

Budget 2021 Analysis



INOUE MISSION STATEMENT

“The INOU is a federation of unemployed people, unemployed centres, unemployed groups, community organisations and Trade Unions.

The INOU represents and defends the rights and interests of those who want decent employment and cannot obtain it. We promote and campaign for policies to achieve full employment for all.

We also campaign for an acceptable standard of living for unemployed people and their dependents. The INOU is an anti-sectarian, anti-racist, non-party political organisation which promotes equality of opportunity within society.”

INOUE

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On October 13, 2020 the Government published Budget 2021. The Budget was introduced at a time when the challenges of the COVID-19 health pandemic appear to be deepening, when a hard Brexit is a stronger possibility, and the impact of climate change presents an even bigger and growing task. Yet these are not the only issues facing the country: accessible and affordable healthcare, housing, transport and childcare all need to be resolved in a manner that will lead to a more inclusive and equitable society. While the current crisis has highlighted the depth of the digital divide, and how it could impact negatively on people’s ability to learn, secure and maintain decent employment.

In his Budget speech, Minister for Finance, Paschal Donohoe T.D. noted the particular challenges facing Ireland and said *“Yes, the test we face is daunting, further demanding choices await. Yes, the uncertainty and anxiety about the future of lives and livelihoods is great. And yes, we will prevail. We will come through this. And from the ashes of the pandemic, together, we will build a stronger, more resilient Ireland.”*

On the issue of unemployment, the Minister noted that *“The unemployment rate is expected to decline slowly throughout the second half of the year, reaching 12¼ per cent in the fourth quarter, with an annual average rate of just under 16 per cent. However, this figure could change depending on the overall path of the virus. My Department is forecasting a total loss of approximately 320,000 jobs in 2020, with this recovering by approximately 155,000 jobs next year.”*

Minister Donohoe also announced *“the establishment of a Recovery Fund worth €3.4 billion”*. He said that it *“will be targeted and will help to stimulate increased domestic demand and employment. Crucially, given the evolving nature of Covid-19 and Brexit, the Fund will be flexible in its design in order to provide Government with the means to react swiftly to a constantly changing environment.”*

In his Budget speech, Minister Michael McGrath T.D. noted that *“€2.1 billion will be held in contingency and will be made available as needed to respond to the challenges posed by Covid-19.”* Later on Minister McGrath announced *“Funding for the Department of Employment Affairs and Social Protection will support the incomes of at least 370,000 jobseekers in 2021 and a further 350,000 individuals on the Employment Wage Subsidy Scheme.”*

The INOU was amongst the organisations that developed and issued a statement on ‘A Shared Vision for a Just Recovery’ and within that statement, under the heading ‘Invest in people’, it stated that *“A Just Recovery must begin with investing in those who have been left behind. Everyone should be guaranteed an adequate income to participate fully in society, whether they are in work or not. We need an end to poverty - including child poverty, an end to homelessness, and to prioritise decent work built on upholding the rights of workers.”*

In this document we look at the key calls the INOU made on the Government in our pre-Budget submission and explore what Budget 2021 is likely to deliver next year.

INOUE 2021 Budget key issues:

- ☞ Post COVID-19
- ☞ Adequate Income
- ☞ Supportive Employment Services
- ☞ Employment Programmes
- ☞ Education & Training
- ☞ Access to Decent Work
- ☞ Community Based Organisations



Post COVID-19

IN BUDGET 2021 THE INOU CALLED ON THE GOVERNMENT TO:

- ☞ **Ensure any changes to the levels and eligibility of the Pandemic Unemployment Payment (PUP) are well signposted and recipients are pro-actively informed.**
- ☞ **Strive to ensure that people are fully aware of all of their options e.g. a PUP recipient may keep their Working Family Payment, a JB/JA recipient cannot.**
- ☞ **Ensure that PUP recipients gain access the Public Employment Service and so plan an informed return to the labour market.**
- ☞ **Support PUP recipients whose previous job may be gone, or changed to such an extent that it is no longer a viable option, to re-train for a better job opportunity.**
- ☞ **Resource community based organisations in their work supporting people coping with the impact of COVID-19.**

What did Budget 2021 contain?

