



Inclusive Employment; Sustainable Communities

INOUE 2026 Pre-Budget Submission

BUDGETING FOR 2026

National geopolitics has never been more uncertain and leaves Ireland's open economy at risk of economic downturn.

Current low levels of unemployment are forecasted to continue, however, Ireland is exposed to major upheavals to our economic model, likely leading to increasing unemployment.

Public policy development to support our communities has slowed down, from a delay to the implementation of a living wage and pension auto-enrolment, to the pending withdrawal of cost-of-living supports, which are all key interventions to counter the erosion of household incomes.



Key decisions are being made in areas of public spending, with pressures to prioritise competitiveness, innovation and increases in defence spending; current national budgets are already stressed, so the question in these scenarios is where this money will come from. **It is essential that these current national priorities and spending do not come at the expense of the wellbeing of our people and investment in public services.** Sustainable and inclusive economic development should be in place to support our society, where we meet Ireland's need to remain competitive and ensure every person is supported to thrive and meet their needs.

Now, grasping the opportunity to invest in our public services and supports, protecting low-income groups and consolidating social protection measures is necessary, to reduce the harsher impacts of an economic downturn. **Now is not the time to scale back our work to reckon with the triple transitions of digital, climate and demographic transitions and achieve our key goals in sustainable development.** People in unemployment are one of the groups that need to be prioritised in reaching these goals.

The 2026 Budget commitments should be informed by macro-economic choices that align with the needs of the people. The INOU's pre-budget submission seeks to inform this process.

The INOU 2026 Pre-Budget Submission covers:

- ☞ Context
- ☞ Adequate Incomes
- ☞ Supportive Employment Services
- ☞ Employment and Employment Programmes
- ☞ Education and Skills
- ☞ Supporting Communities

CONTEXT

- 25,000 people in unemployment are in consistent poverty¹.
- 1 in 8 young women are not engaged in education, training or employment².
- 30% of workers' jobs in Ireland are exposed to generative AI³ (20% of their tasks can be completed in half the time by generative AI).
- Ireland has one of the most educated populations in the world⁴ and is a country in the EU with one of the highest rates of low paid employment⁵.
- While employment rates have been increasing in disadvantaged areas, health inequalities continue to worsen⁶.
- Amongst the grounds noted by people who experienced discrimination in the workplace / while looking for work were race (27%), gender (24%), and socio-economic background (21%). Socio-

¹ Extrapolated from CSO (2025) 2024 Survey of Income and Living Conditions

² CSO Live Register Figures, May 2025

³ OECD (2024) Job Creation and Local Economic Development 2024: The Geography of Generative AI

⁴ <https://www.visualcapitalist.com/charted-the-worlds-most-educated-countries/>

⁵ Eurostat

⁶ <https://www.esri.ie/news/new-esri-report-commissioned-by-pobal-on-social-inclusion-highlights-worsening-health>

economic background is cited as the most common ground for discrimination in health services (20%)⁷.

Latest Labour Force Survey Figures⁸:

- 124,200 are in unemployment and 25,900 of them have been unemployed for more than a year.
- The unemployment rate is 4.3%; for people aged 15-24 year it is 9.5%.
- Labour force participation rate for men is 70.5%, for women it is 61.3%.
- The Potential Additional Labour Force (PALF) stands at 118,000 people.

Child deprivation and poverty rates are also intrinsically linked to the employment status of the adults in the home; over 50% of children living with no working adults live in material deprivation, which drops to 1 in 4 children with 1 working adult in the household⁹, and continues to dramatically decrease with every additional working adult.

ADEQUATE INCOMES

“If cost-of-living payments are discontinued, future policy will need to take careful consideration of how base payment rates should be adjusted to address poverty and social exclusion risks.” - Dept. Social Protection, 2025

Ireland is known to have an excellent system in place to reduce wealth inequality via social transfers. Social welfare measures have been responsive to recent economic shocks that increased living costs; once-off payments largely prevented major increases in poverty and deprivation for individuals who were more exposed to the decreases in their material income, and stabilised rates of poverty nationally for many groups.

