

# Budget 2022 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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Budget 2022 was announced by the Government on October 12<sup>th</sup>, the first budget after the publication of the Economic Recovery Plan 2021. A key question to be asked is whether or not this budget will support an equitable and inclusive recovery.

The COVID-19 pandemic has had a major impact on the labour market with many sectors of the economy facing uncertainty as to whether or not they could re-open, when they could, and if they did, for how long it would last. According to the Central Statistics Office there were 101,470 people on the Pandemic Unemployment Payment in September, 2021, a drop of 115,792 over the year. However, the numbers on the Employment Wage Subsidy Scheme have not dropped at the same rate. According to the Revenue Commissioners' COVID-19 Support Schemes Preliminary Statistics, 310,800 people were covered by this payment in September, 2021, a decrease of 33,200 over the year. It will be hard to gauge the full impact of this crisis on the labour market until all of these supports are wound down next year.

In the meantime it will be critical that the Government stands by their commitment, made in Pillar 4 of the Economic Recovery Plan, that "A more inclusive labour market will be built with a greater focus on participation and on reducing barriers." (p37)

To that end delivering on the goal of *Pathways to Work 2021-2025* will be particularly important, which aims "to ensure that as many of these opportunities as possible are filled by people who are unemployed. This includes all unemployed, those whose jobs were lost due to COVID-19, those already on the Live Register pre-pandemic and those in society that face particular challenges in finding and sustaining employment." (p8)

In his Budget speech, Minister for Finance, Paschal Donohoe TD noted that "In framing this Budget, we have been conscious of the cost of living pressures that are currently confronting citizens and businesses." While in his Budget speech the Minister for Public Expenditure and Reform, Michael McGrath TD said "Now we have to harness the recovery to build a better quality of life for all our people."

This analysis will look at the INOU's key asks of Budget 2022 under the headings used in our pre-budget submission including: adequate income; supportive employment services; access to decent work; employment programmes; education & training; and community based organisations.

While there have been some improvements in social welfare supports, they are insufficient to address the cost of living challenges facing unemployed people. In other areas little has changed and it is doubtful that this budget will address the socio-economic inequalities and exclusions facing so many people in Irish society.

## INOUE's post Budget 2022 analysis headings:

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



# Adequate Income

In the INOU's Pre-Budget Submission we called on the Government to:

- ☞ Increase Social Welfare payments by €10, and adjust related supports so that people do not lose this increase through, for example, an increase in their differential rent.
- ☞ Introduce a work-friendly Social Welfare system for Jobseekers reflective of changing work practices, based on hours worked rather than days worked, with a re-designed earnings disregard to support jobseekers returning to / taking up employment.
- ☞ Maintain the Christmas Bonus at 100% and facilitate access to this payment and the Fuel Allowance for people on Jobseekers Allowance for over 12 months. Similar considerations should be given to long-term recipients of the PUP.
- ☞ End the age segregation still evident in the Jobseeker's Allowance payment.
- ☞ Re-introduce pay-related Jobseeker Benefit payments and restore its duration.
- ☞ Ensure that people are fully aware of all of their options when their Pandemic Unemployment Payment comes to an end.
- ☞ Support people who may wish to stay with their pre-COVID-19 employer to do so if that employment takes time to fully re-open.

In Budget 2022 the Government announced they would:

- ⇒ Increase the weekly rates of payment to all working age recipients by €5 per week, with proportionate increase for qualified adults and those on reduced rates of payment. These changes will be implemented in January 2022 and will mean the full Jobseekers payment will be €208 and the Qualified Adult Increase will be €138.67.
- ⇒ Regrettably, young people aged 18 to 24 years eligible for a full Jobseekers Allowance payment will still receive less than older unemployed people. Though the full €5 increase will apply to this JA payment and from January 2022 it will be €117.70.
- ⇒ From January 2022 the Qualified Child Increase for children aged 12 and over will rise by €3 per week to €48. While for children under the age of 12, it will increase by €2 to €40 per week.
- ⇒ The full Christmas Bonus will be paid to people who are long-term social welfare recipients i.e. people have been on a payment for at least 12 months, and it appears that this year this rule will also apply to people on a JA or PUP.
- ⇒ The Back to School Clothing and Footwear Allowance will now be the same for one and two parent households and from June 2022 it will increase by €10.
- ⇒ With immediate effect the Fuel Allowance will be increased rate by €5 to €33 per week.
- ⇒ The income threshold for qualification for a Fuel Allowance will be increased by €20, but this will only come into effect in January 2022.
- ⇒ The waiting period for recipients of a Jobseekers Allowance and Supplementary Welfare Allowance to be eligible for a Fuel Allowance will move from 15 months to 12 months, unfortunately this will only come into effect from September 2022.
- ⇒ No changes were made to terms and conditions of a Jobseeker's Benefit payment.
- ⇒ *"In 2022, €1.1 billion has been allocated to the Department of Social Protection for Covid-19 related employment supports as part of Budget 2022. Primarily this will fund significant expenditure on automatic stabilisers including job-seekers payments and related supports and an extension of the EWSS until the end of April 2022. Labour market activation measures will also form a key part of the recovery from the Covid-19 crisis."* (Budget 2022 Expenditure Report p48/49)



# Supportive Employment Services

In the INOU's Pre-Budget Submission we called on the Government to:

- ☞ Resource the provision of good career and employment guidance to support unemployed people, regardless of whether or not they are on a payment, to make informed choices.
- ☞ Inform people of current supports including Working Family Payment, Back to Work Family Dividend, Payment Pending Wages, Fasttrack, and Part-time Job Incentive Scheme.
- ☞ 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.
- ☞ To that end provide high support wrap around services for people further distanced from the Labour Market .

