cohabiting for many years. Their family status is not being recognised in this situation. Clients were critical of the fact that in applying for a jobseekers' payment, they are treated as a couple in the means test, but when they were working they could not be jointly assessed for tax purposes. Clients felt that this policy was unfair and discriminatory.

Recommendations – Families and Children

Allow lone parents in employment, whose children are aged between 7 and 14, to receive both Jobseekers Transition Payment and the Working Family Payment. Extend eligibility for the Working Family Payment to self-employed people who fulfil all other qualifying criteria.

³⁹Domestic, Sexual and Gender-based Violence: Statements. Deputy Cormac Devlin, Dáil Debate 7th July 2021. Vol. 1010 No. 1

Disregard child maintenance in the means test for social welfare payments, in particular, in relation to the One Parent Family Payment.

Childcare

Increase subsidies under the National Childcare Scheme to make childcare more affordable for targeted groups and to ensure geographical access. Consider the case for publicly funded universal childcare.

Activation policies need to take more cognisance of the gender aspects of both part-time work (which is frequently precarious and inflexible) and full time work which impacts on people's ability to carry out their child care responsibilities⁴⁰.

Revisit family-friendly employment policies, including flexible working time arrangements to ensure their fitness for purpose, to respond to the changing work and life dynamics over recent years, and in particular, the impact of the pandemic. Prioritise implementation of these new/amended policies/legislation through the mechanism of the EU Work Life Balance Directive⁴¹.

There is a need for more research and analysis in relation to possible linkages between under-investment in public child care and women in low paid employment.

Domestic Violence

Ensure payment of Qualified Adult amount goes to QA by default

Ensure that workers do not face losing their jobs or pay because of having to take time off during the working day, which may be the only safe time to do this, to access financial or legal support.

Ensure domestic violence services are adequately resourced to meet the increased demand for services.

Make permanent the change introduced in June 2020 allowing immediate access to Rent Supplement, without the need for a means test, for people experiencing domestic violence.

Allow the Urgent Needs Payment to be used for women (and men) in domestic violence situations needing to flee the family home in an emergency.

Cohabiting Couples

The Commission on Tax and Social Welfare should review and make recommendations to address the anomalous position between the tax and social welfare treatment of non-marital cohabiting couples and for example, address the issue of non-entitlement to the

⁴⁰ CIB Submission on Gender Equality to the Citizens Assembly 2020.

⁴¹ Flexible working arrangements such as flexible hours, job sharing and remote working provide greater possibilities for entering the labour market, combining work with care and striking a better work-life balance. (Citizens Assembly).

Widow's Widower's, or Surviving Civil Partners' Pension/Grant for the surviving partner, where a partner in a non-marital co-habiting couple dies.

Illness, Disability and Carer's Supports

The implications of the **absence of a statutory sick pay scheme** were experienced by many callers during the pandemic. Issues raised included the absence of Illness Benefit (IB) cover for people in self-employment; inadequacy of illness/sick pay for people with chronic conditions who must work, despite feeling unwell, in order to be able to meet their mortgage/rental costs; Widow's/Widower's Pension (both contributory and non-contributory) recipients who having lost their capacity to work due to illness/accident not being eligible for Illness Benefit, nor having access to sick pay from their employers.

Other issues raised were in relation to the **adequacy of illness supports**, e.g. the Enhanced Illness Benefit versus IB rates; where concurrent welfare payments result in reduced income; or in relation to the impact of high housing costs and adequacy of HAP. Eligibility issues raised included non-entitlement to Free Travel for IB recipients who needed to travel to Dublin for medical appointments.

CIB welcomes **pending legislation on a statutory sick pay scheme** (SSP) - the General Scheme of the Sick Leave Bill 2021 - announced on the 9th June. The purpose of the government's statutory sick pay scheme is to introduce, for the first time, a **general right to statutory sick pay** in Ireland. This right to sick pay will be legally enforceable by employees through the Workplace Relations Commission and the Courts.

CIB's submission⁴² on a statutory sick pay scheme made some key recommendations relating to:

- Ensuring that people have an adequate replacement income to meet daily costs of living during the period of illness
- The extent of SSP coverage, e.g., whether and how agency workers, casual workers, people working from home and self-employed people would be included as well as those on atypical work contracts.
- The importance of paying employees from the first day of illness and particularly so for low paid employees.
- The importance of proactively supporting people in such situations to re-engage with employment opportunities after a period of illness if there is not to be regression and additional marginalisation.
- The need for an evaluation of the costs that a statutory scheme would place on employers, particularly micro, and small enterprises as well as the level of State supports required to make the statutory scheme operable.

⁴² Submission on Statutory Sick Pay Consultation (December 2020)

<https://www.citizensinformationboard.ie/en/publications/submissions/submissions2020.html>

While there have been a number of positive developments in protection in recent times for those in **self-employment**, not least relating to Covid-19 supports⁴³, their **non-eligibility for Illness Benefit** continued to be raised as problematic for many callers. The introduction of the Sick Pay Scheme it would seem will not cover the self-employed, as it refers to employees. This means that there remains a gap in protection for this group. Of note here as well though, is that the PRSI contribution rate paid by the self-employed remains seven percentage points below that of employees, and gives access to 93% of welfare benefits.⁴⁴

We know that **people with disabilities** are one of the most disadvantaged groups emerging year after year in various poverty and deprivation measurements, e.g. 2019 data shows that those not at work due to illness and disability were most at risk of poverty (37.5%) compared to a 4.2% risk of poverty rate for those at work. The corresponding figures for the consistent poverty rate were 18.1%, compared to 1.3%. The pandemic brought to the fore the struggle that many people with disabilities are facing in trying to achieve an adequate standard of living.

The **inadequacy of social welfare rates** to meet individuals' and family's living costs came through where member (s) of the household have a disability. This was especially the case where there was a 'double disadvantage' in terms of poverty risk, i.e. where a person has a disability and is parenting alone. The rates for Disability Allowance, a means-tested payment were experienced as inadequate compared to the insurance based Invalidity Pension which individuals acquiring a disability and coming off the PUP were not eligible for.

Information Officers provided examples of where callers experienced **the means test for Disability Allowance** as too restrictive resulting in households not having enough income. The means test was experienced as harsh by claimants whose spouses were in self-employment, the income from which was assessed in full, resulting in no entitlement for claimants.

The fact that there is **no disregard for rental income** in the means test for DA was raised as an issue by callers, who wished to avail of the Rent a Room Relief scheme, and retain their DA payment. This was seen as a disincentive for claimants wishing to supplement their income from DA by renting out a room in their home, thus providing accommodation during a housing crisis. Revenue permit an individual to earn up to €14,000 tax free from the 'Rent a Room' scheme, however, there is no similar allowance under social welfare provisions. This situation was contrasted with a person in receipt of Invalidity Pension who could claim a Rent a Room relief with no penalty.

A recurring issue that is raised by Information Officers from their interactions with clients is **the lack of access to transport**, particularly for those living with a physical disability. There have still not been replacements for the Motorised Transport Grant and the Mobility

⁴³ For example, self-employed people are allowed to work earning up to €960 over an eight-week period, net of expenses, while retaining their full PUP entitlement. This scheme has been extended to February 2022.

⁴⁴ DSP (2017), A survey of Class S PRSI contributors—Benefits and entitlements available to the self-employed, Dublin: Department of Social Protection as quoted in NESF (2021) The Future of the Irish Social Welfare System: Participation and Protection. No. 151 November 2020. Page 62

Allowance, which were closed to new applicants in 2013, despite an assurance at the time that these schemes would be replaced. A statement in the Oireachtas in March of this year noted that there were 3,532 people in receipt of the Mobility Allowance on an interim basis, and that work is ongoing on the policy proposals for the provision of transport supports for people with disabilities.⁴⁵

The Disabled Drivers and Passengers scheme which offers tax relief on the cost of purchasing an adapted vehicle or the cost of adapting a vehicle, as well as an exemption from motor tax and tolls, is cited as an alternative that is available to people who meet the criteria for the Primary Medical Certificate. However, this scheme assumes that applicants will be able to meet the other costs involved in buying a vehicle, which is not always the case.