⁷ CSO (2024) Equality and Discrimination <https://www.cso.ie/en/releasesandpublications/ep/p-ed/equalityanddiscrimination2024/>

⁸ CSO (2025) Labour Force Survey Q1 2025

⁹ [Child-Specific Material Deprivation Rate SILC Module on Child Deprivation 2024 - Central Statistics Office](#)

“[Social Protection Expenditure] is an investment in improved outcomes for our citizens, our communities, our families and in future generations.” - Minister for Social Protection Dara Calleary speaking to an OECD meeting of the Employment, Labour and Social Affairs Committee

Moving forward, with the removals of these once-off payments likely, core payments must be protected and increased to prevent backsliding in key developments made to support disadvantaged groups. **Since 2020, the MESL basket of goods has increased by 16.8%, while energy costs alone have risen by 64.5%, yet core welfare rates have failed to keep pace¹⁰.** Core payments should be benchmarked to protect incomes against inflation and loss of real value, with the goal of reaching the minimum essential standard of living for all. To reach this goal, short-term payments must be translated into sustained investment and a systematic approach to decreasing rates of income inadequacy.

Aligning with the MESL recommendations, the INOU supports an increase of €16 per week to working age payments, restoring the value of the core rate of these payments¹¹. Increases must not affect eligibility for other entitlements such as rental support and increases to child support payments should also be implemented.

Unemployed people face numerous challenges to attaining an adequate income and social protection that will support them while they return to work. **There is an opportunity now for the first time in 20 years to change the capital means test for Jobseeker payments which has remained at €20,000 since 2005.**

¹⁰ Vincentian MESL Research Centre. (2025). Minimum Essential Standard of Living 2025.

¹¹ MESL Report 2025

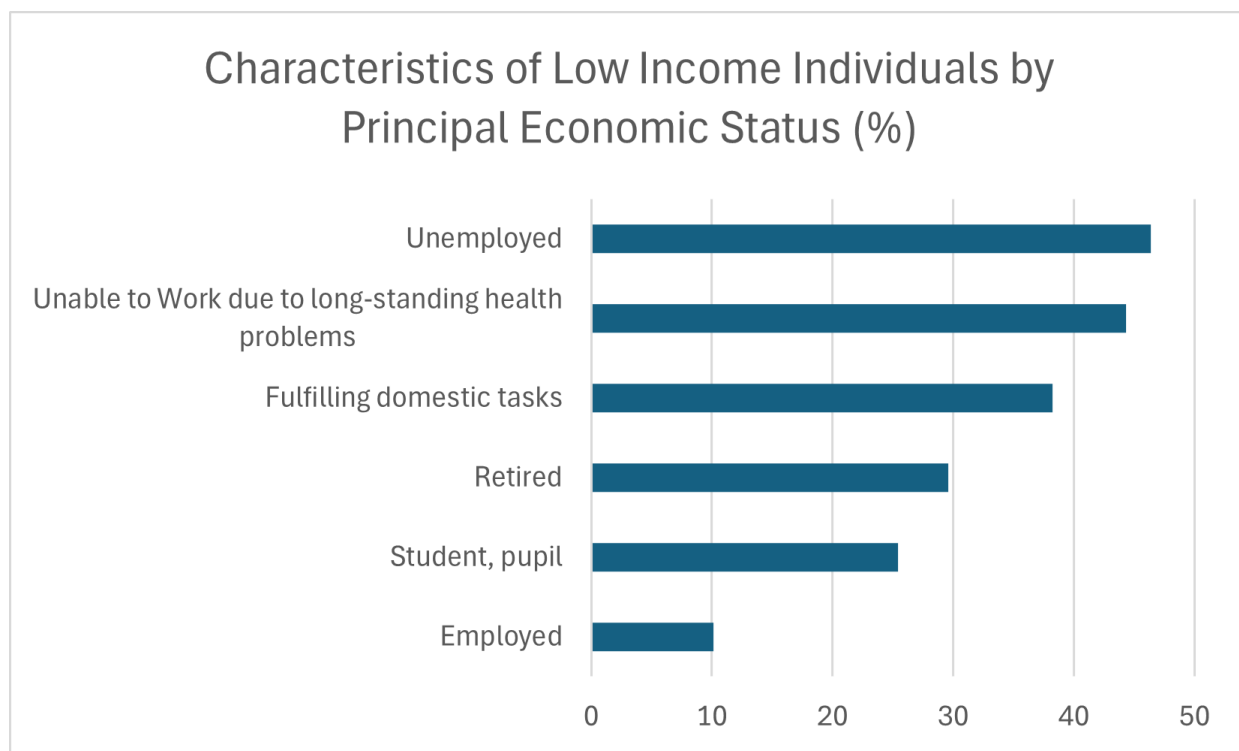


Figure 1 Bottom Income Decile Characteristics, CSO (2025) Survey of Income and Living Conditions 2024

An additional barrier to income adequacy and engagement with support is the threat of a penalty of €90 to the weekly payment for people who do not engage with employment/activation services, **more than a 100% increase** to this previous penalty rate. Our members have expressed concern that since this increase in 2024 people, who are already struggling to make ends meet, then lose trust with employment services that should be there to support the person to make the journey from welfare to work. **This penalty is deeply unfair** and there is no evidence to support its increase. Now for budget 2026, the increase needs to be reversed, and the underlying penalty process itself needs to be replaced with a more targeted, cohesive and supportive employment service model that is truly person-centred.

