

## ***Supporting People in Need:***

### **(Citizens Information Board Pre-Budget 2009 Submission)**

#### **1. Introduction**

This Submission is based primarily on feedback from Citizens Information Services (CISs) and the Citizens Information Phone Service (CIPS)<sup>1</sup>. The Citizens Information Board (CIB) has a mechanism in place (Social Policy Records<sup>2</sup>) in line with its statutory function, whereby CISs and CIPS report on issues that are of concern to their clients. The Submission also takes account of feedback from CIB-funded voluntary/community disability advocacy projects<sup>3</sup>.

#### **2. Priorities for Budget 2009**

A key challenge for Budget 2009 is to address the changes arising from the transition from a situation of relatively high levels of employment and related work incomes to one where increased numbers of people will, in the short-term at least, be either welfare dependent or having to live on much lower incomes than heretofore. This will require targeting such people with a view to minimising the numbers caught in poverty or welfare dependent traps. This will have to be done while at the same time ensuring that the position of those who are long-term dependent on social welfare and social housing provision does not disimprove and community supports for dependent older people and people with disabilities are maintained.

The life cycle approach strongly endorsed in *Towards 2016* - the provision of supports to meet the particular needs of people in different phases of their life (childhood, working age, older people and people with disabilities) -should continue to be a key underlying principle of welfare provision.

The CIB believes that Budget 2009 should reflect the following:

- Social welfare increases should, as a minimum, be increased in line with the rate of inflation to maintain living standards with targeted additional increases in areas identified below.
- Additional resources should be provided for training and work re-integration programmes.
- The commitment by Government to increase the State Pension Qualified Adult Allowance to the level of the Non-Contributory Pension

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<sup>1</sup>In 2007, there were 612,687 CIS users and 114,508 CIPS callers.

<sup>2</sup> *Social Policy Records* refer to situations where the CIS user was unable to get a service commensurate with need. In 2007 a total of 1,427 Social Policy Records were returned to the Citizens Information Board.

<sup>3</sup> There are currently 46 such projects nationwide.

should be implemented.

- Changes to income support for lone parents, set out in *Proposals for Supporting Lone Parents*, should be provided for taking into account the fact that income support proposals can achieve their objective only if the other proposed supports are put in place. The implementation of the non-income recommendations should, therefore, also be expedited on a phased basis as soon as possible.
- Additional provisions should be made to assist people with meeting the increased costs of home heating.
- The proposal to introduce a new system of paying for long stay care, *A Fair Deal on Long-Term Nursing Home Care*, should be implemented.
- Funding for Home Care Packages should be commensurate with need in every part of the country – this requires a commitment of some additional resources.

### 3. Context

Many of the queries to CISs and CIPS focus attention on the complex difficulties and challenges faced by low income families. Social welfare queries account for 39% of all queries to CISs and two-thirds of CIS users have queries about social welfare entitlements. Queries about HSE Payments account for a further 7% of queries and are made by 11% of users. Four categories of queries - Unemployment-related payments (Jobseekers Benefit and Jobseekers Allowance), Disability-related payments, Free Schemes (Household Benefits Package, Fuel Allowance and Free Travel) and One Parent Family payments - account for almost half of all social welfare queries<sup>4</sup>. About 45% of Social Policy Records refer to social welfare payments (see Appendix One).

Not surprisingly, many of the queries to CISs point to difficulties and challenges faced by low-income families in meeting the costs of daily living and coping with rising food and heating costs. Almost 9% of the population experience debt problems arising from ordinary daily living expenses<sup>5</sup>. One-third of those in consistent poverty are children and 1 in 10 children are living in consistent poverty<sup>6</sup>. Research<sup>7</sup> shows that low-income families in work poor households<sup>8</sup> are at a particular disadvantage and a greater risk of poverty – these include, in particular, lone parents, people with health and disability problems, people with no qualifications and those with a history of unskilled work. Lone parent families face particular challenges - almost one-third of members of lone parent households are in consistent poverty and

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<sup>4</sup> Citizens Information Services Survey Report 2008, Citizens Information Board, Forthcoming.

<sup>5</sup> Central Statistics Office (2007), *EU Survey on Income and Living Conditions (EU-SILC) 2006*.

<sup>6</sup> Central Statistics Office (2007), *EU Survey on Income and Living Conditions (EU-SILC) 2006*.