- ⇒ The Budget said nothing in addition to the July Jobs Stimulus 2020 on this issue. However, a week after the Budget the country moved to Level 5 restrictions, and a fourth PUP level was created at €350 for people who earned €400 or more in their previous employment.
- ⇒ Little reference was made to how information and support services will provided in a world where in-person services are curtailed. Online services have a clear role to play, but given the complexity of Ireland's social protection system and employment supports good one-to-one engagement is critical.
- ⇒ On the positive side people who have been on PUP for at least four months by early December will receive the Christmas Bonus.
- ⇒ Self-employed workers will be able to earn up to €480 a month and keep their Pandemic Unemployment Payment.
- ⇒ A COVID-19 version of the Part-Time Job Incentive Scheme (PTJI) will also be made available to the self-employed who wish to resume their business but can only do so on a limited basis .
- ⇒ Under this PTJI scheme the self-employed person must have been on PUP or a Jobseeker's payment for at least 16 weeks and be resuming part-time self-employment for up to 24 hours per week.
- ⇒ The rates of payment are €128.60 per week for people who are single; and €209.70 for a couple, once the recipient had received an increase for a qualified adult on their Jobseeker's payment.



Adequate Income

IN BUDGET 2021 THE INOU CALLED ON THE GOVERNMENT TO:

- ☞ **Benchmark all Social Welfare rates at a level which is sufficient to both lift people above the poverty line and provide them with a Minimum Essential Standard of Living.**
- ☞ **To make progress on this issue, increase Social Welfare rates by €10; and adjust related supports so that people do not lose this increase through, for example, an increase in their differential rent.**
- ☞ **Maintain the Christmas Bonus at 100% of the normal weekly payments for Social Welfare recipients, and facilitate access to this payment and the Fuel Allowance for people on Jobseekers Allowance for over 12 months.**
- ☞ **End the age segregation still evident in the Jobseeker's Allowance payment.**

What did Budget 2021 contain?

- ⇒ No increase was made to core social welfare rates, and as a consequence no movement will be made in 2021 in assisting people to meet a minimum essential standard of living.
- ⇒ The Christmas bonus will be paid in early December. Normally people on a Jobseekers' Allowance (JA) payment must be in receipt of this payment for 390 days, or 15 months as JA is treated as a six day week, before they can receive the Christmas Bonus. However, in order to make the Bonus accessible to people on the PUP the Government brought the minimum requirement down to four months.
- ⇒ The maximum personal JA rate for young people aged 18-24 who are not living independently with State assistance remains at €112.70.
- ⇒ On the positive side, the Qualified Child Increase was raised to €45 for children aged 12+, and to €38 for younger children.
- ⇒ The Fuel Allowance was increased to €28, but the 15 month eligibility rule applies to people on a Jobseeker's payment.

Supportive Employment Services

IN BUDGET 2021 THE INOU CALLED ON THE GOVERNMENT TO:

- ➡ **Resource the provision of good career and employment guidance to support unemployed people to make informed choices.**
- ➡ **Address the remaining barriers to work and further incentivise the take-up of work.**
- ➡ **Support people to address the initial costs of taking up employment, in particular the costs of travel and childcare.**
- ➡ **Ensure that individuals and communities most disadvantaged in the labour market are pro-actively provided with tailor made supports to address their issues.**

What did Budget 2021 contain?

- ⇒ In Chapter 10 of Part II of the Expenditure Report 2021 it states the Department of Employment Affairs and Social Protection “*will expand on activation measures announced in the July stimulus package*”.
- ⇒ €10 million will be provided for supports for people who are unemployed, with a specific focus on youth unemployment.
- ⇒ This expenditure will be in addition to the €112 million provided in the July Jobs Stimulus 2020.
- ⇒ Amongst the items included in that package was increasing the capacity of Public Employment Service (PES) to support jobseekers through job search advice and assistance, including through contracted services JobClubs, JobPath and Local Employment Services.
- ⇒ However, the Budgetary documents do not indicate how the PES will be delivered in a world that is greatly restricted by COVID-19.
- ⇒ In July 8,000 recruitment subsidies under JobsPlus were also proposed. €7,500 over two years for employers to hire someone under the age of 30 who is on the Live Register or PUP.
- ⇒ According to the Book of Estimates, under the Department of Social Protection’s Vote, expenditure on JobsPlus will be €10.1m in 2020, and it is estimated to rise to €28.3m in 2021.
- ⇒ At the end of September people aged up to 34 years accounted for 38% of the Live Register and 44% of those on the Pandemic Unemployment Payment.



