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About The Wheel

The Wheel is a support and representative organisation of community groups, voluntary organisations and social enterprises with over 880 members. The Wheel acts as a united voice, campaigning for a vibrant and dynamic community and voluntary sector that operates at the centre of Irish life and decision making.

Charities and voluntary community groups more important than ever

With the social and economic crisis continuing to intensify and tens of thousands of people fearing for their livelihoods and the wellbeing of their families and friends, the work of Ireland's 7,900 charitable, community and voluntary groups is more important than ever.

Charities deliver vital public services for vulnerable people

Charitable voluntary groups deliver essential public services for children, older people, and people with intellectual and physical disabilities; they provide social housing, help the homeless and hungry, raise funds for development aid, assist people in deprived urban and rural communities, provide sports and recreation facilities and advocate with-and-for our most vulnerable people and groups. Charitable voluntary groups are working cross-country to ensure that vulnerable people have both the income and the access to services that are necessary to live life with dignity.

Budget 2012 - Broad context

Budget 2012 is the fifth in the set of austerity budgets introduced following the initial financial collapse of September 2008, with more to follow for 2013, 2014 and 2015.

The Wheel's primary concern is for the impact of budgetary changes on the voluntary and community sector and those whom it serves. A strong voluntary and community sector is essential for any modern, pluralist and democratic society and necessary for the re-building that society after the present financial collapse. Those who it serves are those who are most vulnerable, for they are often the poorest, most marginalized and with the least political influence: those on low incomes, dependent on social welfare, people with physical or intellectual disabilities, in need of specialized health services, or living on the margins of society, such as homeless people and Travellers. The social policy consequences of Budget 2012 are therefore of immediate concern.

The Wheel has observed over the years since austerity began how, in each budgetary contraction, poor people have been disproportionately impacted. Budgets for the voluntary and community sector serving poor people have also fell in the order of -8% to -10% each year for the years 2009-2011, less than this average in the case of health-funded organizations, but more in the case of community organizations.

These figures contrast with government spending changes of +6%, -3.2% and -3.2% respectively in those years. It is estimated that these changes have already led to a contraction of the voluntary and community sector in the order of -15% and the loss of almost 5,000 jobs.

The social impact of the 2012 budget

First, budget 2012 will have a significant impact on those dependent on social welfare. Although the basic rates of social welfare were unaffected and there was a modification of the Universal Social Charge which will benefit low-paid workers, there were a considerable number of small changes which will have a significant cumulative effect in contributing to the hardship of the poor:

- Reduction in the fuel allowance season from 32 weeks to 26 weeks;
- Reduction in allowances for people with disabilities under 24 (€47m in a full year) and lone parents (the largest single cut, €112m in full year);

- Reduction in child benefit of for the third child and thereafter;
- Increased educational charges in the areas of school transport and student fees, matched by reduction in the back to school allowances;
- Reduction in part-time jobseeker claimant entitlements;
- Increased minimum payments for those claiming rent supplement;
- Reductions in training allowances for Community Employment, Back to Education Allowance and Jobs Initiative;
- New contribution requirements for pensions;
- Increase in VAT from 21% to 23%, whose impact is regressive.

Whereas these changes mostly affect those on social welfare benefits and allowances, these changes, especially in education, will also impact those on people on low incomes, causing a poverty trap, especially the continuation of the process begun a year ago of eliminating those schemes that met the hidden costs of 'free' education.

A couple of general comments should be made.

First, two groups seem to have been especially identified for higher levels of cuts, namely young people with disabilities and lone parents. Although the government has accepted the principle of 'evidence-based policy making', it would be interesting to see the evidence that reduced support for these groups was either merited or could be made without causing hardship.

Second, there is already evidence that the modest progress made in reducing poverty in Ireland in the first decade of this century has been reversed.

The Survey on Income and Living Conditions (EU-SILC), the Irish part of the standard annual European poverty survey, showed that the proportions below the poverty line rose from 14.1% in 2009 to 15.8% in 2010, a dramatic increase for only a year.

The proportion of children in poverty rose from 18.6% to 19.5%. Contrary to government protestations that cuts be fair, the level of inequality rose from 29.3 to 33.9 over the same period. Should these sharply upward trends continue, Ireland will resume its traditional place as head of the western European poverty league. In an interesting comparison with Greece, the rate of growth of poverty and inequality in Ireland has been much sharper.

Some important shifts are evident within the social protection budget. Figures from the estimates give us a more precise indication of the incidence of cuts and who will be most affected.

The funding allocated to **Jobseekers Allowance (JA)** rises from €2.6bn to €2.8bn, which, granted that the rate is unchanged, anticipates a rise in unemployment.