Budget 2022 cited existing policies like Pathways to Work and announced some new developments including:

- ⇒ The Department of Social Protection's estimate for next year includes over €185 million in additional funding under Pathways to Work. In her Budget 2022 press release, Minister for Social Protection, Heather Humphreys T.D. noted *"The strategy will remove barriers to employment, provide tens of thousands of training and education places, significantly enhance the Public Employment Service, provide incentives to employers to take people off the Live Register, and deliver a special package of supports for young people."*
- ⇒ In Pathways to Work the Government states *"Therefore, the State needs to make sure that the full toolset of options is available and used to best effect. For this reason, the capacity of, and processes used by, the Public Employment Service and the knowledge and skills of its case workers are critical to ensure, as far as reasonably possible, that correct guidance is given to each individual jobseeker."* (p31)
- ⇒ There is a commitment in Pathways to Work to *"In the short-term, pending these developments, the Department of Social Protection will ensure that each new jobseeker is provided with access to a Benefit of Work statement using the Department's online Benefit of Work calculator."* (p60)
- ⇒ *"Supporting bus, rail and Local Link services throughout the country, and new service enhancements, including the introduction of a Youth Travel Card which will allow any person between the age of 19 and 23 to avail of a 50% discount on fares across the transport network;"* (Budget 2022 Expenditure Report p165/166)
- ⇒ *"Funding for SICAP and other local and regional development supports will increase by €4 million to €49 million."* (Budget 2022 Expenditure Report p144)
- ⇒ In the Book of Estimates, under the Department of Social Protection's vote the allocation of funding for the Local Employment Service drops from €25.8m in 2021 to €9.81m in 2022; while the funding for the Jobs Clubs falls from €7.95m to €1.96m in 2022. A new funding line has been included, called Contracted Public Employment Service Schemes, and its allocation is €31.156m. The INOU is greatly concerned that this change in funding mechanism will lead to job losses and the loss of community based organisations amongst existing services.



# Access to Decent Work

In the INOU's Pre-Budget Submission we called on the Government to:

- ☞ Ensure that decent work is at the heart of all employment policies, supports and service delivery.
- ☞ 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.
- ☞ Add socio-economic status as a ground into Ireland's equality legislation.

In Budget 2022 the Government announced they would:

- ⇒ Decent work per se was not covered in the Budget, on the Department of Enterprise, Trade and Employment's website they note *"Budget 2022 aims to prepare businesses for the challenges and opportunities of the future economy, including increased digitalisation and climate change, as well as adjusting to remote working."*
- ⇒ As Ireland moves out of this crisis it will be critical that *"An increased focus will be placed on building an inclusive society and labour market with greater emphasis on good quality employment, increasing participation and reducing barriers as the economy recovers, ensuring the benefits of the recovery are widely shared."* (ERP 2021, p46)
- ⇒ The application process for the Working Family Payment remains unchanged, however the Government are increasing the income threshold for the WFP by €10 for all families. They are also improving the rate of Wage Subsidy Scheme for people with disabilities, it will rise by €1 per hour.
- ⇒ There was no change to the Back to Work Enterprise Allowance (BTWEA) duration, though participants on this programme will receive the €5 increase payable to social welfare payments.
- ⇒ According to the Book of Estimates €56.5m will be available for the BTWEA in 2022, a decrease of 13%, and slightly less than 2019 expenditure, which according to the DSP's Annual Statistical Report was €59.7m.
- ⇒ Amongst the areas identified in the Economic Recovery Plan 2021 for improving living standards was *"Progressing to a living wage over the lifetime of the Government. The Low Pay Commission has been asked to examine how best a living wage could be introduced in Ireland. This research is to be completed before the end of the year"*. (p47) The Living Wage rate required has been identified as €12.90 per hour for 2021 / 2022.
- ⇒ In the meantime a key benchmark for workers in low paid jobs is the National Minimum Wage, and in his Budget speech, Minister for Finance, Paschal Donohoe said that *"The government accepts the recommendation of the Low Pay Commission to increase the national minimum wage by 30 cent to €10.50 per hour."*
- ⇒ *In addition, in order to ensure that the salary of a full-time worker on the minimum wage will remain outside the top rates of the Universal Social Charge, the ceiling of the second USC rate band will be increased from €20,687 to €21,295 - a move which will give a benefit to workers whose income is above that amount."*

# Employment Programmes

In the INOU's Pre-Budget Submission we 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 who are not in receipt of a payment, in particular those signing on for credits.