Employment Programmes

IN BUDGET 2021 THE INOU CALLED ON THE GOVERNMENT TO:

- ☞ Ensure that unemployed people's participation in employment programmes is by choice and that they are facilitated to gain good work experience and enhance their skills.
- ☞ Acknowledge the cost of participation on employment programmes and support participants to meet these costs by increasing the top-up payment on these programmes by €7.50.
- ☞ Properly resource community groups in their work addressing the needs of people distanced from the labour market and people managing the impact of COVID-19 on their labour market participation.
- ☞ Open up access to employment programmes for unemployed people signing on for credits.

What did Budget 2021 contain?

- ⇒ In the July Jobs Stimulus 2020 there was a commitment that “3,000 additional places will be funded on State Employment schemes such as Community Employment and Tús.” According to the most recent figures published by the Central Statistics Office, there were 23,988 participants on these two programmes in August, 2020, 3,107 fewer participants than in August 2019.
- ⇒ Looking at the Book of Estimates, published as Part III of the Expenditure Report 2021, Community Employment and Tús are included in the Working Age – Employment Supports section of the Department of Social Protection's Vote.
- ⇒ The big ticket item in that section is the Employment Wage Subsidy Scheme, which accounts for 57% of the €2.1bn expenditure estimated for 2021.
- ⇒ Expenditure on Community Employment is estimated to be €362.7m, a slight decline on the 2020 estimated spend of €364.6.
- ⇒ The third biggest item is the Work Placement Experience Programme, which cost an estimated €3.67m in 2020 and will increase by a multiple of 37 to €135.7m
- ⇒ This builds on the announcement in the July Stimulus of “10,000 additional places on work placement and experience schemes available for those unemployed for over 6 months.”
- ⇒ Interestingly, given the age profile of those affected by employment loss during the pandemic, the estimated spend on the Youth Employment Support Scheme will be lower in 2021 than in 2020, by 27% at €2.4m.
- ⇒ The Local Employment Service and Jobs Clubs are included in this part of the Department's vote and in keeping with the increased capacity noted under Employment Services, the estimated expenditure for these two services will go from €24.7m in 2020 to €33.75m in 2021, a 37% increase.



Education & Training

IN BUDGET 2021 THE INOU CALLED ON THE GOVERNMENT TO:

- ☞ Provide good career and educational guidance to support people to access the most appropriate course.
- ☞ Ensure there is good sign posting within and across the system so people of working age know where they can go to get the most appropriate supports and provision.
- ☞ Run clear information campaigns on what is available, who is running what, and where people can access the most appropriate provision.
- ☞ Acknowledge the cost of participation in education and training and support adult learners to meet these costs to facilitate their participation.
- ☞ Properly resource learning that focuses on personal and community development and presents learners with opportunities to address issues in their own lives.
- ☞ In planning for the increased digitalisation of work, ensure that unemployed people and vulnerable workers are supported to adapt and enhance their digital skills.

What did Budget 2021 contain?

- ⇒ In the July Jobs Stimulus 2020 the Government said they would provide 12,500 additional places funded through the Training Support Grant for short term skills training; the Apprenticeship Incentivisation Scheme will provide a €2,000 payment to support employers to take on new apprenticeships in 2020; 35,000 additional places in further and higher education; and a Retrofit Skills Training Initiative will support future expansion of the National Retrofitting Programme.
- ⇒ In Budget 2021 under the heading Skills Development, the Government say they will provide over 10,000 upskilling and reskilling opportunities through SOLAS and Skillnet Ireland, including the Skills to Advance and Skills to Compete programmes, which will be broken down into 2,000 Skills to Compete places; 1,600 Skills to Advance places; 5,000 training opportunities through Skillnet Ireland; 1,500 places on Retrofitting courses. They are also planning 4,000 new apprentices under the Apprenticeship Incentivisation Scheme; and an additional 1,500 places on Springboard courses in 2021.
- ⇒ Under the DEASP Vote, expenditure on the Back to Education Allowance is expected to increase from €75.6m in 2020 to €95.6m in 2021.
- ⇒ The National Training Fund is now under the Department of Further and Higher Education, Research, Innovation and Science and it is estimated the SOLAS Training People for Employment will increase by 24% to €207.7m in 2021.
- ⇒ In the *Additional Stimulus and Supports for 2020* section of Part II of the Expenditure Report 2021, €8m is earmarked for a Digital Capability Fund for Vulnerable Learners in Further Education and Training. This would be provided as a community-based learner support to mitigate the effects of the Covid-19 crisis on vulnerable learners including people with disabilities, Roma/Traveller communities, refugees & asylum seekers, and older learners.