Reductions are evident in **One Parent Family Payments** (€1.11bn to €1.06bn), Supplementary Welfare Allowances (from €173m to €160m, -7.5%) and Farm Assist (€123m to €115m, -6.5%).

Back to school clothing and footwear allowances fall from €82.8m to €63.7m (-23%). School meal schemes are unchanged (€35m).

In housing-related payments, there are reductions in **rent supplement** (€466m to €436m, -6.4%), **mortgage interest supplement** (€77m to €50.8m, -34%) and the **household benefits package** (€166m to €126m, -16%).

Another figure which stands out is the reduction in spending on **Jobseekers Benefit (JB)**, down at a time of record unemployment from €1bn to €773m (-25%).

This may be attributable to a hoped for slower pace of people coming off the live register and, possibly, reduced periods during which people can claim JB.

In the area of employment, there will be reductions in funding for **Community Employment (CE)** (€357m to €315m, -11.8%), the **Back to Education Allowance** (€199m to €183m, -8%, with smaller reductions in the **Community Services Programme** (€47m to €45m, -4%), the **Rural Social Scheme**

(€46m to €45m, -2%) and the **Job Initiative** (€29m to €27m, -7%), but increases in **Tús** (€30m to €84m, + 180%), the **Back To Work Allowance** (€92m to €138m, +50%).

The fall in funding for **CE** is important, because almost all the places therein are provided by voluntary and community organizations. The reduction takes the form of reduced training and administrative supports, which will make it much more difficult for small organizations to deliver a quality service, diminishing the value of this important programme.

Overall, the protection of basic rates appears to have been achieved at a high cost in the reduction of supplementary payments, whose cumulative effect will be quite significant.

Budget 2012: its effect on voluntary and community organisations

Next, this analysis focusses on the specific effect on voluntary and community organisations, taking figures from the estimates and the **Comprehensive Spending Review** (CRE).

To set a context, overall government spending in 2012 is €51.8bn, compared to €53bn projected outturn in 2011, down -2.2%. This is our benchmark figure for the fall in government spending, against which all subsequent changes in funding for the voluntary and community sector should be measured.

The estimates do not provide a clinical separation of those headings that exclusively fund the voluntary and community sector and those that do not, but those which have the closest bearing on voluntary and community organizations are known.

The largest single funder of the voluntary and community sector is the **Health Service Executive**. Here, we need to take account of two budget headings which fund voluntary and community organizations.

First, the heading of **grants for voluntary hospitals and other voluntary organizations** is down from €2.24bn to €2.14bn, or -4%.

Second, the heading of **grants to the four HSE regions**, which affects grants to voluntary and community organizations at local level, is down from €7.45bn to €6.57bn, or -12%.

The Comprehensive Review of Expenditure (CRE) specifies that there will be 'additional efficiencies' in **disability, mental health and childcare services** of €50m, many of which are delivered by voluntary and community organizations. It is difficult to interpret such a phrase other than as an euphemism for cuts.

The second largest is **development cooperation**. Here, the overall envelope is down €20m or -3%, but the NGO element therein is not identified. Separately, the CRE proposes a reduction of €52.9m, inferring that the -3% figure may be much higher.

The new **Department of Community, Environment and Local Government** is a key funder for voluntary and community organizations. Here, the level of detail given in the estimates is problematic, for '**community and rural development**' are grouped together, reduced from €165m to €158m, -4% but no further detail is provided.

The CRE gives us a specific reduction of €8m in the **Local and Community Development Programme** (LCDP), so it is reasonable to infer that its funding will be €55.3m in 2012, down from €63.3m, or a reduction of -12.6%, six times the level of fall in government spending.

The funding of **social housing** is again reduced, from €808m to €691m, -14%, but the proportion of housing by voluntary organizations therein is not known. We do, though, have a figure for the capital programme, where the voluntary social housing budget is down from €92m to €70.7m or -23%. The basis for this reduction, in a year when housing lists lengthened to 98,000 is not known.

In the budget for children and youth affairs, the collective budget for **the Family Support Agency** and children and family support agencies is down from €69.9m to €67.5m, -3%. The budget for the FSA in 2011 was €31.8m. The CRE specifies a reduction in the agency's budget of €2.3m in 2012, bringing it down to €29.8m and within that a reduction of -5% in family resource centres.

Funding for initiatives against drugs was transferred to the Department of Health, where its allocation falls from €33.7m to €31.4m (-7%). Funding for initiatives against drugs has already been substantially reduced since 2008 and by definition these are services which most benefit disadvantaged communities.