Access to the Fuel Allowance and the Christmas Bonus is only available to people on a Jobseeker's Allowance payment for at least 12 months; people only in short-term unemployment or receiving

Supplementary Welfare Allowance also face the risk of energy poverty and should be able to access these payments at an earlier time.

The introduction of the Jobseekers Pay-related Benefit (JPRB) is welcome and will protect many people from the lower rates of other working age payments. However, without the additional rates available for dependents, it is essential that the optional Jobseekers Allowance remains available for people who would be better off while in receipt of this payment, and that those eligible for that optional Jobseeker's Allowance payment be fully informed of this payment as an alternative to the JPRB where it is more beneficial. A concern that disincentivises returning to the workforce is that people cannot receive JPRB and engage in part-time work. This condition should be removed for people to re-engage with the labour market as soon as possible, with a reduction in the payment that aligns with the number of hours spent at work.

The social welfare system itself remains highly complex, with a high administrative burden for people trying to access essential supports. Means-tested payments are highly complex and are stressful to apply for¹². These welfare entitlements need to be highlighted, with a responsive social welfare system that aims to provide all payments to people that are eligible. Examples of automatic processes for child benefit should be implemented across many other payments, including the Working Family Payment and automatic access to the Supplementary Welfare Allowance when transitioning between means tested payments e.g. Jobseekers Allowance to Disability Allowance / Carer's Allowance.

Review and appeals processes continue to be lengthy within the social welfare system; people currently on Jobseeker's Allowance who have had their applications for Disability Allowance refused, and are seeking a review of that decision, should continue to receive JA for the duration of the review process.

¹² Ceallaigh et al., 'The Response of Low-Income Households to the Cost-of-Living Crisis in Ireland'.

Adequate Income Measures for Budget 2026:

- Reverse the doubling of the Jobseekers Penalty Rate introduced in 2024.
- Increase Social Welfare payments, including working age payments, by €16 per week and adjust related supports so that people do not lose this increase through, for example, an increase in their differential rent.
- To make inroads into addressing child poverty, increase the Child Support Payments by €6 per week for children under 12 and €15 per week for children 12 and over.
- Increase the capital means test on a Jobseeker's Allowance payment from €20,000 to €35,000 and apply this change to Supplementary Welfare Allowance as well.
- Introduce a work-friendly Social Welfare system for Jobseekers based on hours worked rather than days worked. Increase the daily earnings income disregard for Jobseekers Allowance to €25 per day for both the main claimant and qualified adult equally.
- Facilitate access to the Christmas Bonus and the Fuel Allowance for people on Jobseeker's Allowance or Supplementary Welfare Allowance for 6 months and over.
- Ensure people can remain on Jobseeker Pay-related Benefit and engage in part-time employment, without having to transition to Jobseeker's Benefit or Jobseeker's Allowance.
- Develop a social welfare health check that proactively informs people of available and appropriate supports and services.
- End the age segregation still evident in the Jobseeker's Allowance payment.

SUPPORTIVE EMPLOYMENT SERVICES

The essential services provided to people seeking employment must be developed and supported for this coming Budget. The latest EU Spring Semester package highlights the impressive low unemployment rates in Ireland; however, **the inclusion of disadvantaged groups, such as disabled people and lone parents, remains at much lower rates than our EU counterparts**¹³. The members of the INOU passed a motion unanimously calling for wraparound supports to be provided to people in

¹³ [2025 European Semester: Country Reports - European Commission](#)

unemployment. People distanced from the labour market, particularly those in long-term unemployment, must have better supports tailored to their needs to make sure people who want to access good jobs can do so.

The INOU regrets that our current Public Employment Service is only open to those in receipt in a social welfare payment. A truly inclusive service, open to everyone of working age, would be transformative in bringing about increased workforce participation and is crucial in this changing world of work.

