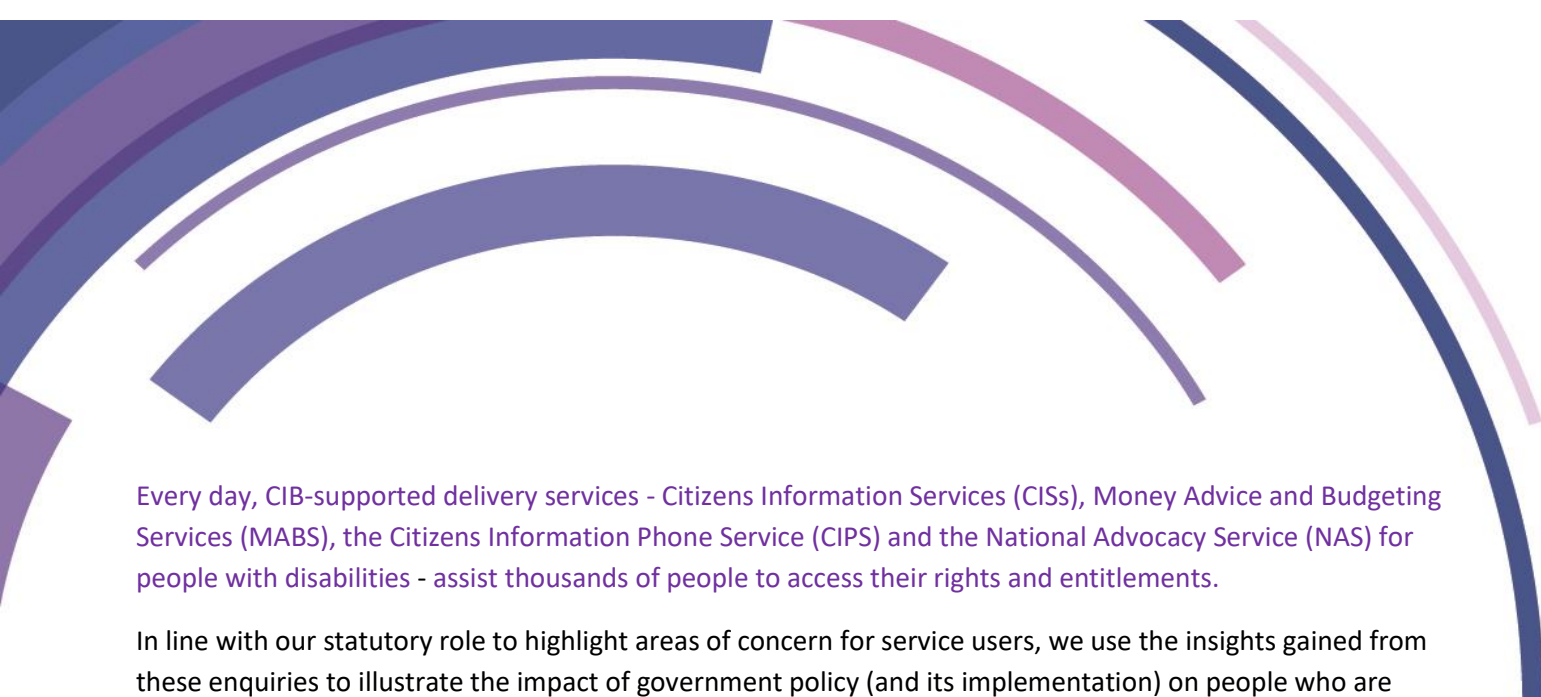




Citizens **Information** Board
information · advice · advocacy

Meeting Basic Living Costs

Citizens Information Board
Pre-Budget Submission 2020



Every day, CIB-supported delivery services - Citizens Information Services (CISs), Money Advice and Budgeting Services (MABS), the Citizens Information Phone Service (CIPS) and the National Advocacy Service (NAS) for people with disabilities - assist thousands of people to access their rights and entitlements.

In line with our statutory role to highlight areas of concern for service users, we use the insights gained from these enquiries to illustrate the impact of government policy (and its implementation) on people who are trying to secure social and public services. This evidence offers an authoritative basis to inform Budget 2020 decisions across a range of areas such as social welfare, housing, health and social care services and responses to over-indebtedness and financial exclusion.

www.citizensinformation.ie - 13 million users and an average 1 million page views per month in 2018

Citizens Information Services (CISs) - over half a million people contacted CISs with over 1 million queries in 2018

Money Advice and Budgeting Service (MABS) - Over 42,000 people helped with problem debt last year

Citizens Information Phone Service (CIPS) - Over 140,000 callers

National Advocacy Service (NAS) - supported over 900 people with disabilities with representative advocacy and over 2,600 with information, advice and other supports

Section One: Household income

Our services, clients and their evidence

575,000 clients with 1.017 million queries were assisted by information providers within CISs (in over 200 locations nationwide) in 2018 and, in most instances, will have been enabled to access some form of social or public service. Many of these clients will be trying to adapt to changing circumstances in their lives – which, in many cases, will involve a loss. This could be the loss of a job (through unemployment, illness or retirement), a person (through death or separation), or a place (either rented accommodation or privately-owned home) and, typically for CIS clients, many of these losses will involve an associated gap or drop in income. In some

cases, people will face a complicated, or inconsistent welfare landscape, and (even with the help of CISs) will struggle to adapt and make ends meet. MABS services assist many clients who experience financial shocks and ongoing financial pressures, which leaves them unable to meet basic essential living costs.