<sup>7</sup> Russell *et al.* (2004), *Work-Poor Households: The Welfare Implications Of Changing Household Employment Patterns*, ESRI

<sup>8</sup> A work-poor household is defined as one in which none of the working age adults has a paid job

40% are at risk of poverty compared to 7% and 17% respectively of the general population. Due to the shortfall in social housing, increasing numbers of low-income families are becoming long-term dependent on private rented accommodation and the caps for Rent Supplement are experienced as too low in some parts of the country. Also, even a partial loss of Rent Supplement acts as a major disincentive to people taking up low paid employment.

The following difficulties are highlighted by Citizens Information Services on a regular basis.

- (i) Difficulties in meeting ever rising costs, for example, increases in the price of food and basic utilities such as electricity, TV licence and home heating
- (ii) Inability to meet the costs of schooling
- (iii) Difficulties in meeting the costs of service charges
- (iv) Meeting the additional costs associated with having a disability which are not catered for under existing social welfare provisions, e.g., costs of transport to and from hospitals and health care facilities

#### **4. Responding to the Income Needs of Low Income Families**

##### ***4.1 Children in Low Income Families***

The Citizens Information Board fully supports the NESC view<sup>9</sup> that the core income support objectives for children should be to: (i) give priority in allocating additional resources for child income support to children in low-income households; and (ii) treat such families equitably (whether their parents are in work or on social welfare). A simple answer to the problems of low income families is obviously more income and it is generally agreed that the best way to provide this is through employment. Policy changes must, therefore, continue to be clearly aimed at improving incentives to work, eliminating welfare to work traps and simplifying the system of retention of benefits.

##### ***4.2 Targeting Child Income Supports at Those Most in Need***

The CIB recognises that targeting income supports at those most in need presents major technical and policy challenges. While Child Benefit has much merit in addressing the general income support needs of families in that it is not affected by nor does it affect other household income, targeted payments should continue to have a major role in income support for low income families.

##### ***Child Benefit Supplement/Increases for Qualified Children***

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<sup>9</sup> National Economic and Social Council (2005), *NESC Strategy 2006: People, Productivity and Purpose*.

A targeted Child Benefit Supplement for children in low-income families could make a significant contribution to reducing or eliminating child poverty without affecting work incentives. While the issues involved in introducing such a provision are complex, there is merit in continuing to proactively explore this option.

While increases for a qualified child (IQC) payable with welfare payments (currently €24) have the advantage of being targeted, they create disincentives to work. A short-term approach would be to provide for the retention of the IQC for a year or more after a person takes up employment or reaches the earnings limit for the payment in question. In effect, the IQC could be treated as a secondary benefit since provision for its retention would lessen the disincentive to get into paid employment.

### **4.3 Family Income Supplement**

Family Income Supplement (FIS) is a key policy component in supporting low income families in employment and has been strongly promoted by Government in recent years. The CIB recognises that the major efforts that have been made to improve the take up of FIS have met with some success. However, there continue to be a number of aspects of the operation of FIS that require attention:

- (i) The income thresholds should be revised to reduce the risk of poverty among low income working households. The same income thresholds apply to all families whether lone parents or couples. This limits the incentive for the second person in a couple to work and can also act as a deterrent to increasing the numbers of hours worked.
- (ii) Childcare costs should be taken into account in the income assessment for FIS – this would provide a stronger incentive for both couples and lone parents to take up employment and avail of FIS.
- (iii) Self-employed people are not eligible for FIS even where their household income falls below the income threshold. Eligibility for FIS should be extended to self-employed people paying Class S contributions to encourage people on low incomes to remain self-employed during a recessionary period rather than becoming welfare dependent.
- (iv) FIS is cut off after 6 weeks if a person is unable to work due to illness – this cut-off point is regarded as too rigid. There should be a more flexible approach to the continuing payment of FIS to people who cannot work due to illness based on an individual circumstances and the likely duration of the illness.

- (v) Some Local Authorities take FIS into account in assessing levels of Differential Rent while others do not – this inconsistency is both inequitable and confusing for the public.
- (vi) CE workers do not qualify for FIS as CE is not regarded as mainstream employment but people employed in the Jobs Initiative Programmes are eligible. There is no clear rationale for treating people in state-supported employment/training programmes differently.
- (vii) There are long delays in the processing of claims for FIS – this acts as a disincentive to some people to move from social welfare to low paid employment.

## 5. Costs of Schooling

The costs of schooling emerged as an issue during the period prior to the commencement of the current school year with many families seeking additional assistance. Working parents on low incomes are seen to be at a distinct disadvantage in that they cannot claim the Back to School Clothing and Footwear Allowance. Also, the lower income limit for eligibility for the Back to School Clothing and Footwear Allowance for a lone parent than for a couple may not fully allow for the actual costs of daily living for lone parent households.

