



Budget 2019

Post-Budget Analysis

Comhairle Náisiúnta na nÓg
National Youth Council of Ireland

October 2018

Budget 2019: NYCI Response

Introduction

In its Pre-Budget submission (PBS) entitled '*Future Proof – Invest in Youth*,' NYCI highlighted key issues affecting the lives of children and young people and outlined our proposed budget to respond to the needs of children and young people in Budget 2019. NYCI's Pre-Budget submission identified 4 budgetary priorities which it urged Government to address in Budget 2019. The 4 areas included:

1. Invest in Voluntary Youth Organisations and Youth Work Services

- Increase investment in voluntary youth work organisations and youth work services to ensure the provision of more supports and services for young people and to meet the needs of a growing youth population and introduce a Compliance Fund.
- **Investment €11.5m**

2. Halve Long-term Youth Unemployment

- Increase the investment in the education, training and access to apprenticeships to halve long-term youth unemployment by end 2019.
- **Investment €22m (€8m net cost)**

3. Equality for Young Jobseekers

- Restore the full adult rate of €198 to young people on Jobseeker's Allowance over next two budgets. In Budget 2019 increase rate for young people age 18-24 by €45.15 a week and those aged 25 by €22.60 per week.
- **Investment €40.5m**

4. Towards Ending Youth Homelessness

- Restore the full rate of Jobseeker's Allowance to young people who are homeless or at risk of homelessness and restore the full adult rate to qualifying care leavers aged 25 years
- **Investment €2.2m**

NYCI Analysis & General Commentary

Budget 2019 was limited and modest in scope and ambition. The main policy issues which dominated this year's budget were preparation for the forthcoming Brexit and its potential fallout and housing. Despite budgetary provision in both of these policy areas, the measures are far from an adequate response. From the perspective of young people, the budget is extremely disappointing and delivered little for young people and youth work services. As the economy continues to improve, NYCI had hoped that Budget 2019 would address some of the harsh measures inflicted on young people over the last 10 years. On the contrary, it offers very little comfort for young people, particularly young unemployed people and those most vulnerable to poverty, homelessness and social exclusion. In relation to funding of youth work services, Budget 2019 provided a derisory increase of just €1.5m additional funding for youth services nationwide in the year ahead, much of which appeared to be designated for new initiatives. This will leave little scope for additional investment in existing services.

Given the scale of the youth work sector, where 1,400 staff work with over 40,000 volunteers to support 380,000 young people nationwide, an €1.5m in additional investment to support youth work programmes and services throughout the country is grossly inadequate. Much more is required to meet the growing demand for services, given that Ireland's youth population is set to increase over 13% in the coming years, resulting in a population of over one million young people by 2025. Having borne over 30% of cuts in funding during the financial crisis, youth work is still to benefit from the recovery, with a risk that some young people will be left behind as under-resourced youth services struggle to cope with our growing youth population. Investment in youth work services by the Department of Children and Youth Affairs (DCYA) decreased by 31.7% over an eight year period, dropping from €73.1m in 2008 to €49.9m in 2015. While this funding has recovered to €58.9m by 2018, we needed to see a significant investment in young people and youth work in Budget 2019 and on that issue the Government has failed. Furthermore, given that this year's allocation is being targeted at new initiatives, existing funding schemes such as the Youth Service Grant Scheme and Special Projects for Youth appear to be getting no additional funding for the second year in a row.

As well as making a very significant social impact, the youth sector also delivers exceptional value for money. An independent report by Indecon on the economic value of the youth work found that for every €1 spent on youth services the state saves €2.20 euro in the long run. With further resources, youth organisations can make an even greater contribution to addressing issues including youth unemployment, social exclusion and poverty.

Some positive budgetary measures

There are, however, some budgetary provisions that are welcome and important to acknowledge. These budget measures relate to:

- The allocation of an additional €300 million to third level education for the period up to 2024.
- The increase in the minimum wage by 25c from €9.55 to €9.80 per hour. This is a step in the right direction and will benefit many young workers as 40% of those on the minimum wage are young people under 30 years.
- The ceiling of the second USC rate band will be increased from €19,372 to €19,874 in order to ensure that the salary of a full-time worker on the minimum wage will remain outside the top rates of USC.
- The weekly threshold for the higher rate of employer's PRSI will be increased from €376 to €386 to ensure that there is no incentive to reduce working hours for a full-time minimum wage worker.
- An additional €84 million will be provided for Mental Health Services in 2019 bringing the total available funding for Mental Health to €1 billion.
- The increase of €5 per week increase in all weekly social welfare payments from March 2019.