It is not surprising that income supports and social welfare-related payments/schemes were the focus of 45% of the queries to CISs during 2018.

Of the **455,891** social welfare-related queries that were handled in CISs in 2018, nearly half were concerned with the particular areas of payments for 'Families and Children', 'Extra Social Welfare Benefits' and 'Disability and Illness'.

In-work welfare: Income support and income security

The concerns raised in connection with working age payments demonstrate the need for an appropriately designed in-work welfare system which provides additional income but also income security for those clients who must combine work with welfare in order to make ends meet. Of relevance in this context is income adequacy and the concept of the Minimum Essential Standard of Living (MESL), as measured in the Irish context by the Vincentian Partnership for Social Justice. The 2019 MESL data showed progress being made for some social welfare dependent households, but noted that deep income inadequacy exists particularly for those households which are headed by one adult (that is, single working-age adult and lone parent households) or in households with older children.

The particular difficulties highlighted by services in relation to these schemes include:-

- The level at which the **working hours threshold** is set for the **Working Family Payment (WFP)** - with the 19 hour threshold disproportionately affecting lone parents, as couples can combine their working hours and access the payment. Also people engaged in **seasonal work, those with variable working hours and those who work short hours** with more than one employer are not accommodated by the in-work payment. The exclusion of participants on activation programmes from eligibility was also highlighted and - from an administrative perspective - the **annual-only review process** presents difficulties for recipients who experience a cut in pay or working hours within the 52 week timeframe. Services also continually report on difficulties for claimants in making contact with the WFP section within DEASP.
- Concerns around the ability of **lone parents to access education, training and employment supports** as they transition to part-time or full-time work (via an education route in many cases). While recent budget measures to increase the earnings disregard for One-Parent Family Payment (OPF) and the Jobseeker's Transitional payment (JST) are welcome, reports from services indicate that **the prevalence of lone parents in low-paid, insecure work** combined with the lack of accessible, affordable childcare continues to make this transition a difficult one.
- Difficulties for low income families when the **Child Benefit** payment ceases for children at 18 years of age. For many families, this means a significant reduction in income at a time which can be both costly and stressful when trying to maintain a teenager in school up to Leaving Certificate level.

It is not surprising that queries in relation to jobseeker's payments and other social welfare payments and work have been declining in recent years – nonetheless, services dealt with over **60,000** queries concerning unemployed people during 2018. It is notable, however, that the main issues of concern that have been highlighted by services in relation to work and welfare have become more complex because of the particular interaction of tax, social welfare and activation measures.

Issues raised by services on behalf of their clients include:-

- The impact of the **three-day rule** for those on jobseeker payments, with services continuing to evidence cases where this acts as a disincentive for some clients to take up work (or additional hours);
- The situation for **jobseekers under the age of 26**, who are living on the reduced rate of Jobseeker's Allowance (which is below the SWA safety net rate) - with many services reporting on the particular difficulties experienced by young claimants who cannot live in the family home;
- A level of frustration for some CIS clients who are required to fill in *multiple forms* when applying for **Jobseeker's Allowance (JA)** – with the same information being repeatedly asked of applicants. Services also expressed concerns about the nature of communications around eligibility and entitlement from Intreo, indicating the need for better practices regarding the *communication of decisions to applicants* and the signposting of relevant schemes and payments;
- The disparity between tax and welfare treatment of **cohabiting couples**, who are jointly assessed for social welfare purposes but as separate, unconnected individuals in the context of income tax assessment. Services also continue to report on the limitations of the **Single Person Child Carer tax credit**.¹ In some instances where there is shared parenting, the secondary carer is unable to receive the credit when the main carer is cohabiting or chooses not to relinquish the credit to them (even though they may be making a significant financial contribution to the upkeep of the child);
- Despite the welcome improvements in **social insurance benefits for self-employed people** during recent years (treatment benefits, Invalidity Pension and the plan to extend eligibility for Jobseeker's Benefit in 2019), services report relatively low levels of knowledge and awareness amongst low income self-employed clients about the benefits available to them from the social insurance system and, also, of the need to maintain their social insurance record. Other issues relate to meeting requirements for JA (and for SWA), establishing eligibility due to means-testing and providing evidence of income and the lack of earnings disregards from their income or from their spouses earnings; ineligibility for activation schemes, WFP and short-term illness/disability supports. In addition, there were reports of difficulties for employees who are required by their employer to **declare themselves as self-employed**, which can compromise their potential eligibility for Jobseeker's payments, certain PRSI benefits and also activation and training schemes.

Disability, illness and caring: gaps in income

During 2018, more than a quarter of social welfare queries (over **120,000**) received in CISs continue to be focussed on disability, illness and carer's issues. The key underlying issue with disability and illness benefits continues to be administrative issues such as **processing times and communications**. Concerns relate to unreasonable delays in the processing of carer's payments and disability allowance applications, reviews and appeals, in particular (with processing times for applications of up to six months noted in many cases).