The Ombudsman recently highlighted the urgent need for the extension and strengthening of access rights to transport for people with disabilities including the need for a statutory replacement for the Motorised Transport Scheme and the Mobility Allowance Scheme. He also emphasised the inadequacy of the current Disabled Drivers and Passengers Scheme, and noted the many complaints he has received in recent years about the qualifying criteria for the granting of a Primary Medical Certificate for the purposes of eligibility under that scheme⁴⁶.

Recommendations – Illness and Disability

Prioritise the publication of the cost of disability research and commit the necessary resources to implement its recommendations.

Consider allowing a disregard in the DA means test on income earned through renting a room, in relation to the Rent a Room Relief scheme.

Address the current inadequate provision for the costs of transport for people with disabilities through targeted measures, and/or incorporated into a cost of disability payment.

The pressures **carers** were under became more evident during the pandemic, when day and respite services closed, and carers had to provide this care instead. This placed an extra burden on them, causing stress and burnout.

In terms of **eligibility for carer's payments**, issues arising from services included:

- Where a person needs more intensive care, which has been recommended by a health specialist, there is no provision to allow a payment for two carers. Only one carer can receive financial support for the care provided. Two carers who are providing care on a part-time basis in an established pattern, e.g. week on/week off is permitted. It was felt that this does not adequately support care in the community, and could lead to a reversion to hospital based care.

⁴⁵ Statement by Minister Anne Rabbite, T.D. Minister of State at the Department of Health, 21 March 2021.

⁴⁶ Office of the Ombudsman Report 2020 (2021) Annual Report 2020 Managing Complaints in a Pandemic.

- The rules for providing full-time care involving continual supervision and for 35 hours were seen as too stringent and lacking flexibility.
- No half-rate Carer's Benefit for those in receipt of the State Pension.
- Non-entitlement to Carer's Benefit for the self-employed.
- Earnings threshold of €332.5 per week in relation to Carer's Benefit was felt to be too restrictive.
- No entitlement to Carer's Benefit for a second period of care.
- **Domiciliary Care Allowance** recipients are entitled to the Free Travel Scheme, but their children whom they are caring for are not. Domiciliary Care Allowance is valued at €309.50 per month and it was considered by government that this amount should also cover transport costs for the child with a disability.

Recommendations - Caring

Consider extending the Free Travel Scheme and the Household Benefits Package to Carer's Benefit recipients.

Increase the income disregard for Carer's Allowance which remains at €332.50/€665 (couple).

Older People

On average, CISs and CIPs receive over 1,000 queries per week in relation to pension provision which means that there are some 50,000 queries annually⁴⁷ relating to pensions, including State contributory and non-contributory pensions, pension contributions in EU member states and UK pensions.

CISs and CIPs continued to get many queries about eligibility to Covid-19 PUP on loss of employment for people aged over 66 years, in receipt of the State Pension (Contributory) who were working part-time to top up their pension income. For those in this cohort, who were also self-employed, they could not avail of the Employment Wage Subsidy Scheme (EWSS).

The nature of queries to CISs and CIPs suggests strongly that there is a lack of knowledge and a high level of confusion among the public in relation to pensions. The pension system as it currently operates presents challenges and difficulties for many people in terms of **information and guidance on pension entitlement**. CISs reported on the difficulties in supporting people to forecast and plan for their security in retirement. This is particularly relevant for those for whom full time employment spanning their adult working life was unrealistic or unobtainable (e.g. those living with disabilities, those in precarious work situations, migrants, and those with unpaid full-time caring responsibilities over the life-cycle).

⁴⁷ In 2019, state pension related queries were over 60,000 – in 2020, this figure dropped to just under 35,000 with closure of face-to-face services during Covid-19.

The lack of information/enactment of legislation in relation to the State Pension Contributory (SPC) was raised as people approaching retirement want to plan for their future and need clarification on the methodology, either the total contributions approach or the average rule, to be used. In addition, the need for the DSP to provide an **estimate of upcoming pension entitlement for clients** in the year or two prior to their reaching pension age was raised as necessary. This was previously provided to people in their early 60s. This would facilitate clients to maximize their entitlement through voluntary contributions or to explore which payment would suit them best, e.g. the State Pension Non-Contributory or to claim as a Qualified Adult.

The **Benefit Payment for 65 year olds** introduced in February 2021 provides a lower level of payment than the former State Pension (Transition) available to those who retired at 65 until they reached age 66, which was abolished in 2014. The gap between the Benefit payment rate and the Contributory Pension is €45 per week. Clients' raised their concerns about financial hardship with regard to this payment, which is paid at a lower rate than the State Pension Contributory, and also requires a cessation of employment/self-employment.⁴⁸

In addition, the requirement is for 13 weeks paid contributions in a relevant tax year to qualify for this payment. Those who can't meet these requirements, - for example, a person made redundant at age 60, or someone who left work to care for family members – may have to apply for JA instead, which is means tested and requires a claimant to be actively seeking work and to participate in activation measures. They may be eligible for a QA payment, but this does not adequately recognise the contribution that individuals in such circumstances have made.⁴⁹

Other issues raised by services included:

- With regard to the Benefit Payment for 65 year olds, the impact of the requirement to have stopped working at 65 years, and then hope that their employer would re-hire them again at 66 years, which could result in loss of employment, or of the employer taking advantage of this situation, in trying to 'get rid of' an elderly employee.
- Non-entitlement to the Benefit Payment for 65 year olds, despite having worked for 40 years due to not having contributions made in the governing contribution year.
- Benefit payment claimants not eligible to claim for half-rate Carer's Allowance, as can be done with the SPC on retiring at 66 years. It was felt that similar conditions should apply for this payment, as there is no obligation to be seeking work.
- The €200 per week earnings disregard in respect of the State Pension Non Contributory does not apply to self-employment, which was felt to be inequitable.

⁴⁸ Subsidiary employment is permitted, which is work that could have been done while you were in full-time employment and outside your normal working hours.

⁴⁹ SIPTU (2021) Submission to the Commission on Pensions

- Confusion and lack of awareness of the HomeCaring Periods Scheme, where periods of time spent caring for someone can be included in a person's social insurance record, with respect to qualifying for the SPC.
- Non-entitlement of Qualified Adults to the Aged 80 increase that those on SPC receive to their pension on reaching 80 years of age.

CIB's submission to the Commission on Pensions⁵⁰ highlighted issues for carers, mainly women, who have been involved in caring for children with disabilities and who may have difficulties accessing a State Pension (Contributory) through not having the required 520 paid PRSI contributions due to full-time caring responsibilities. Entitlement to a pension based on social insurance contributions has disadvantaged many women who are more likely to have been in caring roles in the home, or to be in low-paid work. In addition, the pensions system does not take into account other barriers to the labour market faced by disabled women, carers, lone parents, Traveller women and migrant women.⁵¹ CIB concurs with the recommendations the Citizens Assembly produced in relation to women and pensions and made related recommendations in our submission to the Commission on Gender Equality.⁵²

Recommendations – Older People

The Commission on Pensions should publish its report as soon as possible to provide clarity/information to older people planning their retirement and pension entitlements, and to give time for the introduction of the necessary legislation.

The TCA should be underpinned by an approach where information is presented in an accessible and easy to understand format which would enable all future pensioners to easily understand their contributions records. This should include a forecasting facility to enable people to estimate their likely future pension entitlements.

The Commission on Pensions should recommend legislative changes to address gaps between retirement age (the age at which a person retires or is required to retire from their work) and State Pension Age (the age at which the SPC and SPNC become available)⁵³.

Provide a pension solution for those providing long-term care for many years, e.g. the provision of a dedicated Carers' SPC for 'lifetime carers', or the reduction in the 520 paid contribution requirement for lifetime carers.