Summary of Budget Measures

Invest in Voluntary Youth Organisations and Youth Work Services

NYCI Recommendation

- Increase investment in voluntary youth work organisations and youth work services to ensure the provision of more supports and services for young people and to meet the needs of a growing youth population and introduce a Compliance Fund.
- **Investment €11.5m**

Budget 2019

- A very inadequate and disappointing response in this year's budget to increase investment in voluntary youth work organisations and to support the introduction of a compliance fund.

In its Pre-Budget Submission (PBS) NYCI highlighted how Census 2016 confirms that the number of young people aged 10-24 will grow by 11.6% between 2015 and 2025.¹ NYCI pointed out that while this will also create challenges, with adequate resources the youth work sector is well placed to support young people to reach their potential and make Ireland the best country in the world in which to be a young person.

Voluntary youth organisations are active in almost every community reaching over 383,000 young people. They are particularly active in supporting young people from economically or socially disadvantaged communities, with 53% of all participants coming from these areas. Voluntary youth organisations work in a range of areas such as promoting active citizenship, social and political education and supporting the participation of young people in education and training. They also deliver programmes to promote positive mental health, school completion and employability and are running projects in youth justice, equality and alcohol and drug awareness. Voluntary youth organisations also organise international exchange programmes for young people, allowing them to meet, engage and work with young people from other countries and cultures. The track record, credibility and reach of the youth sector is also demonstrated by the fact that we have the highest level of involvement in youth services in the EU, with 26% of young people active in a youth club/organisation.²

Investment in youth work services from the Department of Children and Youth Affairs (DCYA) decreased by 31.7% over an eight year period, from €73.1m in 2008 to €49.9m

¹ Population Estimates, CSO,

<http://www.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=EY007&PLanguage=0>

² European Commission 2011, "Youth on the Move" - Analytical Report of Flash Eurobarometer Number 319a

in 2015. While funding for youth work from DCYA had recovered to €58.9m by 2018, it is still 20% below that of a decade ago. We argued that these severe cutbacks have left significant deficits and have put significant strain on volunteers, staff and organisations to deliver quality youth services and supports for the increasing number of young people, while also meeting the increasing level of governance requirements. We called on the Government to urgently respond to the needs of young people and youth work services and address the overall funding deficits by providing an additional €11.5m in Budget 2019 for the sector.

Budget 2019 provided a derisory increase of just €1.5m additional funding for youth services nationwide in the year ahead, which is a grossly inadequate level of funding to support and sustain vital youth work services that young people rely on.

Halve Long-term Youth Unemployment

NYCI Budget Recommendation

- Increase the investment in education, training and access to apprenticeships to halve long-term youth unemployment by end 2019.
- **Investment €22m (€8m net cost)**

Budget 2019

- Limited progress made in this year's budget to invest adequately in education, training and access to apprenticeships to halve long-term youth unemployment by end 2019.

In its Pre-Budget submission, NYCI welcomed the fact that there was job growth in the Irish economy and a consistent trend of reduced youth unemployment, which has fallen to 12% by April 2018.³ We expressed concern, however, about the 8,915 young people⁴ who are now long-term unemployed (for 12 months or more). As noted by a Eurofound study,⁵ while Ireland has a lower than average EU youth unemployment rate, we have a higher than average long-term youth unemployment rate. This is worrying in light of the commitments in the EU Youth Guarantee to provide any young person an education, training and/or work experience place if they were unemployed for four months or more. NYCI broadly welcomed the Irish plan for the Youth Guarantee⁶ when it was published in January 2014. As we outlined to both the Oireachtas and the European Court of Auditors,⁷ NYCI is concerned at the overall slow pace of implementation four years into the process. We concurred with the report of the European Court of Auditors⁸ on the implementation of the Youth Guarantee scheme in Ireland, which found that the results to date from the Youth Guarantee in Ireland had fallen short of expectations.

We welcomed the announcement in Budget 2018 of the new Youth Employment Support Scheme (YESS),⁹ which is targeted at young people aged 18 to 24 who are long-term unemployed but called for it to be launched immediately. It is disappointing that this scheme was not launched until October 2018, which indicates a lack of

³ CSO, Monthly Unemployment Report, April 2018,

<https://www.cso.ie/en/releasesandpublications/er/mue/monthlyunemploymentapril2018/>

⁴ Dáil Éireann, Parliamentary Question, 22nd March 2018, 287 <https://www.kildarestreet.com/wrans/?id=2018-03-22a.796>

⁵ Eurofound (2017), Long-term unemployed youth: Characteristics and policy responses, Publications Office of the European Union, Luxembourg.