Feedback on **Illness Benefit** processing and medical certification changes highlighted the *acute impact that changed administrative procedures* can have on the end user. The **six day waiting period**² also caused particular concerns for low paid workers who are not covered by paid sick leave by their employers.

Services report difficulties for clients in accessing **Supplementary Welfare Allowance** payments via the DEASP Community Welfare Service - making contact with the nearest office, securing an appointment in a timely manner (with some local offices only accessible for a couple of hours per week) and also lack of awareness of the payment amongst CIS clients. These issues reduce the *effectiveness of this as a 'safety net' payment*.

¹ Replaced the One-Parent Family Tax Credit in 2014.

² This issue has been continually highlighted by services since the change to the waiting days in 2014 which, in effect, was a change in the cover provided under the scheme.

A significant number of CIS clients continue to report difficulties in making **telephone contact** with particular sections within DEASP, with on-hold waiting times noted in many cases to be costly and frustrating for claimants. It is not uncommon for CIS clients to *experience some or all of these difficulties consecutively* with knock on impacts from interlinked elements of the claims process.

Other key concerns that have been reported by services in relation to carers and people with disabilities include:

- A seemingly **high rate of refusal of disability and illness applications** in the first instance - with subsequent decisions made at review and appeal stages over-turning initial decisions to a significant extent (as reflected in the SWAO Annual Report 2018).
- Issues for family carers who are in receipt of **Carer's Allowance** and are **limited to 15 hours of work or study** whilst providing care. Many services have noted that this can restrict their ability to either supplement their income or to upskill or retrain. In this regard, the current review of the financial hardship faced by Carer's Allowance recipients is welcomed.³
- **Domiciliary Care Allowance**, where the recipient is eligible for Free Travel but the child for whom they are caring is not eligible.
- Difficulties for clients who are seeking a phased return to work with the assistance of **Partial Capacity Benefit (PCB)**, in particular the restrictive nature of the qualifying payments for the scheme⁴ and making contact with the Department section by telephone – delays which can, ultimately, inhibit the applicants ability to take up an offer of work – as prior approval is required. Processing times of between two and five months have been reported by services for PCB applicants.

Section Two: Cost of living

Housing costs: availability and affordability

With **95,000** housing related queries responded to by staff in information services in 2018, housing remains a critical and ongoing issue for many of the clients who are accessing CIB supported services. Central to most of these queries are the key issues of **availability and affordability**. Many of these clients are struggling to meet ever-increasing housing costs and cannot find a place to live that they can afford – even with the assistance of the Housing Assistance Payment (HAP) scheme which is now the key state benefit for those in need of housing support.

Over half of the housing queries during 2018 were in relation to local authority and social housing and many of the concerns reflect the on-going dependency of social housing provision on the market-driven private rented sector. The main concerns include the underlying issues of the **low level of social housing stock** and the **length of time that tenants are spending on social housing waiting lists**. The core issues for many of these clients continues to be *rent costs, rent support limits and the availability of suitable and affordable housing within these limits*.

Other issues include the level at which the **income eligibility threshold** for accessing the social housing waiting list is set and difficulties for people in **accessing (or transferring between) social housing waiting lists**.

³ As provided for in the Social Welfare Act 2018.

⁴ These, and other concerns, have been reflected in a previous Departmental review of the scheme which recommended that it be reconfigured into two types of payment – an in-work support for people with short-term illness who intend to return to work full-time and another payment that would support people with long-term illnesses who have some capacity to engage in part-time work on an ongoing basis.

Concerns raised around the **HAP scheme** include⁵:-

- The **limited stock of affordable private rented accommodation** for HAP tenants within the set limits – with particular difficulties caused by the level at which the rent thresholds are set (putting tenants under pressure to **top-up the payment**).
- The **willingness of landlords in signing up** to the HAP scheme (in particular for those transferring from Rent Supplement).
- In addition, services also reported on the capacity of local authorities to **monitor and enforce accommodation standards** in respect of quality and repairs.
- Difficulties for applicants in **accessing HAP information, forms and support** from local authorities.

Much of the feedback submitted in relation to private rented accommodation also referenced clients' fears and experiences of **homelessness** - the difficulties in accessing emergency accommodation and the problems for families living long-term in unsuitable emergency accommodation or in over-crowded situations with extended family. In addition, NAS has identified that **people with intellectual disabilities, autism and acquired brain injuries** face particular problems in navigating homeless services and many will require supports in dealing with this experience. Beyond homelessness, NAS points out that the widespread lack of **accessible social and affordable housing for people with disabilities** continues to mean that younger people with disabilities are unable to move out of their family homes into independence and adulthood.

In the context of **Traveller accommodation**, National Traveller MABS has highlighted the impact of the discontinuation by some local authorities of an established caravan loan initiative (as provided in the Housing (Traveller Accommodation) Act 1998). Whilst recognising that the caravan loan scheme is not in itself a policy solution for the accommodation needs of Travellers, CIB is of the view that a widely available mobile home/caravan rental and loan scheme should be an integral priority within a national Traveller accommodation policy.

Care in the home: costs and benefits

CIB receives consistent feedback regarding the significant challenges that are facing older people and people with disabilities in getting the supports that they need to live in their own homes and communities. These include adequate home care packages, home help and meal supports, public health nurse services, personal assistant hours, housing adaptation grants, community-based therapies and GP care based in primary care centres.

