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Barnardos

Children's Perspective of Budget 2018

October 2017

Introduction

Budget 2018 has provided some small gains for families, such as funding for frontline health services and investment in housing supports. However, it is disappointing that it fails to provide real solutions for the major challenges facing children today. The Government has not delivered on promises of a new era of politics. Budget 2018 lacks clear vision and ambition to advance children's rights. In an effort to appease everyone it fails to create genuine opportunities or build solid foundations for children to thrive.

The reductions in the rates of USC and increases in the standard rate tax band amount to a miniscule increase in take home pay for workers - roughly €4 per week, at a cost of approximately €335million to the state. These funds would be far better invested in services and could ensure clear waiting lists ensuring rapid access to health services, providing a truly free primary school system and significantly increase investment in early childhood care and education giving all children the best possible start in life.

Taxation and Welfare

Key Changes for Children to improve family income:

- €5 increase in all social welfare payments.
- €2 increase in the Qualified Child Dependent payment.
- Increase of €20 in the income disregard for lone parents from €110 to €130.
- The threshold for FIS (now known as Working Family Payment) has increased by €10 for families with 1, 2 or 3 children.
- Continuation of Back to Work Family Dividend.
- Extension of Maternity Benefit to support mothers of premature babies.
- National Minimum Wage increases by 30c to €9.55 per hour from January 2018.
- Christmas Bonus to welfare recipients of 85% of weekly payment retained.
- €750 increase in the cut off point for standard rate of income tax for a single person bringing it up to €34,550 before a person starts paying 40% income tax.
- Reduction of the 2.5% rate of USC up to earnings of €18,772 to 2% on earnings up to €19,372.
- Reduction of the 5% rate of USC to 4.75%.

The €5 increase to social welfare payments will apply from the week beginning 26 March 2018. The reason being it costs less on the exchequer than if the new rates were applicable from January 2018.

This €5 increase to all weekly social welfare payments is a welcome but populist move which will likely have little impact on people's day to day lives. Unfortunately, as with the previous 18 budgets, social welfare increases will not apply to the thousand children living in direct provision centres who will continue to receive a measly €15.60 per week. The €2 weekly increase in qualified child dependent could have been targeted more effectively by focusing on older children.

In recognition that children in lone parent families are at high risk of poverty and to remedy some the harsh welfare reforms to lone parents done during austerity years, Budget 2018 increased in the earning disregard for lone parents. This now allows lone parents to earn up to €130 per week (previously €110) before their social welfare payment is affected.

Mothers of premature babies are now entitled to additional Maternity Benefit and leave from the day their baby is born up until the original due date followed by the full 26 weeks of standard entitlement. This is a very welcome adjustment which allows for additional supports for mothers and babies during a key developmental period.

The changes in USC and the tax bands will equate to roughly €4/5 per week or roughly €250 annually gain for taxpayers. While the Government's rationale for this approach is to reduce the cost of living Barnardos believes this funding could have been better directed towards an investment in services which in turn would reduce the costs of living more substantially for families. The overall cost of these changes to taxation, at approximately €335 million, could have cleared waiting lists ensuring rapid access to health services, paid for truly free primary school system and significantly increased investment in early years care and education giving all children the best possible start in life.

Child Protection and Welfare

Key Changes for Tusla

- €40 million additional funding for Tusla.

The Department of Children and Youth Affairs has provided additional funding of €40 million for Tusla in 2018. This funding will be used to support the introduction of mandatory reporting under Children First, further investment in Family Resource Centres and address the gap in out of hours social work services. The funding will see a recruitment of over 300 staff to deal with increased referrals, management of unallocated cases and the development of aftercare services. The funding will also resource the development of a new IT system and contribute to the improvement of overall organisational structures. The increase is similar to those awarded in the previous two budgets. While Barnardos welcomes this additional investment; a notable improvement in staff recruitment and retention as well as an emphasis on preventative work with families must be evidenced.

Early Childhood Care and Education

Key Changes for Children

- 7% increase in capitation for early years providers.
- All children will be entitled to two years of ECCE scheme from September 2018.
- €18 million towards administrative costs for providers running the different schemes.
- €2.3 million towards Early Years Inspection system and to support sustainability in the sector.
- €2.7 million to support the continuation of the Area Based Approach to child poverty (ABC programme).

The guarantee of two free years (76 weeks) under the ECCE scheme for all children (aged 3 and 4 years) is a welcome measure ensuring all children receive the same opportunity in an early years setting. This scheme was also given a 7% increase in the capitation rate and will hopefully translate into improved wages for staff. A further €18million was allocated towards administrative costs indicating a commitment to improving standards and quality in the sector which is welcome, but we're still a long way off the targeted spend of 1% GDP on early years provision and services. More investment is needed to ensure all staff in the sector are sufficiently trained and supported and providers can deliver a high-quality and sustainable service.

Barnardos welcomes the commitment to maintain all Area Based Approach (ABC programmes); this is a step in the right direction towards combatting child poverty. However, a more multi-annual approach is required to ensure sustainability of these services and programmes. Such a holistic long term perspective is needed to truly lift over 100,000 children out of poverty.

Education

Key Changes for Children

- 1,091 new SNA posts.
- 1,280 new teaching posts which includes:
  - 545 new teaching posts,
  - 305 posts so that the teacher-pupil ration is reduced from 27:1 to 26:1
  - 100 new guidance posts,
  - 100 special education teachers and 10 NEPS psychologists.
- €5.5 million in funding to support implementation of a number of new initiatives e.g. digital learning strategy.
- Further provision to continue Action Plan on Educational Disadvantage.
- €2 million to pilot an in-school speech and language therapy initiative.
- €400,000 to support teaching principals.
- €1 million to continue Policy of Gaeltacht Education.
- Additional capital funding for the education sector.