The Pathways to Work Strategy is now coming to an end. Its successor must have funding to drive progress in developing the professional capacity of the public employment service to realise a truly inclusive labour market. Their work should be informed by labour market intelligence to have successful job matching take place and underpinned by career guidance to support career development and meet the needs of a tight labour market.

“Strengthen the labour market and social inclusion of disadvantaged groups, in particular persons with disabilities and single parents, by putting in place better targeted outreach and upskilling.” - EU Semester Spring Package Country Specific Recommendations for Ireland.

Employment services was one of the themes of the Roundtable discussions at the INOU Annual Delegate Conference (ADC). The importance of acknowledging progression for the individual was discussed – be that onto an employment, education or training programme, part-time or full-time work or self-employment. This is currently not the case, where full-time employment is one of the main measures of the “payment by results” model. Discussions also took place on the implications of the use of A.I. in employment services. The use of this innovative technology will have real world implications for participants, and human rights and equality must underpin any changes to processes used; this should not be used in the profiling of service users or in excluding people with low levels of digital literacy.

Priorities for Investment in Employment Services in Budget 2026:

- Ensure any use of A.I. in employment services is guided by principles of equality and co-production with service users.
- Futureproof employment services by ensuring they have access to up-to-date information on skill demands in the labour market for accurate job-matching.
- Resource the provision of good career and employment guidance to support unemployed people, regardless of whether they are on a payment, to make informed choices.
- Ensure that employment services are person centred and work with people in a supportive and pro-active manner, working with people so that they can avail of the most appropriate option for themselves.
- Pro-actively provide individuals and communities most disadvantaged in the labour market with tailor made supports to address their issues, including high support wrap around services.

EMPLOYMENT AND EMPLOYMENT PROGRAMMES

Delegates at the INOU's ADC continue to highlight the importance of employment programmes in supporting people distanced from the labour market in accessing employment. Access to programmes such as Community Employment and TÚS helps to build confidence while contributing to community organisations and earning valuable work experience. The cost to participate in programmes can be prohibitive and a disincentive to take part and often training opportunities do not align with the needs of the person or aren't available depending on where the person lives.

It is important that tailored supports are in place to increase participation in employment programmes and that people can access opportunities for personal and career development. **Investment in programmes and increases in payments participants receive are both crucial** to promote the sustainability of these programmes. Access to affordable transport continues to be a huge barrier to participation; travel passes should be issued to people participating in employment programmes to begin to address this issue.

The INOU are looking forward to the development of a supportive Working Age Payment to ensure that people will earn more when working, which is not always the case currently. **Part-time work must be acknowledged and valued** in the wider context of labour market participation and returning to work and should be integrated into social welfare policy.

Self-employment can be an important route into a job for people who are unemployed, particularly for people who, for example, face exclusion because of their age or ethnicity. To better support the long-term viability of these enterprises, the INOU is calling on the Government to increase the Back to Work Enterprise Allowance from two years to three years – with 100% in year one, 75% in year two, and 50% in year three. The Back to Work Family Dividend is also a two-year support, extending it by one year would be a welcome development. To that end a full rate Child Support Payment (CSP) would be paid in year one, a half rate in year two, with a quarter rate in year three being introduced.

Discrimination when looking for work and in the workplace continues to be an issue, and disadvantaged groups are calling for enforcement of our equality legislation (Fig. 2). The INOU as part of the Add the 10th Alliance calls for the inclusion of socio-economic disadvantage to be included as a ground in our equality legislation. This is essential to ensure people facing discrimination when applying for work based on their regional accent, postcode, clothing etc. can seek redress, which is currently not the case.