Issues arising:

- limited funding available from local authorities under their schemes (**e.g. Housing Adaptation Grants for Older People** and the **Mobility Aids Grant Scheme**)
- inadequacy (and inconsistency) in the provision of **home help hours** and home support packages;
- lack of practical **linkages between hospitals and community health services**, which would enable an easier transition for people from hospital to home care

During 2018, some 50% of NAS advocacy cases were focussed on **housing or accommodation issues**. Lack of funding of home care supports – including a *lack of personal assistant hours* – has resulted in people with disabilities (many of them younger or middle aged) being unable to live in the communities that they wish to

⁵ Issues around HAP and the experience of CISs is featured in a CIB commissioned social policy report published 2017. http://www.citizensinformationboard.ie/downloads/social_policy/HAP_Report_CIB_2017.pdf

and being *inappropriately placed in nursing homes*. NAS points to cases where the 'Fair Deal' scheme is being inappropriately used to fund these placements - which typically can lead to people living permanently in nursing homes. In cases where **home support packages** are available, they are *limited to 'essential care'*. The lack of HSE resources for home support packages to extend beyond essential care – that is, to include assisting people to access employment and connect with their communities – acts as a barrier to the participation of people with disabilities in society.

Adequate funding and sufficient resources need to be put in place by HSE Disability Services to ensure that the process of **decongregation** is expedited – particularly now that we are at the outer limits of the timeframe set (2012-2019) in the 2011 report '*Time To Move On From Congregated Settings – A Strategy for Community Inclusion*'. Community workers, multi-disciplinary team support and home help services are particularly important in ensuring that this process is successful – with NAS noting that they have experience of working with individuals who have become isolated following the move to the community, as a result of a lack of supports.

Health care: affordable and timely access

At just under **65,000** queries, the **medical card** was the highest single issue or benefit⁶ recorded by information staff, accounting for two thirds of all health service queries. Establishing eligibility for the medical card is crucial for many and it is clearly seen by CIS clients as a very *valuable non-cash benefit*.

The main difficulty to emerge for CIS clients during the past year was the **application, or renewal, of their medical card online**. This follows on from the launch of the online application process by the National Medical Card Unit in the latter part of 2017. As the delivery of public services becomes ever more digitised, staff within information services are seeing more and more citizens coming through their doors *seeking assistance in accessing public services online*. The concerns highlighted in relation to accessing the medical card online mirror other access issues to a range of public services (such as registering with Revenue, or for domestic waste collection or for Driving License renewals). This is happening in tandem with what seems to be more restricted access by telephone to public services generally.

Other concerns reported in relation to the medical card include the **application and awareness of the Medical Card retention scheme**, wherein some medical card recipients who take up work are entitled to retain their card for up to three years. As this provision is not promoted widely (or highlighted in the application form), many recipients are not aware (or are not being assessed) in this context when renewing their card. Further, these recipients are frustrated by the need to send a full application form when they take up work – despite the fact that their eligibility does not depend on their means under this provision.

Childcare provision and costs

During the past number of years, reports from CISs and MABS services have been consistently identifying the cost of **childcare** and the lack of adequate childcare support structures as major barriers to parents (particularly women) taking up work, increasing working hours and/or participating in activation programmes. In light of this, CIB very much welcomes the impending roll-out of the **National Childcare Scheme** and its provision of both universal and targeted measures for families in need of childcare.

⁶An analysis of the CIB-provided citizensinformation.ie website traffic the website shows that documents on the Medical Card and GP Visit Card were viewed 714,000 times, during 2018 with average monthly page views at 56,600.

There are, however, likely to be continued issues with the delivery and *affordability of local childcare services* to families across the country. Concerns have also been expressed with regard to the loss that is likely to be experienced by some lower income families and lone parents who are currently accessing targeted childcare schemes such as the Childcare Employment and Training Support (CETS) scheme and the Community Childcare Subvention (CCS) scheme in the changeover to the national scheme. The needs of this cohort must be remembered in the ongoing review and refinement of the national scheme as it rolls out in the latter part of 2019.

Fuel Poverty, transport costs and secondary benefits

During 2018, there were almost **73,000** queries to CISs in relation to 'Extra Social Welfare Benefits'. These extra or *secondary benefits*, - **free travel, household benefits package** and **fuel allowance** - play a significant role in meeting basic essential living costs – fuel, transport, utility bills - in addition to core welfare payments. Issues in relation to *adequacy, complexity and awareness* persist amongst many clients.

In relation to **Fuel Allowance (FA)**, reports from information services during 2018 identified particular difficulties for *Carer's Allowance (CA) recipients* who are not entitled to FA as it is not considered to be a qualifying payment. Related to this, CIS staff also reported on cases where long-term Jobseeker's Allowance recipients are eligible for FA, but if their circumstances change and they transfer to Carer's Allowance then they lose their entitlement to the payment.