https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef1729en.pdf

⁶ Implementation Plan of the EU Council Recommendation on the Youth Guarantee

<http://www.welfare.ie/en/downloads/youth-guarantee-implementation-plan.pdf>

⁷ NYCI Presentation to the European Court of Auditors, February 11th 2016

⁸ European Court of Auditors, Special Report, No 5/2017

<http://www.eca.europa.eu/en/Pages/DocItem.aspx?did=41096>

⁹ Department of Employment Affairs and Social Protection, Budgetary Measures, October 2017,

<https://m.welfare.ie/en/Pages/Budget-2018.aspx>

urgency. We also called on Government in Budget 2019 to commit to reducing the number of young people under 26 who are long-term unemployed, to fewer than 4,500 by the end of 2019. It is vital we support young jobseekers into education, training and work experience and prevent the drift into long-term joblessness. This requires additional investment in career guidance, access to apprenticeships and the provision of additional education and training places. NYCI recommended an additional investment of €22m in Budget 2019 to reduce the number of young people long term unemployed by the end of 2019. We proposed the provision of an additional 2,650 education and training places which will cost €20m based on the average cost of a SOLAS training place¹⁰ of €7,578. This is the gross cost, as this investment would lead to reduced social welfare payments as more young people move into employment. For example, if we assume 50% or there were 2,650 fewer young people on €107.70, the lowest rate of Jobseeker's Allowance, this would save just over €14m per annum, so the estimated net cost would be €6m. We also proposed that €2m was invested in an access to apprenticeship programme.

There was limited provision made in Budget 2019 to increase the investment in the education, training and access to apprenticeships to make the sort of impact that would halve long-term youth unemployment by end 2019. The Department of Children and Youth Affairs will implement another round of the Youth Employability Initiative (youth employment programmes by youth organisations), which was previously run in 2017. This scheme is supported by once off dormant accounts funding and full details are awaited. The Department of Employment Affairs and Social Protection are allocating €5m to the Youth Employment Support Scheme in 2019, which it is projected will support approximately 1,000 young jobseekers. While the Department of Education and Skills did announce an additional €20m for apprenticeships in 2019 from €122million to €142million, no new initiatives or funding was announced for access to apprenticeships and pre-apprenticeship programmes. We understand that a report on this issue will be issued by SOLAS soon and we hope this will detail additional support in this area.

Equality for Young Jobseekers

¹⁰ <https://www.welfare.ie/en/downloads/Youth-Guarantee-Implementation-Plan.pdf> pp26

NYCI Budget Recommendation

- Restore the full adult rate of €198 to young people on Jobseeker's Allowance over next two budgets. In Budget 2019 increase rate for young people age 18-24 by €45.15 a week and those aged 25 by €22.60 per week.
- **Investment €40.5m**

Budget 2019

- No progress in restoring full rate of Jobseeker's Allowance to young people under 26 years, although they did receive the full €5 increase this year.

As NYCI pointed out in our PBS it supports full equality for young people. NYCI opposed the decision of previous Governments to reduce welfare payments to young unemployed people under 26 years of age and wants the full rates to be restored. NYCI stated that the imposition of lower rates on young jobseekers is contrary to the provisions of Article 40.1 of the Irish Constitution,¹¹ which dictates that all citizens should be treated equally. NYCI noted that data from April 2017 indicates that 71% or 19,240 of the 26,808 young people in receipt of Jobseeker's Allowance (JA) in April 2017 were on €102.70 a week, 11% or 2,863 were on €147.80 with 18% or 4,705 on the full rate of €193 per week.¹² NYCI pointed out that the impact of these reduced payments is confirmed by the statistics on the rate of consistent poverty among young people aged 15-24.¹³ The consistent poverty rate for young people aged 15-24 years in 2015 was 15.6%, which is almost double the overall rate of 8.7% and the highest of all age cohorts.

In advance of the Budget, NYCI along with other NGOs supported the Crosscare campaign to "Restore the Youth Safety Net". There was no progress in Budget 2019 on this issue, which is disappointing. The only minor positive is that in this year's budget, young people under 26 years got the full €5 per week extra awarded to all social welfare recipients.