Access to Decent Work

IN BUDGET 2021 THE INOU CALLED ON THE GOVERNMENT TO:

- ☞ Ensure that decent work is at the heart of all employment and jobs policies.
- ☞ Automate access to the Working Family Payment and streamline this access to minimise the time gap between the individual taking up employment and gaining access to this support.
- ☞ Fully support unemployed people seeking to address their unemployment through self-employment.
- ☞ Increase the Back to Work Enterprise Allowance to three years, and pay 50% of the participant's social welfare payment in the third year.
- ☞ Actively support the roll-out and attainment of the Living Wage.
- ☞ Plan for the full impact of Brexit on the labour market and ensure unemployed people and vulnerable workers gain access to a decent job.
- ☞ Add socio-economic status as a ground into Ireland's equality legislation.

What did Budget 2021 contain?

- ⇒ The Working Family Payment income limit was increased by €10 per child for the first three children and now stands at €541 for one child; €642 for two children and €743 for three children. The income limits for four + children remained as they were set in Budget 2016.
- ⇒ According to the Book of Estimates, expenditure on the Back to Work Enterprise Allowance will increase from €39.3m in 2020 to €64.8m in 2021. The latest Central Statistics Office figures show that the numbers of participants on this programme have fallen over the past year 36% to 2,993 people. Self-employment can be an important route out of unemployment for people who face exclusion in the labour market, so it will be important not to lose sight of this while trying to address the challenges facing people who were self-employed before the negative impact of the COVID-19 restrictions on their livelihoods.
- ⇒ There was no reference to the Living Wage in the Budget. Changes were made to the ceiling for the second USC rate and to the higher rate of employer's PRSI to ensure no negative impact of the proposed 10c increase to the National Minimum Wage. At present the NMW is €10.10 and the Living Wage is €12.30.
- ⇒ The Government noted that Budget 2021 was framed in the context of a No-Deal Brexit. Funding of €1.2 bn has been put aside to support vulnerable sectors and to provide for automatic stabilisers and labour market activation supports.
- ⇒ €26m has been earmarked within the Department of Enterprise, Trade and Employment expenditure and Part 11 of the Expenditure Report 2021 notes that amongst the Department's work, under Programme A, Jobs and Enterprise Development, that they will *"Continue the range of supports available to businesses, importers and exporters, through the enterprise agencies in preparation for Brexit, including the various initiatives led by Enterprise Ireland, the Local Enterprise Offices and Intertrade Ireland."*



Community Based Organisations

IN BUDGET 2021 THE INOU CALLED ON THE GOVERNMENT TO:

- ➔ **Resource the development and maintenance of independent community based organisations and their work with people experiencing social and economic exclusion.**
- ➔ **Support the community and voluntary sector, an important entry point for people more distanced from the labour market, to play its part in meeting training needs and providing lifelong learning opportunities.**
- ➔ **Properly support ‘Deficient Demand’ social enterprises.**

What did Budget 2021 contain?

- ⇒ The Department of Rural and Community Development’s Programme B: Community Development aims to *“promote and support the development of vibrant inclusive communities, and of the community and voluntary sector.”*
- ⇒ Under Budget 2021 the Community Services Programme’s funding will increase by €2m to €49 million. The Department notes that the CSP supports over 400+ organisations and 2,000 individuals to provide community services across Ireland.
- ⇒ Funding for the Social Inclusion and Community Activation Programme, known as SICAP, will remain at €44m, and will assist over 27,000 people.
- ⇒ €1m will also be provided to commence pilot community development projects. The builds on a commitment in the Programme for Government to *“Introduce, on a phased basis, a number of projects similar in approach to Community Development Projects (CDPs).”*
- ⇒ The Government also propose to increase the support for volunteering by €1.6m to €5.1m.
- ⇒ In the *Additional Stimulus and Supports for 2020* section of Part II of the Expenditure Report 2021 it notes that €10m will be made available under the Community and Voluntary Sector Covid-19 Stability Fund: *“to provide a targeted, cash injection for organisations and groups currently delivering critical front-line services to the most at need in our society.”*