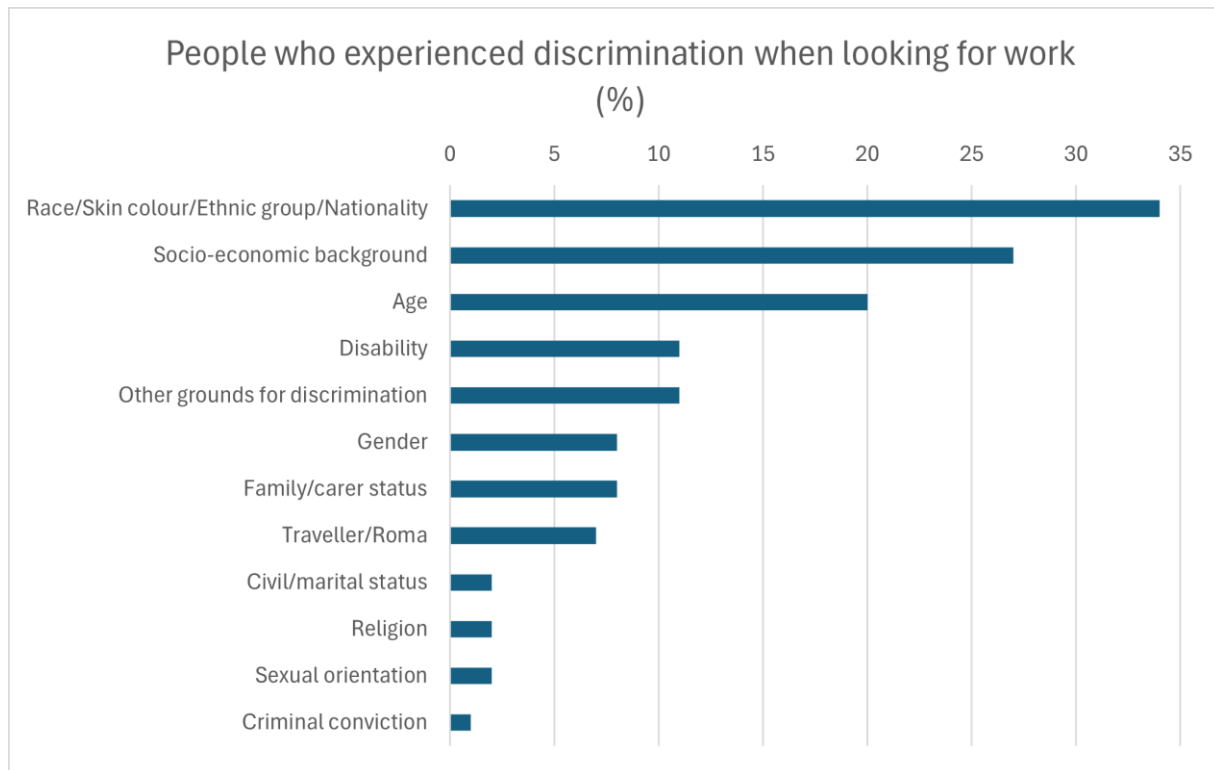


Figure 2 Discrimination when looking for work by equality grounds, CSO (2025) Equality and Discrimination 2024

Priorities to improve access to employment in 2026:

- Increase the additional payment for participants in employment programmes by €10, and provide a travel pass to participants.
- Facilitate all employment programme participants to access their most meaningful learning option.
- Support people to address the initial costs of taking up employment by introducing a travel card or a voucher system if people are living in areas with few public transport options.
- Improve access to affordable and accessible childcare and eldercare.
- Extend the Back to Work Enterprise Allowance to three years - pay 50% of the participant's social welfare payment in the third year.
- Extend the Back to Work Family Dividend by one year - a quarter rate QCI in that year.
- Add socio-economic status as a ground in Ireland's equality legislation.
- Amend the rigid eligibility requirements for the Part-time Job Incentive Scheme.

EDUCATION AND SKILLS

To build communities and respond to the increasing skills gaps in the world of work, it is essential that Ireland takes a strategic approach to adult education and training. Ireland's levels of proficiency have been measured in the OECD PIAAC (adult skills survey), with two surveys taken 10 years apart. Levels of low proficiency persist in Ireland, shown by the proportion of people at level one or below in this table.

Table 1 OECD Adult Skills Survey Ireland, Levels of Low Proficiency

Skill	Cycle One (2012)	Cycle Two (2023)
Literacy	17%	21%
Numeracy	25%	25%
Problem Solving ¹⁴	-	29%

At least 1 in 5 adults in Ireland have low levels of literacy, which increases to 1 in 4 adults for numeracy and problem-solving skills¹⁵. **Ireland's skills and literacy scores have not improved in the last 10 years.** Levels of literacy and numeracy levels remain the same, despite increasing levels of educational attainment in Ireland. These core skills are foundational to participation in society and in the workforce, and to pursue further educational attainment. **Participation in adult education is not only a stepping stone to work; it is a major support for building self-esteem and confidence in learners experiencing social exclusion.** Access to this support network while obtaining key skills can be transformative for people on the margins.

¹⁴ Problem Solving proficiency has been introduced in the 2023 cycle

¹⁵ [PIAAC Ireland Programme for the International Assessment of Adult Competencies \(PIAAC\) 2023 - Central Statistics Office](#)

“The INOU's Building Futures Programme has given me the tools, confidence, and direction to rebuild my life and reach my potential.” - A learner from the 2025 Building Futures Programme

Navigating access to adult lifelong learning, particularly for people in unemployment or in low paid employment, is a complex task. People should have access to local education and training in their communities with learning to suit their needs, from foundational literacy and numeracy classes to apprenticeships and classes dedicated to “soft skills” and transferable skills.