⁵⁰ CIB (2021) Sustainable State Pensions into the future Citizens Information Board Submission to the Pensions Commission. <https://www.citizensinformationboard.ie/en/publications/submissions/>

⁵¹ NWCI (2021) Submission to the Commission on Pensions.

⁵² The Citizen's Assembly (2021) Report of the Citizen's Assembly on Gender Equality.

⁵³As recommended in CIB's submission to the Commission on Pensions

Medical Card Issues

CISs addressed 30,814 medical card queries in 2020 and almost 15,000 to Q3, 2021. Clients reported a variety of administrative barriers and issues in relation to medical cards.

The fact that the renewal process is online only presents challenges for individuals who do not have access to a computer/ broadband. Clients also reported instances of delays in the renewal process resulting in clients having to re-apply for the card. While the move to improve efficiencies in the public service through online provision is to be welcomed, it does not, however, suit all applicants, who need to be catered for through alternative means.

Fear of losing the Medical Card for those on social welfare payments taking up paid employment, came through from services, and is still an issue. A recent report considered that people with chronic illness or long-term disabilities should be able to retain the medical card on taking up paid employment, for as long as their illness or disability continues, and not be limited to three years⁵⁴.

Other issues arising included:

- Income threshold for the means test being too low excluding many households even those on modest incomes.
- Geographical location being a factor affecting access to GP services for medical card applicants.
- Medical card holders being charged for phlebotomy services in their local GPs.
- More broadly in relation to access to health services long waiting lists for non-urgent access to care have been exacerbated by pandemic delays.

CISs noted the problems for callers in accessing dentists who accept a medical card; the high dental costs even with a medical card, and the fact that the cover is restricted, and needs to be reviewed. In the past year it was reported that 250 dentists had stopped treating patients with medical cards, and since 2015 there are 600 fewer dentists operating the Dental Treatment Service Scheme⁵⁵. The decline in the number of dentists has made it more difficult for certain groups to access dental care, including those on lower incomes, older people, people with medical conditions, people living in rural areas, where there is less provision, and poorer transport options to travel further to access treatment. Longer waiting times for emergency appointments have also been reported.

Recommendations – Medical Card

Review means limits for the Medical Card to reflect increases in social welfare entitlements.

Ensure people living with chronic illness or long-term disability retain their medical card for as long as their illness or disability continues.

⁵⁴ NES (2021) The Future of the Irish Social Welfare System: Participation and Protection. No. 151 November 2020

⁵⁵ <https://www.rte.ie/news/ireland/2021/0516/1221959-dentists/> 16th May 2021

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

Inclusive Public Services

Full participation in economic, social and cultural life for all citizens including those with a disability, minority ethnic groups, older people, and people with language or literacy difficulties is dependent on the availability of appropriate and accessible services, as well as reasonable accommodations.

Multiple issues were reported by services over the past year relating to clients accessing online services with difficulties relating to digital literacy, and limited access to broadband affecting older people and rural dwellers in particular. The reality is that online services are not accessible for all, and particularly so for those without means, access or skills (e.g. IT, language, literacy) to use online services. Clients have also found it difficult to access hardcopies of application forms. This has affected those trying to apply for the Benefit Payment for 65 year olds, for example, where a Public Services Card, and basic MyGovID account is required. Applying by post requires an email to be sent to request a form, a barrier in itself for some people.

Clients have experienced difficulties in accessing a wide range of public services including social protection payments, Revenue services, medical cards and Local Authority housing applications.

Access barriers to online public services are an ongoing problem but were particularly evident during Covid-19 with the closure of offices and reduced staff numbers reducing accessibility of services⁵⁶.

Supports identified to promote greater accessibility of public service include:

- Provision of interpreter services for people who have limited English to avoid barriers in accessing entitlements due to a lack of understanding and misinterpretations.
- Improve telephone supports/helplines for those who cannot avail of online services.
- Provide alternatives to desk based decision-making on Disability Allowance applications and reviews - that involve responses in writing/form-filling, no in-person medical assessments - for applicants with intellectual or learning difficulties, including augmented support services.

Recommendations – Inclusive Public Services

Provide multiple options for communication with public services and public authorities; continuing to accept written applications for public services and social welfare benefits and

⁵⁶ Another example is Local Authority Choice Based Letting (CBL) which is only available online putting those with IT literacy and/or broadband issues at a disadvantage, particularly during the closure of Housing Offices and Libraries during Level 5 Restrictions.

enquiries via a public desk or telephone is a particular priority. These options must be adequately resourced and their availability actively promoted⁵⁷.

Provide assisted digital support, e.g. web chats, telephone or 'call back' facilities, as well as use of intermediaries such as the Citizens Information Services which provide face-to-face or telephone support.

Mainstream the use of assistive technologies in the use of e-government services to help many people with digital capacity issues including people with disabilities.

The use of Plain English and clear direction and information in communications from public services is essential to avoid misunderstanding and delays. This needs to be resourced, so that citizens can understand the decision-making on their entitlements.

⁵⁷ Norris, M., Kelleher, J. & J. Bwalya (2021) Digital Exclusion and E-Government in Ireland. Report produced for the CIB. (forthcoming)

Debt and Money Advice - Priorities for Budget 2022

Overview

Given the unprecedented reliance of so many households on the State as a primary source of income⁵⁸, over the course of the pandemic, the forthcoming budget is perhaps the most important in almost a decade for MABS clients (current and future). While, the core supports provided by MABS are in the areas of day-to-day money management and dealing with debt, the money that is actually available within low-income households is, to a large degree, a reflection of a range of government policies, with the annual budget cycle being a key determinant (through taxation and welfare measures) of disposable income, and thus the amount available to households to effectively manage their income and avoid problem debt.

One of the benefits of the last 18 months is that amongst some creditors there has been greater realism, understanding and accommodation, together with a level of proactivity to support their customers in financial difficulties at this time. However, that is not universally the case and it is evident that some creditors have been more effective than others in both engaging and supporting customers. Also, some borrowers have disengaged and will have undoubtedly let their arrears mount. Consequently, MABS remains concerned that in the months ahead, many households may find that they have accumulated problematic arrears and will need MABS support⁵⁹.

MABS Statistics

The impact of restrictions and Government supports and moratoria are evident in MABS statistics for 2020 and 2021.

MABS experience is that when there is a major shift in the economy, as occurred first with the last recession and more recently with the pandemic, there is a time lag between the point at which a problem emerges and the point at which borrowers start to present to MABS seeking support⁶⁰. This is not necessarily due to borrower inertia but more often because people will try other strategies first including the use of savings, budgeting, liaison with individual creditors etc. Often these approaches are constructive, but if a loss of income is long-lived these strategies can often become unsustainable and a more holistic and long-term approach is needed. That may however, often not be evident until the point at which arrears have become entrenched.

⁵⁸ <https://www.gov.ie/en/press-release/d4d6f-a-year-in-review-115-billion-in-welfare-supports-in-response-to-covid-19-pandemic/>

⁵⁹ For further information on patterns of engagement by MABS clients over the course of the pandemic see SOCIAL DISTANCING ON THE MARGINS: COVID-19 & Associated Issues for Dublin Region MABS Clients https://www.mabs.ie/downloads/reports_submissions/COVID_19_MABS_Clients_report29.3.2021.pdf

⁶⁰ See MABS Statistics 2009-2021 https://www.mabs.ie/en/about_us/mabs_statistics.html

In 2019, the number of new clients was 19,085,⁶¹ dropping to 14,520 in 2020, the lowest number of new clients recorded by MABS. While MABS has remained open (but not for face-to-face meetings) throughout, the impact of restrictions on client throughput has been appreciable. It is also evident however that at points in time when restrictions have been eased the demand for the service has increased.

Demand for MABS support via the MABS Helpline has remained steady with the Helpline handling 22,951 calls in 2020, compared to 25,075 calls in 2019. To end Q2 2021 the Helpline had handled 12,493 calls, with 38 % related to personal debt and budgeting. Approximately 40% of calls relate to mortgage arrears/pre-arrears and rent arrears and those callers are generally referred on to a MABS office for further support.