There is little to help families living in poverty with education costs in Budget 2018. There was no funding announced for school books or an increase in the capitation paid to schools. No change means the viability of current school book rental schemes are in jeopardy, parents will continue to pay high costs for their child's school books and schools will continue to be forced to make up the shortfall in funding by targeting parents for fundraising and levying hefty 'voluntary contributions'.

The Department of Social Protection announced an increase of €6.5 million in funding for the School Meals Programme (up from €47.5 million in 2017 to €54 million). This funding will mean an additional 18,400 children and 80 new DEIS schools will benefit from September 2018.

Much of the changes announced by the Department of Education will come into effect in September 2018.

Health

Key Changes for Children

- Funding for recruitment of 1800 frontline staff.
- €75 million to reduce waiting lists.
- Reduction in the medical card prescription charge by €0.50c to €2 per item and the maximum charge to €20 per month.
- Reduction of €10 in the monthly threshold for Drug Payment Scheme to €134.
- Tax on sugar sweetened drinks.
- 50c increase excise duty on a packet of cigarettes.
- Commitment to increase staff levels in Mental Health services including Child and Adolescent Mental Health Services (CAMHS) but no details given.

The allocation of funding for the recruitment of 1800 frontline health service staff is a desperately needed development which Barnardos hopes will result in tangible decreases in the amount of time children are waiting to access health services.

Getting access to medical assessments and treatment when a child needs them is crucial, otherwise it really can impair their ability to grow and thrive. The Government has pledged an investment of €75 million to reduce waiting lists; however the majority of this funding is allocated for the National Treatment Purchase Fund. This Fund focuses primarily on purchasing surgical treatments so in order to make a real impact on the waiting lists applicable to developmental delays the Fund would need explicit direction to purchase interventions such as speech and language assessments and treatments, Child and Adolescent Mental Health Services and disability assessments.

The reduced prescription charge for medical card holders and the reduction in the monthly cap for the same along with the reduction in the threshold for the Drug Payment Scheme are welcome developments which will make a small difference to families with medication costs.

The Government has confirmed the long awaited tax on sugar sweetened drinks will commence in April 2018. This move is strongly advocated by the World Health

Organisation as a means to tackle obesity.[1] While obesity disproportionately affects people living in poverty it is important to note it is often a sign of malnutrition due to food poverty. Revenue from a tax on sugar sweetened drinks must be used to tackle the growing food poverty epidemic.

A 50c increase in excise duty on cigarettes was announced again this year; a small but valuable step in reducing the number of young people taking up smoking.

Housing

Key Changes for Children

- Increase in the homeless budget of €18 million.
- Increase in HAP budget of €149 million to support 17,000 families.
- Increase of €5 million for the mortgage to rent scheme.
- Increase of vacant site levy from 3% to 7% fully effective from 2020.
- €1.83bn investment for housing this will include :
    - 3,800 social houses to be built in 2018
    - 1,200 houses to be provided under Part V or rebuilt vacant homes
    - 900 homes through acquisitions
    - 2,000 homes secured through long-term leasing arrangements

Barnardos welcomes the direct investment in emergency and homeless services, we hope this will lead to additional appropriate supports for families who are living in emergency accommodation, but we remain adamant that every day in homelessness is a day too long for a child and permanent solutions must be provided rapidly. It is disappointing no commitment was given that no family should be in hotel / B&B / family hub longer than a six month period. We await the review of Rebuilding Ireland Plan.

Barnardos welcomes the increase in the budget for the Housing Assistance Payment (HAP) –however it remains to be seen whether this investment will result in an increase of the available HAP rates or if the scheme will broadened to a wider base. Providing cash payments to landlords is not a long term or a stand-alone solution. The reality is securing rental properties that will accept HAP still remains a key barrier for families.

Budget 2018 did see additional funding for social housing and a recognition that more direct building must be undertaken. The ongoing challenge will be how quickly these homes can be built when a minimum of 10,000 per annum is needed to meet demand and stem the flow into homelessness.

Barnardos welcomes measures to accelerate and increase the building of private homes, however we remain concerned about the lack of any significant measure to ensure affordable homes for families who simply cannot afford current market prices. The vacant site levy is a welcome development but will take a few years before it yields more housing. Also Barnardos is disappointed there was no announcement of solid

[1] World Health Organisation, (2016) *WHO urges global action to curtail consumption and health impacts of sugary drinks* http://www.who.int/mediacentre/news/releases/2016/curtail-sugary-drinks/en/ (accessed 12 October 2016)

efforts to reduce the number of vacant homes and we hope the Minister's promised announcement on the same will come soon.

Other measures relevant to children and young people

- €4.6m to the Adoption Authority of Ireland.
- An additional €1m funding for the Youth Justice Service to support the rollout of the Bail Supervision scheme.
- €4.2m to support the completion of building works on the Oberstown Children Detention campus.
- €1.5m increase the support provided to youth work programmes and services by the voluntary youth work sector.

Conclusion

Budget 2018 delivers a little for everyone but little for anyone, focussing on small short-term gains instead of a long-term investment in the future. Promises of promoting fairness and providing a sustained improvement in people's lives failed to materialise.

Real efforts to resolve the housing crisis and the badly needed investment in Tusla are welcome, as is the small additional funding for ECCE which indicates a commitment to improving quality and sustainability in the sector. But ultimately Budget 2018 has failed to invest in education or make any real commitment to lifting over 100,000 children out of poverty which should be a chief concern of a Government focussed on creating opportunities for the future and optimism for tomorrow.