Fuel poverty is a significant issue for many CIS and MABS⁷ clients. Whilst CIB welcomes the changes made to the payment of FA in recent budgets, it remains that the key drivers of fuel poverty – high fuel costs, low incomes and energy inefficient homes – will continue to frustrate (and lessen the impact) of these benefits. In this context, the experience of MABS and CISs suggest the need for a more ***integrated, multi-dimensional approach to fuel poverty*** – that is, regulation and action on energy processes, targeted financial support to certain households (lone parents, older people, unemployed people) and the expansion of energy efficient schemes.

A recent report on **energy poverty amongst Travellers**⁸ by National Traveller MABS found that Travellers living in mobile homes or trailers are nine times more likely to go without heat than the general population and, typically, spend over quarter of their income on energy – which is about six times higher than that spent by the general population. Many families are dependent on gas and generators for heating their mobile homes and caravans, which are often poor quality, with poor insulation and prone to damp.

Broader issues identified by services in relation to fuel poverty were focussed on the adequacy, awareness and limited availability of a number of **grants and schemes** administered by the Sustainable Energy Authority of Ireland (SEAI). The recent publication of the Irish Government's **Climate Action Plan** involves key actions around the wide-scale retrofitting of homes and thus provides a timely opportunity to expand and improve on the current schemes for energy efficient home upgrades. It should be remembered that grant-based schemes require significant up-front payments and will be beyond the reach of the many low-income households who are most in need of energy-efficient retrofits.

In relation to **travel costs**, information services have also highlighted the role that **accessible public transport** plays in maintaining social connectedness amongst older people and people with disabilities. NAS has

⁷ A 2017 MABS-commissioned study of MABS clients in Dublin 10 and 20 (*'Left behind in the cold'*) found that the extent of fuel poverty was at unacceptably high levels – that is, at around seven in ten households, with over 55% of households reporting that they had gone without heating in the previous twelve months due to lack of money.

⁸ https://www.ntmabs.org/publications/development/2019/nt-mabs-energy-report-factsheet_.pdf

reported that **transport charges have been recently introduced for those attending HSE disability day services** (whereas this transport cost had previously been funded by the HSE). This has increased the cost of disability and also acts as a deterrent for those attending day services to participate and engage with services, friends, peers and the community.

On a related matter, it should also be noted that there is an ongoing gap in provision in respect of the *replacement scheme* for the **Mobility Allowance** and the **Motorised Transport Grant** (both of which were withdrawn for new applicants in 2013). Some six years on, services continue to report on how the absence of these key schemes is having a limiting effect on the choices and independence for people with disabilities and their carers. Currently, their only recourse to mobility or transport support is the Disabled Drivers and Passengers Scheme which provides tax reliefs for adapted vehicles and, by its very nature, is only available to those with a “severe and permanent” physical disability.

Section 3: Problem debt and financial inclusion

In 2018, there were **17,465** new clients⁹ in MABS and the MABS National Helpline dealt with **26,292** calls. There were a further 10,223 new clients in the second quarter of 2019 and 13,537 calls handled by the MABS National Helpline during the same period. The Dedicated Mortgage Arrears Service provided by MABS has supported over 6,100 clients since the commencement of its service and over 1,400 Debt Relief Notices have been processed since 2013 with the support of MABS.

Irish society is changing rapidly and we have witnessed a positive change in how debt and debtors are perceived. The deep stigma once associated with problem debt has been eroded as a consequence of the financial crisis. In this pre-budget submission, the focus is on measures through which households can gain greater control over their financial situation.

Context

Notwithstanding the economic recovery, MABS clients’ income and employment status is often characterised by precariousness. Many are newly returned to the workplace, on temporary contracts and may be on a lower wage now than they were when they first borrowed. For MABS clients and others the minimum wage remains, in many cases, too low to ensure that a basic standard of living is provided for and to enable social/economic progression. Taking into account market rents, an individual would have to work 59 hours a week at minimum wage in order to ensure the basics are provided for.¹⁰

Insolvency, mortgage arrears resolution and access to credit

Previous CIB pre-budget submissions have advocated for improved access to credit for clients/low income borrowers and for sustainable and realistic solutions for borrowers in home mortgage arrears and long terms debt.

On all these fronts welcome progress has been made, but legislation has not yet fully realised its expectation (Personal Insolvency). Policy implementation in relation to the resolution of mortgage arrears for households on a low income remains problematic and there remains the challenge of achieving the big picture change with regard to affordable credit.

⁹ Includes information clients

¹⁰ https://www.budgeting.ie/download/pdf/mesl_2019_seminar_presentation.pdf

There is a need for a review of **personal insolvency law** to achieve a better balance between debtor and creditor as anticipated in the preamble to the legislation¹¹ and ultimately to enable people with legacy problem debt to move on. At this point, the numbers needed to carry a successful PIA are better understood by the credit sector, the ISI, and amongst more experienced PIPs. We should now be moving beyond the point where cases are routinely challenged by creditors and appealed through S115A.

There is a role for MABS in providing a **public/non- commercial Personal Insolvency Practitioner (PIP) service** to facilitate those on lower incomes to avail of personal insolvency solutions and for the wider MABS network to support them through any related supervision period¹². In the absence of a PIP operating from within, MABS response to clients is limited. The Debt Relief Notice (DRN) is the only legislatively based long term solution that MABS can offer clients. Ideally, in order to provide a full suite of insolvency options to those clients with insufficient income to pay the fees required by a private operator in the personal debt industry, MABS should be enabled to provide the services of a public PIP, available free to debtors on a means tested basis, to afford these debtors a reasonable and viable opportunity to return to solvency. CIB has already submitted a proposal to Government in this regard.