The following measures should be introduced in respect of the Back to School Clothing and Footwear Allowance:

- In view of the increased cost of maintaining teenage children in school, the income limits for eligibility for Back to School Allowance, particularly for lone parents (e.g., €372 for 2 children) should be raised.
- Provision should be made for a more flexible approach to the retention of the Back to School Clothing and Footwear Allowance. The guaranteed retention of this payment (together with the IQC) could be a significant incentive to unemployed or partially unemployed people and to lone parents to take up work or to increase their income from work.
- There is a need for additional assistance for low income working parents in respect of school costs. Some tapered provision of the *Back to School Clothing and Footwear Allowance* should be considered for low income working households.
- All parents who are getting Family Income Supplement should automatically qualify for the Back to School Clothing and Footwear Allowance. While their income from FIS is not taken into account in the means test, their income could still be above the limits which exist at present. Since it is clearly recognised that families who qualify for FIS need support, they should get the full range of available supports.

## **6. Welfare to Work Incentives: Retention of Secondary Benefits**

Various measures have been put in place over the years to encourage people back to work or to retain employment, including the retention of secondary benefits. The retention of secondary benefits, particularly rent supplements and medical cards, is very highly valued by and useful to beneficiaries and the loss of these benefits constitutes a major disincentive to taking up work or staying at work.

The original rationale for the retention of secondary benefits was to provide a smoother transition from welfare to work. However, there has not been any systematic analysis of the long-term effects of the various incentive measures. It is clear that they have short-term effects but the extent to which the short-term retention of secondary benefits has facilitated people staying long-term in work or returning to work has not been evaluated. There continue to be some anomalies in the operation of the retention of secondary benefits system.

- A comprehensive analysis of all Retention of Secondary Benefits arrangements should be considered with a view to establishing whether or not they are effective in the long term and whether other arrangements might be better suited to the current labour market and economic conditions. For example, it may be that extension of eligibility criteria for various schemes, e.g., Back to School Clothing and Footwear Allowance, to include more families on low incomes, may be a better way to approach the problem than simply allowing them to be retained as secondary benefits.
- People should be allowed retain their Rent Supplement on taking up employment for a period of at least one year if they are not being accommodated under the Rental Accommodation Scheme (RAS).
- The weekly earnings disregard for the One Parent Family Payment should be increased in line with increases in the cost of living and the minimum wage.

## **7. Fuel Poverty**

Rising energy costs have a significant impact on low-income households. A recent Sustainable Energy Ireland (SEI) Report highlighted sharp increases in electricity and fuel prices from June 2000 to January 2008 in which household electricity costs doubled and natural gas costs increased by 87%. A recent Policy Paper<sup>10</sup> highlighted the fact that, while there has been an overall decline in fuel poverty on the island over the past decade, it continues to be an important public health issue and contributes to the social exclusion experienced by unemployed people, older people, people with disabilities and lone parent families.

There is widespread acknowledgement that, while increases in fuel prices and related heating costs affect everyone, low income households fare worst

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<sup>10</sup> Institute of Public Health in Ireland (2007) *All-Ireland Policy Paper on Fuel Poverty and Health*

because a higher percentage of their disposable income is required for this purpose. For example in the 2004/2005 period, low-income families spent 13% of their disposable income on energy while high earners spent just 1.7%.

While the coordinated delivery of all fuel poverty initiatives across Government Departments and agencies, in particular house insulation programmes, is welcome and should achieve greater energy efficiency in the longer term, there is a need for further supports for households experiencing fuel poverty in the short-term. The reality is that many people continue to be dependent on solid fuel stoves, cookers and open fires for their heating. Also, many people who have oil heating cannot afford to use it.

There would be much merit in rationalising supports for heating costs with all such supports being included in the Household Benefits Package.

- Payments under the National Fuel Scheme should be included in the Household Benefits Package.
- The amount of the Fuel Allowance should be increased to reflect the higher costs of oil and gas.
- There should be some targeted extension of the period of coverage of the Fuel Allowance to cater for people requiring additional heat.

## **8. Housing**

Many families face housing and accommodation difficulties. The main problems identified arise from the shortfall in social housing and difficulties accessing affordable housing. Other issues concern the quality of housing available and the supports necessary to enable people live in their own homes.

- (i) The level of affordable housing available should be increased substantially as should the income thresholds to qualify for this.
- (ii) The cap on Rent Supplement should be reviewed.
- (iii) A dedicated budget needs to be set aside to meet the targets set in the National Homeless Strategy.
- (iv) Additional funding and/or tax incentives should be provided to improve energy efficiency measures in older housing stock.
- (v) Increase the availability of the housing adaptation grants to meet the needs of those on low income requiring adaptations in order to remain living in their own homes.
- (vi) Support services in the community are required to enable those moving out of institutional care, including prisons, to remain living in the community.