This changed pattern of demand is evident in some research on debt counselling in the UK also, with borrowers looking for support on single debt issues in greater numbers, but owing, perhaps to uncertainty about future income, not yet ready to participate in more formal debt counselling⁶².

In 2021, 50% of all new clients live in households with children, 45% are mortgaged and 59% rely on social welfare as the primary income source. There has been an increase in the number of new clients living in private rented accommodation (21% (18% in 2019)) and an increase in the number living in accommodation types that are temporary or transitory 8% (7% in 2019).

MABS has noted year-on-year growth in the number of new clients in the age cohort 65+ and this continues in 2021. Overall, the MABS client base is aging over time with clients aged 41 and over now accounting for just under 70% of the new client base, (the comparative figure for 2011 was 42%)⁶³.

At a total of 1,786 approved Debt Relief Notices (from 2013 to Q1 2021) achieved with the support of MABS Approved Intermediaries, the throughput through this statutory solution for low-income borrowers remains well under the total anticipated throughput in the first year alone⁶⁴ and while it has remained accessible to debtors throughout the period of the pandemic, throughput also declined in 2020 relative to previous years – numbers are beginning to increase in 2021.

⁶¹ Figures for 2019 include over 2,100 information clients and 1,040 information clients in 2020

⁶² <https://www.stepchange.org/Portals/0/assets/pdf/stepchange-report-march-april-2020.pdf>

⁶³ This data should also be examined in the context of other data sets i.e. data held by CBI and others on the age profile of clients accessing credit of various types. In particular there is a lack of visibility on unsecured debt in Ireland. ISI data show that 72% of the clients availing of its solutions are aged 45+ <https://www.isi.gov.ie/en/ISI/ISI%20Statistics%20Report%20Q1%20-%202021.pdf/Files/ISI%20Statistics%20Report%20Q1%20-%202021.pdf>

⁶⁴ *‘for broad planning purposes for the first full year of operation of the new law and systems, our tentative estimate - based on a rough extrapolation from the comparable UK and Northern Ireland circumstances – is: 15,000 applications for the two main non-judicial debt resolution processes – the Debt Settlement Arrangement and Personal Insolvency Arrangement; 3,000 to 4,000 applications for Debt Relief Notices;* <http://www.justice.ie/en/JELR/Pages/SP12000323>

MABS view is that there is pent-up demand for all of its services which will be prompted by creditor action over the next number of months⁶⁵.

What MABS Advisers are seeing in client casework

As the basis for preparing this pre-budget submission, Advisers provided feedback about their work with clients over the past year. The responses are summarised below.

Impact on Clients

Key issues impacting on clients and client casework over the past year were:

- Loan sales
- Affordability of private rental accommodation
- Loss of employment (reliance on PUP)
- Changes in the banking/financial services landscape with Ulster Bank exiting the market and KBC merging with Bank of Ireland
- Contraction in the market for licensed money lending - with a consequent need to ensure that there are accessible, affordable alternatives available.
- Increase in numbers of older clients, particularly where such clients are in mortgage arrears and do not have sufficient income or time to clear the balance on their mortgage before retirement⁶⁶.

The uncertainty about future income has made it very difficult for MABS and clients to put in place long-term repayment plans and many advisers reflected that their clients are *'falling behind'*. Payment plans put in place pre-Covid cannot, in some cases, be maintained due to a loss of income. As a consequence, much client work is of a temporary nature and will have to be revisited at a time in the future when it is clearer what the prospect for recovery/future income will be.

Rental costs and 'top-ups' are the main areas causing financial stress with clients trying to prioritise rent, and then falling behind on other bills. Many clients still have legacy debts from pre -2008, prior experience of unemployment, and some are also vulnerable for varying reasons (suffering from illness, have experienced relationship breakdown or bereavement or are living in housing of a temporary or transitional nature etc.). The pandemic has added an additional and unanticipated layer of complexity and difficulty to achieving a resolution to their over-indebtedness.

Difficulties in finding solutions

Advisers' primary concern for clients is their housing security. Many are concerned about the risk of homelessness arising from: 1) unaffordable rental costs and the lack of

⁶⁵ MABS is sign-posted in several regulatory Codes and so at various points on the pathway through MARP or as disconnection notices issue etc.

⁶⁶ A Central Bank paper on long-term debt has revealed that over-60s make up a quarter of all those in mortgage arrears.

<https://www.irishtimes.com/business/business-podcast/inside-business-the-eu-s-sweeping-climate-change-plan-scared-and-stressed-over-60s-in-mortgage-arrears-1.4620546>

alternatives where this occurs and 2) legacy mortgage arrears and the inability to find a sustainable alternative repayment arrangement in the context of so much future uncertainty.

Working with creditors

Advisers were also asked whether their work with creditors had become more, or less, difficult over the past year. For banks and financial institutions, the perception amongst just under half of respondents was that casework had become more difficult. This is largely attributed to remote working by both MABS and creditors but also, significantly, to the continuation of loan sales and a perception that once a decision is made to sell a loan the process of achieving a resolution is delayed and thereafter decision making is reduced to data on the Standard Financial Statement (SFS) without due consideration to the borrower's full circumstances.

Where engagement with individual creditors has worked well or even improved, it is based on historic positive relationships with MABS, an appreciation of the difficulties facing borrowers at the current time, and the application of existing protocols with MABS. Unfortunately, some creditors are less aware of/accepting of MABS process and protocols than others. Some have a strong view that unsecured debt should be prioritised above other priority payments (accommodation costs, utilities, etc.) and thus are less willing to accept offers based on the MABS process.

While in all cases MABS will support and advocate for its clients to ensure that priority payments can be made and that their well-being and that of their household is maintained, this feedback gives cause for concern about how unassisted borrowers may be faring. A key concern is that arrangements can be brokered with creditors, particularly in relation to non-mortgage debt without due concern to the totality of the household's circumstances or the sustainability of those arrangements over time.

Priorities for Budget 2022

Against this background, Advisers were asked to identify the most important modifications in policy, regulations or legislation that could bring about beneficial changes for their clients.

Dealing with debt

Debt Relief Notice (DRN)

The main feedback under this heading related to the Debt Relief Notice (DRN). This has been raised in numerous CIB/MABS pre-budget submissions over the last several years and elsewhere in submissions to the Department of Justice.

The primary focus continues to be the 'supervision period' and a strong desire to see that reduced from three years to one year to give debtors early access to a 'fresh start'. There is also a need to align with the reduced bankruptcy term and to align with international practice, for example, the Debt Relief Order (DRO) an analogous model in the UK, (which heavily influenced the design of this aspect of the Irish legislation). It seems anomalous that the legislation has been substantially amended both via a reduction in the term for

bankruptcy and via the amending legislation to facilitate appeals under Section 115A, both with a view to facilitating greater access for debtors - yet clients with the lowest incomes and lowest debts still face perhaps the most arduous process to achieving a lasting resolution to their over-indebtedness.

Additionally, an increase in the debt threshold and bringing debts owed to State creditors in scope (particularly those owed to the Department of Social Protection and Revenue) continue to be a key focus, as is the need to review the reasonable living expenses (RLE) which are viewed as no longer aligned with actual living costs⁶⁷. There is also a need to provide greater certainty about future access to credit for debtors availing of a DRN. A second Personal Insolvency Bill is proposed⁶⁸ and these are priority issues for MABS and its clients, viewed as essential to ensure a greater throughput to this route to resolution of problem over-indebtedness and a more effective utilisation of the important service available via MABS qualified and regulated Approved Intermediaries.

Finally, as the majority of clients availing of a DRN are dependent on social welfare as their primary income source, the value of this payment in real terms is greatly dissipated as households continue to repay amounts on unsecured debts that are ultimately unsustainable. Accordingly, both the State and its customers will derive greater value from the social welfare system if legislation in this area can be progressed as a priority.