Tackling Youth Homelessness

¹¹ Irish Constitution http://www.taoiseach.gov.ie/eng/Historical_Information/The_Constitution/February_2015_-_Constitution_of_Ireland_.pdf

¹² Dáil Éireann, Parliamentary Question 185, May 31st 2017 <https://www.kildarestreet.com/wrans/?id=2017-05-31a.409>

¹³ Social Inclusion Monitor 2015, Department of Social Protection pp42 <https://www.welfare.ie/en/downloads/SocialInclusionMonitor2015.pdf>

NYCI Budget Recommendation

- Restore the full rate of Jobseeker's Allowance to young people who are homeless or at risk of homelessness and restore the full adult rate to qualifying care leavers aged 25 years
- **Investment €2.2m**

Budget 2019

- No progress made to directly address youth homelessness.

The NYCI PBS noted that the number of young people aged 18-24 who are homeless was 793 in April 2017 representing a rise of 63% in the two years since March 2015. NYCI pointed out that the cuts in welfare payments have particularly impacted on young people at risk of homelessness. NYCI welcomed the decision of Government to protect young people leaving care from the reduced welfare rates and called for the same policy to apply to those experiencing homelessness. NYCI pointed out that these reductions in payment meant that young people who do not come from a care background and have become homeless will not be able to support themselves out of homelessness and into accommodation.

The Government failed to address the impact of the reduced Jobseeker's Allowance rates for young people who are homeless or at risk of homelessness. The Government did announce a housing package, which includes allocating a total of €2.3 billion to the housing programme for 2019. €1.25 billion was specifically earmarked for the delivery of 10,000 new social homes in 2019 through a combination of construction, acquisition and leasing. Budget 2019 also committed to delivering 6,000 affordable homes. The infrastructural funding available per subsidised home was increased from €40,000 up to a maximum of €50,000, supporting the delivery of homes at up to 40 per cent below market prices. Income eligibility limits of €50,000 for a single applicant and €75,000 for dual applicant households will apply and these will be kept under regular review to ensure they remain appropriate.

Overall our assessment of the budgetary measures provided to address youth homelessness fell short. Indeed, Budget 2019 offered more to landlords, developers and speculators in the market than many young people struggling to pay the exorbitant and spiralling rents in the private rental sector. NYCI called for specific measures to help young people and it is unlikely that the housing package contained in this year's budget will do anything to reduce the numbers of young people who are homeless or at risk of homelessness or indeed to assist young people residing in the private rental sector.

Other Budgetary Measures of Interest

Tax Measures

- An increase in the income tax standard rate band from €34,550 to €35,300 for individual earners.
- The third rate of the universal social charge (USC) is being lowered from 4.75 per cent to 4.5 per cent, while the threshold for the second rate of USC will be increased from €19,372 to €19,874.
- An increase in the tobacco products tax price will result in the price of packet of 20 cigarettes increasing by 50c to an average of €12.70.
- An increase in gambling tax from 1 per cent to 2 per cent is scheduled to take effect from January 2019. In addition, a tax rate on commission earned by betting intermediaries or exchanges will rise from 15 per cent to 25 per cent.
- A 1 per cent vehicle registration tax (VRT) surcharge is being introduced for diesel cars from January. An existing VRT relief for hybrid vehicles is being extended until the end of the year.

Children and Youth Affairs

- TUSLA received an increase of over €30m in 2019, bringing their total budget to just over €786million.
- Funding for early learning and childcare will increase by almost €90million to €574million.

Education and Skills

- The budget for the Department of Education & Skills is being increased by almost 7 per cent to €10.8billion next year, with measures including almost 1,300 additional posts in schools and nearly 3,500 further third-level undergraduate places being funded.

Social Protection

- An increase of €5 for all weekly social welfare recipients effective from March 2019.
- An increase in the qualified child payments in all weekly payments, by €2.20 for children aged up to 11 and by €5.20 for children aged 12 to 18.
- A new paid parental leave scheme, providing paid leaver per parent in the first year of a child's life.
- The weekly payment to asylum seekers in direct provision will increase from €21.60 to €38.80 for adults and to €29.80 for children.
- The Back to School Clothing and Footwear Allowance will increase by €25; those aged 4-11 receive €150, while those aged 12-22 receive €275.

Business, Enterprise and Innovation

- A €300 million so-called future growth loan scheme for small businesses, the agriculture and food sectors was also unveiled on Budget day by the Department of Business, Enterprise and Innovation. This is aimed at building

on the €300million Brexit loan scheme launched last year and forms another part of the Government's Brexit response.

Conclusion

Budget 2019 presented an opportunity for Government to invest in our growing youth population, which will increase by 13.2% between 2015 and 2025. Investment in youth work services and voluntary youth organisations, employment, education and social protection supports and in measures to tackle and prevent youth homelessness in 2019 is of imperative importance to ensuring better outcomes for children and young people. The budgetary decisions taken for 2019 are extremely disappointing and have offered young people and youth work services very little.