## **9. Transport and Access to Services**

Many of the issues with transport and access to services identified on the ground relate to an inability to avail of public transport, difficulties in getting transport to hospital and outpatients clinics and eligibility criteria for various transport and mobility support schemes. Transport and access to services is

a recurring issue because of inequality of access to the Free Travel Scheme, the need to provide for equality of access to services for people with disabilities, closure of local post offices, proposals to centralise care for cancer patients, and difficulties in getting HSE transport to outpatient clinics. The ongoing poor accessibility of much public transport makes it difficult for people with disabilities to use it independently.

It is widely acknowledged that there is a link between transport and social inclusion and that lack of transport impacts significantly on people's health and well being and on employment opportunities.

- The Citizens Information Board has in the past called for a comprehensive package of transport/mobility measures for people with disabilities. It has recommended that transport and mobility schemes be amalgamated into a co-ordinated mobility/transport subsidy granted on the basis of an individual needs assessment. There is a need to co-ordinate schemes run by different departments, particularly the Mobility Allowance Scheme, the Motorised Transport Grant Scheme, the Travel to Hospital Scheme and the Tax Concessions for Disabled Drivers and Passengers Scheme and to explore how these can be integrated with the Rural Transport Programme. There is also a need for a revamped scheme of tax relief for private car use by people with disabilities.
- Each HSE Area should examine its current ambulant transport policies as they affect older people and people with disabilities in rural areas.
- The refund of travel expenses from the HSE under the Travel to Hospital Scheme should be more easily accessible and administered locally, for example, via the CWOs rather than HSE Ambulance Control;
- Where a carer is entitled to a Free Travel Pass, the care recipient should also be entitled to a Pass - this is not the case at present for those receiving a Domiciliary Care Allowance or Illness Benefit.
- The Mobility Allowance should be available to new applicants aged over 66 years.
- Eligibility for Free Travel should be extended to people in receipt of Carer's Benefit.
- People with a Companion Travel Pass should be able to use the Pass on return and outward bound journeys necessary, such as after dropping off a person at a school, hospital or training facility or in order to pick up a person from such services.

## **10. Supports for Carers**

The need to fully support family carers must continue as a key element of community care policy and related income supports. Publicly provided home care and community day care services should be maintained at a level to

meet all reasonable need and to ensure that full-time family carers are able to continue with the caring role.

- The availability of home care and day care supports that can provide care whilst family carers are at work should be extended and such services should be organised in a manner that fits with the requirements of working carers, for example, hours of availability.
- The range and availability of respite care services (home-based and residential respite) should be expanded to enable a flexible and responsive service to be provided that will help sustain the capacity to care and maintain the health and wellbeing of carers.
- The means-test for Carer's Allowance, based on household income, should be re-considered in the context of both ensuring equity of access to income supports and dealing with the more complex area of recompensing carers adequately for their role.
- The various tax credits and allowances available to taxpaying carers should be rationalised and the advantages of transfer to a direct payment approach should be explored.
- There should be more flexibility in the provisions for sharing the Carer's Allowance and Respite Care Grant to cater for people combining flexible part-time working with care sharing.

## **11. People with Disabilities**

### ***11.1 Cost of Disability Allowance***

The costs of disability vary according to the severity of a disability. Initial outlay on aids and appliances and the loss of paid employment places a considerable strain on people with disabilities and on family carers. One-fifth of people who are ill or have a disability are in consistent poverty compared to 7% of the general population.

The issue of the additional costs of disability has been under examination for a number of years. The need for every person with a disability to have access to an income which is sufficient to sustain an acceptable standard of living highlighted in *Towards 2016* requires a commitment of additional targeted measures and provisions for this purpose. A long-term plan now needs to be put in place to introduce such a payment based on an overall Assessment of Need.

- A *Cost of Disability Allowance*, based on an Assessment of Need, should be introduced to cover extra transport, heating, health and assistance costs for people with significant disabilities.

### **11.2 Domiciliary Care Allowance**

Consideration should be given to replacing the Domiciliary Care Allowance with a Child Disability payment based on the assessment of need of children under the Disability Act, 2005. This could involve the integration of the Incapacitated Child Tax credit so that, in effect, the Child Disability payment becomes a cost of disability allowance for children. While the assessment of need does not currently include an assessment of income needs, it should be possible for the DSFA to build on the assessment and the subsequent statement of services to determine whether or not individuals incur extra costs because of their disability.