Recommendation 1

Reform Personal Insolvency legislation to facilitate greater access and throughput to DRN.

Relevant to: Department of Justice, Department of Social Protection (DSP), MABS, ISI

Non-commercial/public PIP

Advisers have again highlighted the need for a 'public/non-commercial' Personal Insolvency Practitioner (PIP) service in MABS to enable clients who would not be commercially viable clients for a commercial PIP⁶⁹ to access a Personal Insolvency Arrangement (PIA) or a Debt Settlement Arrangement (DSA). The 'Waterford MABS PIP project' demonstrated the efficacy of this role⁷⁰ and continues to provide an effective service to debtors lacking an alternative point of access to these solutions. However it is anticipated that many more borrowers could be helped if this service was more widely available via MABS⁷¹. As above, without access to a route to a statutory solution to their over-indebtedness, low-income households or those reliant on social welfare, continue to repay debts that are unsustainable, thus reducing the amount available to the household to support and advance

⁶⁷ In this context MABS welcomes the public consultation in August by the Insolvency Service of Ireland on reasonable living expenses.

⁶⁸ "A second, wider Personal Insolvency Bill is being finalised. This will implement further important changes arising from the statutory review of the Personal Insolvency Acts, including making the process more streamlined and more effective." <http://www.justice.ie/en/JELR/Pages/PR20000227>

⁶⁹ It is acknowledged that certain PIP's do provide pro bono assistance in some cases, but this falls short of the provision of universal access to a necessary statutory solution to low income debtors.

⁷⁰ <https://www.munster-express.ie/front-page-news/debts-silent-legacy/>

⁷¹ This service has been described as 'life-saving' and it is evident that it has effectively achieved resolution in cases of prolonged arrears that would not otherwise have been capable of being addressed.

its well-being. It is evident to MABS that the costs of supporting such clients through other routes - i.e. repeat Alternative Repayment Arrangements (ARA's) or through the legal process with, in some cases, only limited prospects of achieving an outcome that will keep them in their home - outweigh the costs of providing a limited and targeted scheme to facilitate access to a PIA/DSA for these clients. This is a matter of increased urgency as MABS clients age and have less time remaining in the workforce to address their arrears⁷².

Moreover, for some clients who have already lost their home, residual debts remain as an on-going impediment to achieving a 'fresh start'.

Recommendation 2

Initiate a non-commercial/public PIP Service in MABS to facilitate access to PIA/DSA for borrowers who cannot access a commercial PIP service to achieve this solution

Relevant to: DSP, Department of Justice, CIB, MABS, ISI

Review of the Code of Conduct of Mortgage Arrears (CCMA)

As highlighted in previous pre-budget submissions and elsewhere, MABS is of the view that the CCMA should be reviewed because it is not proving sufficiently effective in resolving what have, with the passage of time, become very stubborn legacy arrears. These, rather than the 'newer' arrears⁷³ that may have accumulated over the period of the pandemic, are a key focus of MABS work and remain as a persistent policy problem with systemic effects for the wider mortgage and housing markets.

As time has elapsed⁷⁴ it is clear that the Code, while useful in addressing a sustained loss of income, which may ultimately be recoverable over the lifetime of the mortgage via arrears capitalisation/and or term extension (or otherwise), is not correctly calibrated to deal with issues at either end of a 'spectrum of arrears' spanning shorter difficulties to much longer and deeper problems. The Code is not, as MABS submits it should be, effectively dovetailing with the mechanisms that came after it, particularly Mortgage to Rent (MTR) and personal insolvency.

CIB/MABS have elaborated on a preliminary basis on the matters that could be considered in a Review of the CCMA in the submission on CP139 to the Central Bank of Ireland (CBI) and therefore for the purposes of this submission wish to highlight the need for a review with the overall aim of achieving more effective paths to resolution.

⁷² Also notable in this regard is the successful outcome in the 'Kirwan case' and the need to ensure that similar borrowers including those who are already clients of MABS can achieve a similar solutions where that is possible <https://www.irishtimes.com/business/court-ruling-could-help-up-to-20-000-people-in-celtic-tiger-era-debt-1.4564577> <https://www.casemine.com/judgement/uk/60ab45ae4653d0392c49cf64>

⁷³ [https://www.centralbank.ie/docs/default-source/publications/financial-stability-notes/no-5-covid-19-payment-breaks-on-residential-mortgages-\(gaffney-and-greaney\).pdf](https://www.centralbank.ie/docs/default-source/publications/financial-stability-notes/no-5-covid-19-payment-breaks-on-residential-mortgages-(gaffney-and-greaney).pdf)

⁷⁴ <https://www.centralbank.ie/statistics/statistical-publications/behind-the-data/understanding-long-term-mortgage-arrears-in-ireland>

Recommendation 3

Initiate a review of the CCMA - Relevant to: CBI

Housing Security

MABS made a submission to the 'Housing for All' review (May 2021) setting out in detail its views on the State's overall strategic approach to the housing market.

In its work with indebted clients MABS prioritises payments towards accommodation costs as a core tenet of money advice, MABS therefore believes a comprehensive national strategy on accommodation arrears management across all tenure types would be beneficial. Such a strategy would:

- 1) aim to identify and resolve arrears on all accommodation types early.
- 2) recognise that life-events (illness, bereavement, separation, unemployment etc.) can cause any household to fall into arrears on a 'no-fault' basis
- 3) provide visibility on accommodation arrears across all tenure types and distinguish in terms of both data, and approach, between those who cannot pay and those who won't pay.
- 4) be focused, as the key priority, on avoiding the risk of homelessness and the attendant costs to the individual, society and the State.

Recommendation 4

Initiate a national accommodation arrears management strategy encompassing all tenure types.

Relevant to: CBI, Department of Housing, Planning and Local Government, DSP, RTBI.

Addressing COVID-19 related private-rent arrears

Where rental arrears have accumulated and are owed to a private landlord it is difficult for MABS to broker a repayment arrangement. This is despite the protections that currently apply⁷⁵ as one Adviser put it, *'For those who fall behind with the rent there is no negotiating with their landlords as they know there is an endless supply of willing tenants who will take their place'*

One strategy that could at least partially address the issue, is to differentiate between smaller landlords with fewer properties and institutional landlords such as REITS who should be subject to regulation in this regard, analogous to frameworks applying in the case of mortgage arrears or the good practice guidelines that apply to Local Authorities⁷⁶.

⁷⁵ <https://www.rtb.ie/emergency-measures-ended-new-protections-introduced-for-the-rental-sector/latest-rent-arrears-procedures-requirements-and-protections>

⁷⁶ https://www.housingagency.ie/sites/default/files/publications/Good-Practice-Guidelines_Rent-and-Assessment.pdf

Amongst the MABS client group are both clients in arrears to private landlords and occasionally small landlords who face difficulty paying their own mortgage, or that due on a residential investment property, arising from the inability or failure of a tenant to pay their rent. Consequently, MABS has an appreciation of the difficulties that arise for both tenants and small landlords in these situations.

It is possible that COVID-19 related rent arrears could be addressed via personal insolvency, however this option tends to be rejected by clients due to concerns about the vulnerability of the tenancy. Additionally, tenants considering accessing mortgage credit at a later date will not wish to pursue insolvency.

Consideration could be given to a grant scheme similar to that adopted by the Welsh government⁷⁷ or to a no/low interest loan to address arrears, sustain the tenancy and support both tenants and small landlords⁷⁸. Data gathered via MABS involvement in supporting clients in private rent arrears over the past several months suggests that the costs to the State of providing limited support to tenants to overcome COVID-19 related arrears would be significantly less than the costs to the State arising due to the loss of the tenancy and risk of homelessness.

Recommendation 5

Consideration to be given to a scheme to assist renters to clear accumulated COVID-19-related arrears.

Relevant to: Department of Housing, Planning and Local Government, DSP, RTBI.