In Budget 2022 the Government announced very little that was new:

- ⇒ In his Budget speech Minister for Public Expenditure and Reform, Michael McGrath noted that *"The Government's Pathways to Work strategy will be a critical element of supporting people who need help finding new jobs after COVID-19 as well as those unemployed pre-Covid. The plan does this through measures such as:*
  - ◆ a new work placement scheme;
  - ◆ additional places on the Community Employment and Tús employment programmes; and
  - ◆ 20,000 new further education and training places."
- ⇒ Most participants on employment programmes should see their payments increase by the €5 given to qualifying social welfare payments.
- ⇒ But there has been no increase in the top-up payments for programmes like Community Employment and Tús.
- ⇒ Nor are there any additional supports for community groups operating these and other programmes.
- ⇒ Similarly, there is no change in the eligibility criteria for them, which will also impact negatively on people who do not make the transition from a PUP to another social welfare payment.
- ⇒ In the Book of Estimates, under the Department of Social Protection's vote the allocation of funding for Community Employment increases by 3.5% to €375.4m; while Tús increases by 14% to €112.6m.
- ⇒ The funding for the new Work Placement Experience programme drops by 54% to €62.6m, however this programme only commenced in mid-July, 2021. According to the Central Statistics Office there were 27 participants in August.
- ⇒ There is no budget line for the Youth Employment Support Scheme in 2022. It was €2.44m for 2021. According to the Department's Annual Statistical report €1.72m was spent in 2020. It appears that this programme was absorbed by the Work Placement Experience programme.



# Education & Training

In the INOU's Pre-Budget Submission we 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.
- ☞ 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.

In Budget 2022 the Government announced they would:

- ⇒ Minister for Further and Higher Education, Research, Innovation and Science, Simon Harris TD noted in his Budget statement that *"We want to help people get back into sustainable and quality jobs after the impact of the pandemic and crucially to ensure we have people equipped with the skills to help meet demand in areas such as housing, climate change and digital transformation."*
- ⇒ Under the Department's Skills Development programme provide:
  - ◆ 6,000 Skillnet places and 1,600 Skills to Advance places in key skills areas of the economy: €9m
  - ◆ Training to support jobseekers, address climate and low carbon economy issues: €79m to 8,900 places on skills to compete; and 35,000 learners on green skill modules and additional Retrofit and NZEB expansion places.
  - ◆ Apprenticeships: €34m to cover off-the-job training places for 7,000 craft apprentices impacted by Covid; additional 3,000 payments to employers under Apprenticeship Incentivisation; and new Employer Apprenticeship Grant in 2022.
  - ◆ Abolish €200 Post Leaving Certificate levy/fee: €2m
  - ◆ Implement new 10 year Adult Literacy for Life strategy: €3m
- ⇒ And under the Department's Higher Education programme:
  - ◆ Continuation of 1,500 places to meet high demand for Springboard: €7m
  - ◆ Pilot initiatives for equity and inclusion in the Programme for Access to Higher Education (PATH): €5m
- ⇒ There was no indication that there would be any additional funding to support people to access and participate in the most appropriate education and training option for them.
- ⇒ In the Book of Estimates, under the Department of Social Protection's vote the allocation of funding for the Back to Education Allowance increases by 9% to €105.4m in 2022.



# Community Based Organisations

In the INOU's Pre-Budget Submission we 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 supporting employment, education and training opportunities.
- ☞ Properly support community led social enterprises seeking to address exclusion from the labour market and improve access to affordable supports and services.

In Budget 2022 the Government announced they would:

- ⇒ In his post Budget release Minister of State with responsibility for Community Development and Charities, Joe O'Brien TD noted that *"The Social Inclusion and Community Activation Programme (SICAP) is the principal social inclusion programme in Ireland, and the announcement today of a 10% budget increase for the programme will further enhance the vital work of SICAP."* He went on to say that *"In real terms, the additional funding will see at least 60 additional community workers on the ground in communities across Ireland. Having these extra workers available to work with disadvantaged groups and marginalised communities will add to SICAPs ability to improve social and economic outcomes for many families and individuals who need support."*
- ⇒ Looking at the Book of Estimates, the Department of Rural and Community Development's budget in 2022 will be 7% higher at €376.383m. Most of this increase is under the Department's Rural Development, Regional Affairs and Islands programme, with just a 3.6% increase in the Department's Community Development programme.
- ⇒ Amongst the programmes that will see an increase in 2022 are:
  - ◆ Social Inclusion and Community Activation Programme (SICAP) funding increasing from €40 million to €44 million, providing up to 60 additional full-time posts for community workers in Local Development Companies to support the most vulnerable groups in our communities.
  - ◆ Funding for the Scheme to Support National Organisations (SSNO Scheme) to increase from €5.9 million to €6.7 million.
  - ◆ Additional support for the Dublin North East Inner City initiative (from €6.5 million to €7.5 million).
  - ◆ Continued support for the Community Services Programme, with its annual allocation maintained at €49 million.
  - ◆ An additional €5 million in capital funding which will facilitate the establishment a capital grants scheme for community centres in 2022 as committed to in the programme for Government.