## **11. Other Issues that need to be addressed**

### **11.1 Living Alone Increase**

More than a quarter of older people live alone and this figure is projected to increase to 30% by 2021. One in 8 of those at risk of poverty live alone and almost 8% of those living alone are in consistent poverty<sup>11</sup>.

The Living Alone Increase (formerly the Living Alone Allowance) is a supplementary payment for people on social welfare pensions who are living alone. The rate per week for people aged 66 or over is €7.70. This allowance was rounded up from €7.62 to €7.70 in 2002 but has not been increased in effect since 1995.

- The Living Alone Allowance should be increased in line with cost of living increases.

### **11.2 Service Charges**

Since refuse services were largely contracted out to private operators up to 20 of 34 local authorities are not operating a waiver scheme. As refuse charges continue to increase this can be a heavy financial burden on people on low income. Also tax relief on refuse charges is of no benefit to people on low income. Another aspect of service charges highlighted by some CISs is that people reliant on voluntary group schemes have to pay an annual charge (up to €300 in some instances).

- A Refuse/Waste Disposal Allowance (similar to a Fuel Allowance) should be introduced and made available to people over 65 on low income (and other eligible groups).

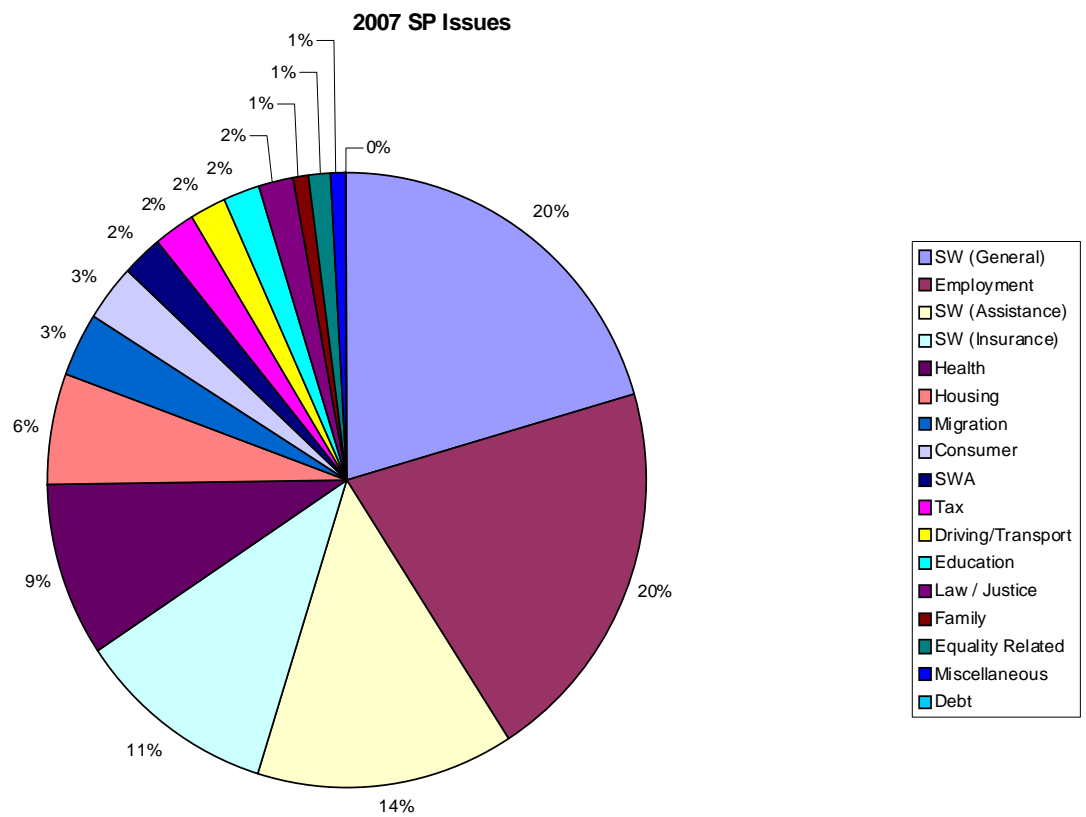
### **11.3 Medical Cards**

The Review of the Medical Card System is due to be completed shortly and it is to be hoped that issues identified relating to eligibility criteria, retention of Medical Cards on taking up employment, resolution of anomalies and equality of access will be addressed in the Review.

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<sup>11</sup> <sup>11</sup> Central Statistics Office (2007), *EU Survey on Income and Living Conditions (EU-SILC) 2006*.

# APPENDIX ONE: Social Policy Returns – issues identified by Citizens Information Services



September 2008