The Housing Assistance Payment (HAP) and rental affordability

CIB and MABS have previously highlighted deficiencies in the HAP Scheme in pre-budget submissions, in particular the gap between the payment and landlords' expectations and the persistence of the problem of 'top-ups'. MABS also has a concern for a growing numbers of older clients who are renting privately and who do not know how they will afford their rent post-retirement. Additionally, Advisers see that without some action to address the mortgage arrears of older borrowers (see above with regard to the need for a review of the CCMA and for a public/non-commercial PIP in MABS), some amongst this group are also at a risk of losing their homes and facing unaffordable rental costs in the private market. In the majority of cases the cost of rent on a similar or even a smaller property in a similar location can outstrip the monthly repayment on the mortgage.

⁷⁷ <https://gov.wales/tenancy-hardship-grant-private-rented-sector-tenants-coronavirus>

⁷⁸ *Spain has introduced transitional financial assistance for tenants, at zero interest, with a State guarantee (six months of rent, to repay within 10 years). On April 21, the total amount of the State Guarantee Line was established at EUR 1.2 billion. The interest free "micro-loan" scheme means that the pressure to tenants struggling to pay their rent is lessened considerably. Source: https://data.oireachtas.ie/ie/oireachtas/libraryResearch/2020/2020-07-10_l-rs-note-rent-arrears-and-covid-19_en.pdf*

Recommendation 6

- Review of HAP to reduce/eliminate the ‘top-up’ requirement.
- New measures are needed to protect older/retired renters

Relevant to: Department of Housing, Planning and Local Government, DSP.

Mortgage to Rent (MTR) and other solutions

MABS has assisted many clients⁷⁹ with their journey through Mortgage to Rent and, in the absence of alternatives, it is viewed as a solution for eligible borrowers. However, it is very much a last resort where other solutions are not possible - including barriers to accessing a PIA, the absence of other solutions such as a ‘debt for equity swap’⁸⁰ or a Government-backed mortgage to shared equity scheme⁸¹. Eligibility thresholds remain as a key barrier to access to MTR and a review of same is required particularly as they relate to borrowers with low incomes and positive equity in their homes. While equity is rising in all locations, equity realizable through the sale of a home remains insufficient to provide for an alternative owned home and income levels, even encompassing equity realised through a sale, are often insufficient to secure an alternative rented property over the longer-term.

Recommendation 7

Review eligibility thresholds for MTR

Relevant to: Department of Housing, Planning and Local Government.

Revisiting the Mortgage Arrears Plan

Much of the current architecture for dealing with mortgage arrears derives from the Government’s Mortgage Arrears Plan of 2013⁸². As legacy arrears continue to place a lag on the economy it is perhaps timely to consider a national plan for addressing mortgage arrears, with a particular focus on complex cases including in particular, separated and aging borrowers and those who, despite engagement, still have not found a resolution to unsustainable mortgage arrears originating over a decade ago.

Recommendation 8

Revisit the Mortgage Arrears Plan with a particular focus on finding solutions for legacy unresolved cases where borrowers continue to engage.

Relevant to Department of Finance, CBI

⁷⁹ 250 via the DMA Service (source MABS 2021)

⁸⁰ See Re: Lowe and the Personal Insolvency Acts

⁸¹ <https://www.mygov.scot/home-owners-support-fund>

⁸² <https://merrionstreet.ie/en/news-room/releases/government-statement-resolving-the-mortgage-arrears-crisis.html>

‘Breathing Space’

In the 2021 Pre-Budget submission MABS highlighted the UK’s Debt Respite Scheme (Breathing Space)⁸³ and the anticipated benefits of the Scheme⁸⁴ That Scheme has been live since May 4th 2021. As feedback from MABS Advisers has indicated MABS work with creditors, on behalf of its clients is facilitated where there are strong working relationships and effective protocols and importantly awareness of, and compliance with, those protocols. While MABS IBF joint protocol was highly effective at the point of introduction (initially in 2009 with IBF members and subsequently with main energy providers) and leveraged extensively across all main creditor groups, changes in the landscape for consumer credit suggest the time has come for greater standardisation of processes across all main creditor groups (and their agents) with the overall aim of facilitating early and effective resolution to arrears difficulties. In addition, the UK scheme affords additional ‘breathing space’ for consumers experiencing a mental health crisis, a feature viewed as vitally important given the relative frequency with which MABS clients can express suicidal thoughts/ideation.

Recommendation 9

Examine the potential for a scheme to enhance borrower/creditor engagement encompassing all main creditors (financial, utilities, State creditors) to 1) give borrowers breathing space to address their arrears with the assistance of MABS or other free regulated debt advice services 2) encourage and incentivise borrowers to act to address their arrears at an early point and 3) provide additional space and consideration for borrowers experiencing a mental health crisis.

Relevant to: Relevant to CBI, MABS, Banks and Financial Institutions, State Creditors, CRU, utility providers etc.

Consumer Price Inflation risk and poverty premiums

While acknowledging that MABS is not in a position to comment on projections for inflation, MABS historic experience of disruptions to main markets suggests that inevitably suppliers of key goods and services will attempt to pass on the cost of the pandemic to consumers through the introduction of additional fees, charges, levies etc.⁸⁵. It is also evident that patterns of consumption have already altered and possible that traditional approaches to

⁸³ <https://www.gov.uk/government/publications/debt-respite-scheme-breathing-space-guidance/debt-respite-scheme-breathing-space-guidance-for-creditors>

⁸⁴ The Explanatory Memorandum accompanying the UK Scheme states that ‘*The wider benefits on society (that is the net present social value) are forecast to be £9.2bn in 2016 prices*’ [Legislation.gov.UK: Explanatory memo on the Debt Respite Scheme](https://www.legislation.gov.uk/explanatory-memo-on-the-debt-respite-scheme)

⁸⁵ <https://www.independent.ie/irish-news/minister-says-price-hike-in-creche-fees-not-justified-as-parents-prepare-for-return-to-office-40504320.html>
<https://www.irishexaminer.com/business/economy/arid-40242164.html>
<https://www.esb.ie/tns/press-centre/2021/2021/07/01/electric-ireland-announces-energy-price-increase>
<https://www.thejournal.ie/renting-prices-ireland-5390167-Mar2021/>

measuring changes in the CPI may not be fully capturing these changes⁸⁶ and the additional costs some households are already incurring. MABS has highlighted elsewhere UK research⁸⁷ on the so-called ‘poverty premium’ or the additional costs of living in poverty or on a low-income.

Whatever the cause, increases in sizeable and essential costs i.e. accommodation costs, childcare and energy costs etc. impact disproportionately on households on the lowest incomes and, where there is no contingency, they can tip MABS clients into a debt spiral. Accordingly, there should be a focus in Irish policy-making on quantifying and reducing ‘poverty premiums’ with a view to their elimination.

As has been highlighted, in MABS view the RLE guidelines need to be reviewed to better align with living costs, but this will also have other potentially adverse impacts for MABS clients if wages and social welfare levels fall too far behind the RLE⁸⁸. In this context, we welcome the recent public consultation on RLE by the Insolvency Service of Ireland and have made a submission accordingly.

Recommendation 10

Carry out research to quantify ‘the poverty premium’ in Ireland and identify actions to reduce/eliminate it.

Recommendation 11

In reviewing the RLE ensure due consideration is given to the potential adverse consequences for low-income households of increasing the RLE.

Recommendation 12

In so far as possible, Government /Regulators, should intervene to limit price inflation for essential services until such time as recovery is achieved or should otherwise act to alleviate the impact of price increases especially on key priority expenditures, (housing, food, utilities, essential items for children etc.) on low-income households.