Mortgage to Rent (MTR) remains vital, however, one of the main constraints are income thresholds and, in this context, borrowers' incomes can be marginally too high for MTR but too low to achieve an informal or insolvency solution and positive equity. Greater flexibility would deliver more solutions. Consideration should also be given to the role of local authorities in assuming a greater role in the MTR process.

Personal micro credit

The credit union movement is a key player in the evolution of the personal micro credit loan scheme to enable social and economic progress for Irish households otherwise locked-out of credit. Whilst acknowledging prudential constraints, credit unions have both the know-how and sufficient data to accurately assess and manage risk within a broader PMC-type initiative.

Housing costs increases and affordability

The rise in house prices impacts on MABS clients in several different and related ways. Many MABS clients including those in employment are not in a position to purchase a home in the current market. With rental costs nationally (but particularly in Dublin), outstripping mortgage repayments for similar properties¹³ MABS clients are facing ongoing housing insecurity in the absence of considerable growth in supply. Ad hoc arrangements, such as living with parents, friends and family are not a sustainable alternative and, with some frequency, MABS see cases where parents' finances are negatively impacted when adult children move home. The increase in house prices also poses a threat to the housing security of those in deep legacy mortgage arrears, as solutions (MTR/PIA) are harder to achieve where there is positive equity. The level of equity realisable through a sale would, in most cases, be entirely insufficient to purchase an alternative property and would be quickly eaten up in paying market rents. MABS have a particular concern about *older borrowers* and a potentially significant cohort of older borrowers who purchased homes on 'interest only' mortgages and are now approaching retirement with no prospect of repaying their mortgage in full and few alternatives. Such

¹¹ (a) the need to ameliorate the difficulties experienced by debtors in discharging their indebtedness due to insolvency and thereby lessen the adverse consequences for economic activity in the state,(b) the need to enable creditors to recover debts due to them by insolvent debtors to the extent that the means of those debtors reasonably permits, in an orderly and rational manner, and(c) the need to enable insolvent debtors to resolve their indebtedness (including by determining that debts stand discharged in certain circumstances) in an orderly and rational manner without recourse to bankruptcy, and to thereby facilitate the active participation of such persons in economic activity in the state.

¹³ <https://www.daft.ie/report/2019-Q1-rentalprice-daftreport.pdf>

cases are now beginning to present in greater numbers in casework and pose a serious challenge requiring fresh thinking and new solutions. Debt for equity proposals in a PIA are one potential solution but this cohort of borrowers is a particular concern and increasing supply of alternative affordable accommodation will be critical.

Safeguarding vulnerable adults and safe payments systems

MABS, through its membership of Safeguarding Ireland has become both more aware of, and more informed about, the risks facing clients and others in safely and reliably managing their money. MABS clients include those with various vulnerabilities that make it difficult to both manage and safeguard money, either on a short-term or ongoing basis. While recognising that many such clients have needs that cannot be supported by MABS, these clients have chosen to present to MABS in the first instance and the aim would be to support such clients to access a more holistic service with the support of other agencies. Legislation¹⁴ in this area would greatly assist all stakeholders in providing a clear basis for inter-agency co-operation in regard to their work to assist adults at risk of abuse. The need for safe payments systems for adults at risk of abuse is emerging and we note that other jurisdictions have been more proactive in this regard¹⁵.

Financial inclusion for all

MABS data shows that the service has supported people living in various types of short-term accommodation (in hostels, with parents, and with friends and family). Usually where children were involved there was prior experience of living in more structured forms of accommodation. More recently and arising from the housing crisis, MABS and others are encountering more families who are living in atypical accommodation – hotels, family hubs and direct provision centres. In other contexts, some clients are increasingly reliant on food banks for food. While all of these measures are meant to be stop-gap in nature they nonetheless have a profound impact on the individuals and families concerned¹⁶. These developments challenge households' money management and what payments are prioritised. The 'socialisation' of money management which, for most, begins in the home is different in contexts where circumstances dictate that there is no routine paying of bills and only limited capacity to shop for and prepare food. MABS and others have a role in ending the stigma that families in temporary accommodation experience, by both understanding and acknowledging their experience and also working to support their financial empowerment while in temporary accommodation and as they move to more long-term accommodation.

Standardised financial information

MABS work with clients is increasingly taking place within a financial services sector which is changing rapidly – data and analysis are at the core, governance and regulation is changing and products and solutions are technology driven and enabled.