Barriers to participation continue to persist, with classes not provided in some regions, eligibility based on social welfare payments, limited provision of ESOL (English for speakers of other languages) classes, and a move away from adult and community education to consolidation of learning at higher QQI levels found in higher education. High costs to participate due to limited public transport and access to childcare also affect learners, and while some providers manage to assist learners, these supports are not as widespread as required.

“Participation in lifelong learning can be boosted in Ireland in both the short and long term by making lifelong learning opportunities more flexible and easier to navigate and by reducing barriers to participation, such as scheduling, family responsibilities and cost.” - OECD Skills Strategy Ireland

There is also a lack of cohesive and timely information given to people who would be interested in participating in education. Systems must be joined up, from Education and Training Boards to the Public Employment Service, to ensure people availing of supports are informed of the opportunities available for them. Implementation of the National Strategic Framework for Lifelong Guidance 2024-2030 is crucial to bring this to life. From the Strategy, *“A lifelong-guidance system is a continuum of meaningful support that individuals can access at any time in their lives. Lifelong guidance is based on the philosophy that most individuals desire to participate in the workplace and perceive work as both*

a way to earn a living, find purpose and to fulfil potential". Professional guidance also has a role in employment services and the wider labour market, in reducing skills mismatch and in the inclusion of disadvantaged groups in the labour market, as highlighted in a recent OECD Skills report.

Budget 2026 Priorities for Adult Education and Skills:

- Acknowledge the cost of participation in education and training and properly support adult learners, via increased social welfare investment, to meet these costs.
- Provide professional career and educational guidance and signposting to support people to access the most appropriate course.
- Properly resource lifelong learning that focuses on personal and community development and presents learners with opportunities to address issues in their own lives.
- To close the widening digital literacy gap, ensure that unemployed people and vulnerable workers are supported to adapt and enhance their skills

SUPPORTING COMMUNITIES

Community based organisations are a key access point to the labour market for many people and communities who are furthest from it; they are important providers of education and training opportunities that support people to address their needs in a holistic manner.

The INOU is a member organisation of the Community Platform which has called for the creation of inclusive, resilient, sustainable and empowered communities; for the Government to build on the pilot Community Development Programme and support the establishment of autonomous community development projects in and with marginalised communities.

Community projects and programmes are also key partners in supporting employment programmes such as Community Employment. Over 25,000 people are availing of these programmes, supporting community organisations to achieve their mission while engaging in personal and career development.

These programmes now require renewed focus to achieve their aims, with supported staff and capacity building measures to improve the supports available to the participants and organisations involved.

The second strategy for social enterprise, “Trading for impact” is now in its implementation phase. Social enterprise has a crucial role in providing employment opportunities for unemployed people and others who are furthest, excluded from the labour market; and the importance of supporting community led social enterprises, in particular where people are seeking to address the socio-economic exclusion and inequality facing their communities. The role of social enterprises is creating safe spaces for people to participate in, to meet and participate in the local community they now reside in, has since been raised as an important issue.

INOUE affiliates who are involved in social enterprises have noted that they have two roles that can pull against each other: (i) to run a business and keep it going, both socially and economically; and (ii) to offer employment and progression opportunities to people who might not otherwise access them. Securing proper funding to maintain and develop these two roles can be a continuous challenge.

It is essential that as social enterprise policy evolves and clearer funding lines come on stream that sight is not lost of the important work undertaken by community-based providers, often operating on limited resources and seeking to address socio-economic exclusion within their own communities. The funding needs of these social enterprises must be acknowledged and addressed, enhanced investment must be made available, and their role as hubs for people to develop their digital skills and capacity in an increasingly technological world supported.

Supporting Our Communities in Budget 2026:

- Invest an additional €8 million in direct funding to community and voluntary organisations, via the Scheme to Support National Organisations (SSNO) (€2.67 million a year over 3 years).
- Properly resource community groups in their work identifying and addressing the needs of people experiencing social and economic exclusion.
- Invest in capacity building measures in employment programmes to improve the supports available for the participants and organisations involved.
- Properly support community led social enterprises seeking to address exclusion from the labour market and improve access to affordable supports and services, including digital access and the investment to understand and adapt to the technological changes underway.