Relevant to: Department of Finance, DSP, ISI, CIB, MABS

⁸⁶ <https://www.forbes.com/sites/greatspeculations/2021/03/29/what-if-were-measuring-inflation-all-wrong/?sh=732d7ef658fe>;
<https://www.bloomberg.com/news/articles/2020-05-22/in-the-lockdown-economy-old-measures-of-inflation-get-it-wrong>

⁸⁷ On average, in 2019, in the UK low-income households incurred £478 (€536) of extra costs through ‘poverty premiums’ – or the extra costs people in poverty pay for many goods and services, such as energy, loans, and insurance, as well as for buying essential items for their homes <https://fairbydesign.com/wp-content/uploads/2020/11/Thepoverty-premium-A-Customer-Perspective-Executive-Summary.pdf>
https://www.mabs.ie/downloads/reports_submissions/20201124_MABS_Submission_to_JOC_Finance.pdf

⁸⁸ Many lenders use the RLE (+10-20%) to determine whether to grant a borrower an ARA, the RLE is often used as a determinant in considering whether a PIA is possible additionally the RLE has been described as effectively imposing ‘a floor below which a loan applicant cannot be entertained without leaving the lender exposed at a later date should the applicant become insolvent’. <https://www.stubbsgazette.ie/news/the-unsecured-lending-quandary>

Financial Inclusion

The case for a financial inclusion strategy

Over a number of previous pre-budget submissions MABS has identified measures to advance the financial inclusion of its clients and other low-income households, with a particular focus on access to affordable credit⁸⁹. MABS itself, through the ‘money advice process’ which aims to empower clients to take control of their money and brokers between clients and their creditors to resolve problem debts, is an important tool for financial inclusion. Additionally, both MABS and the CCPC hold relevant educational remits.

However, the only other discernible policy responses over the last decade to support the financial inclusion of Irish consumers are the provision of ‘basic payment accounts’ (introduced in December 2016), the initiation of the ‘*It Makes sense Loan*’ (2017) and, to a degree, the introduction of the Central Credit Register (live from March 2018). Personal insolvency also (at least theoretically) has a role in facilitating financial inclusion⁹⁰, although there is no research base that demonstrates as of yet, the extent to which debtors exiting an insolvency solution have in fact achieved a ‘fresh start’, or importantly the extent to which debtors availing of any of the personal insolvency solutions can access credit over the course of an arrangement or afterwards.

Alongside this, and dating back to the early 90’s, the Household Budget Scheme continues to be a key tool of financial inclusion for many Irish households and for the MABS client group, enabling routine making of payments via direct deduction of source from social welfare payments. However, and as highlighted in previous pre-budget submissions, the Scheme should be reviewed with a view to broadening access and facilitating the making of payments to a greater number of creditors.

Given the accelerating pace of change in the landscape for the provision of financial services to Irish consumers, MABS is highlighting the need for a national financial inclusion strategy, to address and ameliorate risks/capitalize on opportunities for its client group as the market for what are essential services for all consumers changes. By way of example, we have mentioned the aging of our client base and also see the potential emergence of those whose financial inclusion gives cause for particular concern. First, those still dealing with legacy arrears, whose loans have been sold to non-banks and who are accordingly ‘distanced’ from mainstream financial services, with some remaining locked into sub-prime interest rates. A second group of younger consumers, who are perhaps not accessing credit

⁸⁹ ‘*Building the Box*’ A report by National Traveller MABS expands further on relevant issues
<https://www.ntmabs.org/publications/development/2020/ntmabs-building-the-box-equality-report-final.pdf>

⁹⁰ A key object of the Personal Insolvency Act (2012) is to ... *to enable insolvent debtors to resolve their indebtedness (including by determining that debts stand discharged in certain circumstances) in an orderly and rational manner without recourse to bankruptcy, and to thereby facilitate the active participation of such persons in economic activity in the state,*

(for a variety of reasons⁹¹) and who risk becoming ‘credit invisible’⁹², which may prove problematic if and when they do wish to borrow.

Since this matter last achieved a dedicated focus at Government level in 2011⁹³ a number of key changes have occurred, with more scheduled to occur over the course of 2021 and into 2022. An overview of just some of those changes/impending changes is provided in Table 1 below:

Table 1 Overview of changes in the Irish financial services landscape

⁹¹ 47.2% of Irish people aged between 25 and 29 live at home with their parents.

<https://www.eurofound.europa.eu/publications/report/2019/household-composition-and-well-being>

⁹² Brevoort, Kenneth P., et al. “Credit Invisibles and the Unscored.” *Cityscape*, vol. 18, no. 2, 2016, pp. 9–34. JSTOR, www.jstor.org/stable/26328254. Accessed 5 July 2021.

⁹³ Following a request from the Department of Finance to the Board of the Social Finance Foundation (SFF)¹, the review was conducted by a project team from SFF under the aegis of a Steering Group composed of key stakeholders. The Final Report summarised the main findings of the review, and set out recommended next steps to address the problem of the high level of financial exclusion in Ireland.

Traditional providers/incumbents

- Of the 13 original subscribing banks to the first MABS/IBF Protocol in 2009 – there may well be only 3/4 left in the relatively near future, given recent announcements of mergers between main banks (KBC and BoI) and exits (Ulster).
- Announcements in late 2020/2021 by main banks that the branch infrastructure is being rationalised⁹⁴.
- A main provider of high-cost credit (Provident) announced on May 10th 2021 that it had stopped lending.
- The latest Financial Conditions of Credit Unions Report⁹⁵, shows total savings in credit unions grew by €1bn over the past 12 months due to the impact of the pandemic and are at a five-year high, with members now holding an average savings of €4,700. However, over the same period, lending fell marginally from €5.11bn to €5.09bn.
- 'An Post Money' has been developing its offering, including credit cards, loans and current accounts and having announced it was entering the mortgage market in 2018, it is expected to launch a mortgage offering by mid-2022

New providers/new products financial services

- Non-bank entities held 13 per cent of all PDH mortgage accounts at end-March 2021; however, they held 54 per cent of all PDH mortgages in arrears over 1 year⁹⁶.
- There are now a number of non-incumbents providing long-term fixed rate mortgages– e.g., Avant Money and Finance Ireland. As well as widespread engagement with new payment providers/ 'neo-banks' such as Revolut⁹⁷ and N26⁹⁸ that have e-money licences.
- Growth of flexi-finance or Buy Now Pay Later (BNPL) finance.

Regulatory Changes

- The Consumer Protection Code (CPC) is scheduled for review in 2021.
- Macro-prudential lending rules for mortgages were introduced in 2015⁹⁹ and are due to be reviewed significantly by CBI in 2021/2022.
- The CBI has also stated that it is '*committed to develop and implement a strategy for the National Cash Cycle that will meet the needs of the evolving hybrid cash and digital payments landscape*'.¹⁰⁰

Legislative changes

- It is likely that there will be further changes to the market for high-cost lending arising from legislation to cap the rates chargeable on loans provided by licenced moneylenders.
- There may be changes to the way in which providers of HP and PCP credit is provided under the Consumer Protection (Regulation of Retail Credit Firms) Bill.
- A second Personal Insolvency Bill is awaited.

⁹⁴ <https://www.bankofireland.com/about-bank-of-ireland/press-releases/2021/bank-of-ireland-announces-significant-changes-to-branch-network-and-local-banking-services/#:~:text=By%20the%20end%20of%20September,not%20offer%20a%20counter%20service>.

AIB announced the closure /merger of 5 branches in December 2020

⁹⁵ <https://www.centralbank.ie/docs/default-source/regulation/industry-market-sectors/credit-unions/communications/financial-conditions-of-credit-unions/financial-conditions-of-credit-unions-2020-i.pdf>

⁹⁶ <https://www.centralbank.ie/docs/default-source/statistics/data-and-analysis/credit-and-banking-statistics/mortgage-arrears/residential-mortgage-arrears-and-repossession-statistics-march-2021.pdf?sfvrsn=4>

⁹⁷ <https://www.irishtimes.com/business/technology/revolut-targets-2m-irish-customers-as-it-takes-on-stripe-1.4429839?mode=sample&auth-failed=1&pw-origin=https%3A%2F%2Fwww.irishtimes.com%2Fbusiness%2Ftechnology%2Frevolut-targets-2m-irish-customers-as-it-takes-on-stripe-1.4429839>

⁹⁸ N26 is estimated to have approximately 200,000 Irish customers

⁹⁹ <https://www.centralbank.ie/financial-system/financial-stability/macro-prudential-policy/mortgage-measures>

There are also other significant changes occurring outside of the financial services sector, such as the impending roll-out of Smart PAYG, which will have a bearing on how consumers consume and pay-for other essential services.