Much of the focus of MABS work is on legal and regulatory codes (e.g. CCMA, CPC). A further core component relates to helping clients/ borrowers to budget so that they can escape problem debt or access affordable credit. The resulting income and expenditure data (the RLE, information contained in an SFS/PFS)¹⁷ are critically important for borrowers/debtors and for banks /creditors but there is little formal focus at policy level about their use and application in debt negotiation including their use in the determination of non-

¹⁴ <https://www.irishexaminer.com/breakingnews/ireland/call-for-urgent-delivery-of-adult-safeguarding-law-929736.html>

¹⁵ See for example, <http://www.moneycarer.org.uk/index.html>

¹⁶ <https://www.oco.ie/app/uploads/2019/04/No-Place-Like-Home.pdf>

¹⁷ MABS/ was to the forefront of agreeing a Standard Financial Statement (SFS) with all creditors – later endorsed for mortgage arrears resolution by the LRC <https://www.lawreform.ie/fileupload/Reports/irDebt.pdf> and further refined in work with the IBF (now BPI) and the Central Bank of Ireland to generate the SFS used for MARP.

performing loans. Consequently, there is *too little commonality of approach* and a failure to arrive at, and utilise, a common set of agreed and realistic figures in decision-making related to credit /debt resolution.

Much energy is expended by borrowers, MABS and other agencies as well as consumers and citizens generally in accessing up-to-date information on their income/expenditure, as well as the status of various loans when the technology exists to pre-populate a combined SFS/PFS from the Central Credit Register and/or through use of open-banking/scraping technologies etc.

The resulting data set should belong to the **consumer/borrower** who at any given point in time should be able to access a full and accurate account of their overall financial situation, their credit worthiness and their solvency status. The underpinning enabling technologies should, with the consumer's informed consent, facilitate interoperability. While fully acknowledging that many consumers may need assistance with creating and maintaining the currency of their data, this data should come to be used and viewed as a key personal data-set providing consumers with a much fuller understanding of their personal/household financial status, what it means in terms of day to day budgeting, saving etc. and also its likely interpretation by creditors and others.

Arising from the financial crisis, and in particular through the MARP and the related SFS process, the credit sector has a much better insight than ever before into the detailed income and expenditure patterns of Irish households who have experienced an arrears difficulty. As arrangements are reviewed or loans are sold, the credit sector's detailed understanding of the personal finances of a very large cohort of Irish borrowers is enhanced and expanded. Commensurate insights are not currently available to policy makers, or to civil society organisations such as MABS that assist such clients nor to borrowers themselves. This information asymmetry creates a power imbalance in creditor borrower/consumer relations.

Moreover, at present borrowers are sharing very significant amounts of their personal and potentially sensitive financial information with creditors, MABS/PIPS and others with no prior understanding of the likelihood that it will generate a solution.

Reasonable living expenses

The Reasonable Living Expenses (RLE) guidelines are now used by banks/non-banks, in determining the sustainability of alternative repayment arrangements applied in mortgage arrears cases and have become an underwriting criterion for granting of mortgage loans¹⁸. MABS data¹⁹ and experience indicates that many of the borrowers assisted in Dedicated Mortgage Arrears are below the relevant RLEs²⁰. There is a concern that the RLE (which is well beyond the means of many of MABS clients) could be used to *lock lower-income households out of credit or informal resolution mechanisms*. It appears that this has now occurred both with regard to access to mortgage credit and with regard to mortgage arrears' resolution. While the ISI periodically reviews and consults on the RLE's²¹, that process relates to their use in insolvency only.²²

¹⁸ In a review of credit union mortgage lending practices carried out by the Central Bank of Ireland in January 2018, it is noted that 'Of the 16 credit unions reviewed, 9 did not include **reasonable living expenses** when calculating these ratios or when calculating an overall assessment on the applicant's affordability' (emphasis added).

¹⁹ Internal, unpublished survey DMA MABS advisers (December 2018).

²⁰ Minimum standard of living which allows for expenses such as food, clothing, health, household goods and services, communications, socialising, education, transport, household energy, childcare, insurance etc. See BackonTrack.ie for guidelines and calculator on reasonable living expenses.

²¹ Section 23 of the Act requires the ISI to have regard to certain criteria in preparing guidelines on a reasonable standard of living and reasonable living expenses.

²² The ISI confirm this on their website as follows: 'The figures used in these guidelines have unique application to personal insolvency and are not intended to be used for purposes other than the stated purposes of these guidelines under the Personal Insolvency Act'.

The value of minimum income standards and the threshold value of the RLE in insolvency is not at issue. Nonetheless it is noted that the RLE has almost 'organically' come to assume far greater importance in the granting of credit and in arrears negotiation. This has occurred without necessary consultation with the consumers affected or an analysis of what it means for households who live below the RLE or for those in deep arrears who may well be locked-out of either a statutory or a voluntary solution.

Further, greater insight is needed into the data included in the MARP SFS - to be able to look beneath outcome data related to insolvency and the CCMA in order to both monitor trends in key data²³ and to generate effective solutions to the problem of over-indebtedness.

²³ An analysis of the debts included in 2018 DRN application for MABS clients shows high level of debt for the basics of energy and accommodation and highlights a failing in other areas (collections and arrears management) suggesting that the practice of utilities providers and local authorities require further review.