In combination, all of these changes will have an impact on consumers of financial services in Ireland, but in none is there evidence of the overarching influence of a current policy focus on ensuring the financial inclusion of low-income households. MABS concern is that an important opportunity could be missed to ensure that as markets evolve the needs of MABS clients and others are considered and to the extent possible, advanced. Cumulatively current changes represent a decoupling of credit, savings and payments which were previously all housed within incumbents and accessible via nation-wide branch structures.

Moreover, as MABS has previously noted: *'Where mainstream financial services traditionally provide end-to-end services to their customers, emergent fin-techs tend to specialise in just one aspect of the process – e.g. payments and later (if successful) go on to build fuller suites of services using multi-modal and inter- organisational approaches. This... complicates the 'customer journey' and for regulators and consumers makes locating accountability/governance (and consequently supervision), within the supply-chain more complicated. It will likely also make the assertion of consumer rights more difficult'*¹⁰¹.

MABS experience and the international literature¹⁰² show that financial inclusion is not just for less developed economies and encompasses much more than just providing access to basic banking facilities/'banking the unbanked'¹⁰³. While often supporting borrowers who are heavily over-indebted, MABS also sees the significant value that savings, payments technologies and access to affordable credit can deliver in enabling social and economic progression for its clients and other low-income or otherwise marginalised households and consumers.

In MABS view, financial inclusion is both a means through which all consumers regardless of income, circumstance or capability can access necessary financial services, as well as an important policy tool for the emergence of life-enhancing financial services and products. To this end, MABS recommends that a 'Financial Inclusion Strategy for Ireland' is developed requiring all providers of financial services to become more active in promoting inclusion and access and encompassing *inter alia*:

- financial services infrastructure,
- distribution channels/ access points,

¹⁰⁰ <https://www.centralbank.ie/news/article/speech-Sharon-Donnery-payments-ireland-and-europe-28-April-2021>

¹⁰¹ https://www.mabs.ie/downloads/news_press/20180625A_mabs_response_to_dp7.pdf

¹⁰² <https://www.gpfi.org/sites/gpfi/files/documents/G20%20Financial%20Inclusion%20Indicators%20%282016%20Update%29.pdf>

¹⁰³ <https://www.forbes.com/sites/yayafanusie/2021/01/01/stop-saying-you-want-to-bank-the-unbanked/?sh=52fbdea3456a>

- cash strategy,
- financial capability/ education (including within the schools curricula¹⁰⁴),
- digital payments,
- fintech innovation,
- open-banking implementation,
- savings/ pensions, access to affordable credit,
- financial consumer protection,
- the inclusion and empowerment of vulnerable consumers,
- debt counselling/debt resolution options and research, measurement and data¹⁰⁵.

Recommendation 12

Review of the Household Budget Scheme to broaden access.

Relevant to: DSP

Recommendation 13

Assign a lead agency to develop a Financial Inclusion Strategy for Ireland involving all main State and private sector stakeholders.

Relevant to: Department of Finance and Central Bank of Ireland

Vulnerable consumers

In previous pre-budget submissions and elsewhere, MABS has flagged the need for an improved response to supporting ‘vulnerable’ consumers/customers across all providers of essential goods and services. Life events, personal characteristics, the structures of relevant markets, as well as, the practices of main service providers, can cause MABS clients, to experience short-lived, acute or ongoing vulnerabilities making their engagement with suppliers/creditors more difficult and requiring an additional duty of care from the providers of essential services.

Recommendation 14

Regulatory and creditor commitment to additional protection of consumers in vulnerable circumstances.

Relevant to: Central Bank of Ireland, ComReg, CRU – credit industry, utilities and broadband providers.

Conclusion

MABS recognises that the recommendations made in this pre-budget submission are ambitious in both reach and scope. However, they are based on experience of helping low-income households to budget and address problem debt for almost 30 years and are

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https://www.mabs.ie/downloads/reports_submissions/20201221_pcorr_written_submission_mabs_support.pdf

¹⁰⁵

<https://openknowledge.worldbank.org/bitstream/handle/10986/29953/NFIS%20Toolkit.pdf?sequence=5&isAllowed>

particularly informed by the learning over the period since the last recession. MABS has had extensive success in supporting clients to achieve a resolution to problem debt but both Advisers and their clients experience daily impediments to achieving better outcomes and MABS recognise that many of these are beyond its immediate control. They instead require a changed policy focus / legislative and regulatory reform which MABS can only seek to influence but cannot effect.

The many challenges facing policymakers in the framing of Budget 2022 are recognised, but based on changed national priorities, attitudes, practices and lifestyles, there is also perhaps a unique opportunity to address some of the most stubborn problems; to prevent MABS clients and others from 'falling behind' and enable them instead to move forward, as part of a package of necessary measures to support the national recovery. The following table summarises all of the recommendations in the MABS Pre-budget submission 2022.

Summary MABS recommendations for Budget 2022
Dealing with debt
<p><i>Recommendation 1</i> Reform Personal Insolvency legislation to facilitate greater access and throughput to DRN. Relevant to: DSP, Department of Justice, MABS, ISI</p>
<p><i>Recommendation 2</i> Initiate a non-commercial/public PIP Service in MABS to facilitate access to PIA/DSA for borrowers who cannot access a commercial PIP service to achieve this solution. Relevant to: DSP, Department of Justice, CIB, MABS, ISI</p>
<p><i>Recommendation 3</i> Initiate a review of the CCMA Relevant to: CBI</p>
<p><i>Recommendation 4</i> Initiate a national accommodation arrears management strategy encompassing all tenure types. Relevant to: CBI, Department of Housing, Planning and Local Government, DSP, RTBI.</p>
<p><i>Recommendation 5</i> Consideration to be given to a scheme to assist renters to clear accumulated COVID-19-related arrears. Relevant to: Department of Housing, Planning and Local Government, DSP, RTBI.</p>
<p><i>Recommendation 6</i></p> <ul style="list-style-type: none"> • Review of HAP to reduce/eliminate the ‘top-up’ requirement. • New measures are needed to protect older/retired renters <p>Relevant to: Department of Housing, Planning and Local Government, DSP.</p>
<p><i>Recommendation 7</i> Review eligibility thresholds for MTR Relevant to: Department of Housing, Planning and Local Government</p>
<p><i>Recommendation 8</i> Revisit the Mortgage Arrears Plan with a particular focus on finding solutions for legacy unresolved cases where borrowers continue to engage. Relevant to Department of Finance, CBI</p>
<p><i>Recommendation 10</i> Carry out research to quantify ‘the poverty premium’ in Ireland and identify actions to reduce/eliminate it.</p>
<p><i>Recommendation 11</i> In reviewing the RLE ensure due consideration is given to the potential adverse consequences for low-income households of increasing the RLE.</p>
<p><i>Recommendation 12</i> In so far as possible, Government /Regulators, should intervene to limit price inflation for essential services until such time as recovery is achieved or should otherwise act to alleviate the impact of price increases especially on key priority expenditures, (housing, food, utilities, essential items for children etc.) on low-income households. Relevant to: Department of Finance, DSP, ISI, CIB, MABS</p>
<p><i>Recommendation 13</i> Assign a lead agency to develop a Financial Inclusion Strategy for Ireland involving all main State and private sector stakeholders. Relevant to: Department of Finance and Central Bank of Ireland</p>

Summary MABS recommendations for Budget 2022

Recommendation 14

Regulatory and creditor commitment to *additional* protection of consumers in vulnerable circumstances.

Relevant to: Central Bank of Ireland, ComReg, CRU – credit industry, utilities and broadband providers.