Income support recommendations

In-work welfare

- Reduce the working hours threshold for the Working Family Payment (WFP) from 19 hours/ week (38 hours per fortnight) to 15 hours/ week, reflecting the types of employment that are filled by low income families;
- Increase the income disregards for those on the OFP and Jobseeker's Transitional (JST) payment;
- Extend the JST payment to lone parents whose children are under 18 and in full-time education, with an accompanying provision of employment supports and access to training;
- Allow lone parents to receive the Working Family Payment whilst in receipt of the JST payment;
- Increase the IQC (Increase for a Qualified Child) rates, with a proportional increase for recipients with children over the age of 12;
- Change eligibility for jobseekers payments from a days worked to hours worked basis, to better reflect part-time and casual working patterns;
- Phase out and equalise the reduced rate of jobseekers payments for the u26s;
- Allow the secondary claimant of the Single Person Child Carer Tax Credit to claim the credit in cases of shared parenting, even when the primary claimant is in a cohabiting relationship;
- Introduce an option for self-employed people to increase PRSI contributions to enable them to access a broader range of entitlements;

Disability, illness and caring

- Restore the number of waiting days for Illness Benefit from six to three days;
- Integrate the awareness of safety net payments (Basic SWA and ENP) more fully into the system so that information on these payments is provided to applicants by default;
- Expedite the processing of applications, reviews and appeals (disability, illness and carers and WFP)
- Review call management processes and telephone contact hours in order to improve communication channels with claimants and to enhance the delivery of customer service;
- Provide for the implementation of the DEASP review of Partial Capacity Benefit;
- Finalise and report on the research undertaken into the cost of disability in 2019, in order to inform policy direction in relation to the levels of support required to address cost of living with a disability in Ireland;
- Extend the Free travel Scheme to children for whom DCA is paid;
- Introduce a system of graduated care provision for those in receipt of Carer's Allowance, increasing the hours that recipients are allowed to work or study whilst retaining their caring role.

Cost of living recommendations

Housing

- Review the income eligibility thresholds for applications for social housing support as assessed by local authority under the Social Housing Assessment regulations;
- Provide clear communication and information on the HAP scheme directly to applicants and potential applicants in order to ensure that HAP tenants are fully aware of the specific conditions imposed by HAP;
- Provide adequate resources to local authorities for the administration of the HAP scheme and also for the monitoring and enforcement of minimum standards in relation to HAP properties;
- Further incentivise landlords to let their properties through schemes such as HAP and publicise the potential benefits of HAP for landlords;
- Introduce a state-financed rental or 'rent-to-buy' caravan scheme for Travellers, to ensure access to affordable and sustainable homes for those who wish to live in such culturally appropriate accommodation;
- Homeless services need to be equipped to respond to the needs of people with intellectual disabilities;

Care in the home

- Provide increased resources to local authorities to fund the Housing Adaptation Grants for Older people and Mobility Aids Grants Scheme;
- Proceed with the plans to establish a new homecare scheme on a statutory basis as a priority and, in the interim, provide increased funding for the provision of personal assistance hours, home help and home care packages for people with disabilities and older people living in the community;
- Extend the criteria for accessing a home support package beyond the limits of the provision of "essential care";
- Prioritise and resource the ongoing policy of decongregation, to meet Ireland's obligations under the UNCRPD;
- Expedite the roll-out of the pilot projects for personalised budgets for people with disabilities, announced by the Department of Health in 2018, and extend to all HSE disability service users who wish to avail of a personalised budget;

Fuel poverty and transport

- Develop a more integrated, multi-dimensional approach to fuel poverty – that is, regulation and action on energy processes, targeted financial support to certain households (lone parents, older people, unemployed people) and the expansion of energy efficient schemes;
- Review all current SEAI grants and schemes in light of the Climate Action Plan and develop a range of sustainable financial arrangements (such as low cost loan finance options) for low income households in order to fund retrofitting;
- Include Carer's Allowance as a qualifying payment for Fuel Allowance.
- HSE Disability Services should fully fund the transport of those attending their day services, particularly where public transport is unavailable or impractical;
- Address energy poverty issues amongst Travellers living in sub-standard accommodation.

Debt and financial inclusion recommendations

Insolvency, mortgage arrears resolution

- Review personal insolvency legislation to achieve a better balance between debtor, creditor and ultimately to enable people with legacy problem debt to move on;
- Provide a public/non- commercial Personal Insolvency Practitioner (PIP) service through the MABS network to facilitate those on lower incomes to avail of personal insolvency solutions;
- Greater flexibilities required in relation to the Mortgage to Rent (MtR) Scheme to deliver more solutions. Consideration should also be given to the role of local authorities in assuming a greater role in the MTR process;
- More creative personal insolvency solutions needed for older borrowers in mortgage arrears.

Standardised financial information

- Harmonise the standardised financial information requirement for SFS/PFS and other key documents such as statement of means;
- Develop open /accessible systems so that consumers can generate and keep their financial data live and can take ownership of their data as a key indicator of their own financial situation;
- Enable interoperability of data systems to reduce costs and minimise the requirement for consumers/advisers to keep restarting/redoing the SFS/PFS process;
- Publish data on consumer/borrowers' status in respect of the RLE where that data is available /extractable (e.g. CBI MARP data/ ISI data / ABHAILE data etc.) to facilitate transparency and inform policy development;
- Publish data on individual data-sets from SFS/PFS, e.g. Income, outgoings by expenditure type etc.;

Financial inclusion and access to credit

- Extend scope of personal micro credit scheme within credit unions;
- Support MABS to contribute to cross sectoral money management supports for individuals and families in temporary accommodation and experiencing food poverty;
- Explore the potential within MABS or otherwise for a system of supported payments for adults at risk of abuse.