Funding heads for voluntary and community organizations are evident in the estimates of the **Department of Justice and Equality**, as follows:

- Grants to women's organizations: €537,000 to €350,000, - 35%
- Equality-proofing measures: €150,000 to nil, -100%
- Action for gender equality: €2.42m to €2m, -17%
- Office for the Promotion of Migrant Integration, €3.6m to €2.5m -31%
- Traveller initiatives: €460,000 to €430,000, -7%
- Disability awareness initiatives: €1.1m to €0.307m, -72%
- Disability projects: €122,000 to nil, -100%
- Free Legal Advice Centres: €98,000, unchanged.

There are some increases in services:

Cosc, which provides some funding in the area of sexual violence against women, +9%

Probation services, providing funding for groups working with offenders, + 12%

Funding for sports and recreation, which includes a substantial element for voluntary and community organizations, is down from €88.7m to €80.6m, -9%.

The reduction for **arts, culture and film**, a significant part of which is also for voluntary and community organizations, is down from €145m to €129m, -11%.

Dormant accounts are not funded from the exchequer but nonetheless routed through the estimates. Although the amounts are small, they have been focussed on disadvantage and have been a small but important source of funding for voluntary and community organizations. There are four allocations from dormant accounts:

- Educational disadvantage: €2m down to €1.6m, -20%
- Economic and social disadvantage (HSE): €1.5m in 2011, eliminated, -100%.
- Social disadvantage measures (prisons): €750,000 in 2011 and 2011, unchanged.
- Social disadvantage (justice & equality): €176,000 up to €250,000, + 42%

Overall allocations from dormant accounts to current services in 2012 are €2.6m, down from €4.426m in 2011, -41%.

The Comprehensive Review of Expenditure provides an additional layer of detail on reductions. Those most relevant to social policy are:

In education, savings of €132m, which include reduced funding to schools and programmes, including **Youthreach, Community Training Centres**, both of which are important to community groups working with disadvantaged young people;

In **Foreign Affairs**, a reduction of €1.9m in support for voluntary and community organizations working for Irish people abroad;

In **Justice and Equality**, €12m less funding for bodies supported by the department;

In transport, reductions of €2m in funding for the **Sports Council**; and €0.9m in the **Rural Transport Initiative** in the first year and €1m thereafter;

In **children and youth affairs**, quite a number of reductions are indicated:

- €1.6m in childcare through reduced subventions and higher contributions;
- €2.8m from anti-poverty initiatives (Tallaght, Darndale, Ballymun), with their conclusion in 2013; youth cafés and Children's Services Committees;
- €4.4m from the longitudinal study on children Growing up in Ireland;
- An unspecified €3.5m from unidentified research and youth programmes;
- €2m from the School Completion Programme;
- €2.3m from the Family Support Agency, mediation, counselling services.

Perhaps the most striking figure of the CRE is the sharp disinvestment in children and young people of school going age, for which no rationale is provided. It is doubly difficult to understand, considering the well-established and widely-accepted need to make a fresh start with child protection and welfare services.

Granted our rising levels of child poverty, the reduction in the state's flagship anti-poverty initiative, the Prevention and Early Intervention Programme (PEIP) is remarkable and much of this initiative was delivered by voluntary organizations. It is not clear whether the reduction of funding for the longitudinal study - our most valuable dataset on children ever collected - will lead to its early termination. The Children's Services Committees were touted by the state as a major initiative to address long-term shortcomings in the delivery of children's services, problems which we are not aware of having been overcome. The savings involved across these programme are small for the high level of damage imposed.

In summary, based on the information provided to date, we can give some headline figures:

- Health: Down by between -4% and -12%
- Community and rural development, -4%, with the LCDP -12.6%
- Children and family support services, -3%
- Action against drugs, -7%
- Sports, -9%
- Arts & culture, -11%
- Dormant accounts, -42%

The Department of Justice & Equality lists a range of cuts, that include Traveller initiatives (-7%) to action for gender equality (-17%) to services for migrants (-31%), rising to grants for women's organizations (-35%) disability awareness (-72%), to several lines that have been extinguished altogether, like disability projects and equality proofing.

These are small, but highly targeted budget lines and their continued downward path does not speak well of the government's commitment to sustaining the work of NGOs in the area of social inclusion. In only a handful of areas has this not been the case: development cooperation (-2%, although this is the overall figure); FLAC (no change), Cosc (+9%) and Probation services (+12%), only four examples altogether. These figures compare to the overall benchmark reduction in government funding of -2.2%, showing that once again, the voluntary and community sector has been required to bear a greater burden of cutbacks.

Wider contexts

Efficient, effective public services are not just a desirable, but an essential part of a modern democratic state. Quality public services are an essential element of the modern state, they are necessary to underpin the social protection system and they enable an efficient, effective voluntary and community sector and civil society. Many years ago, it was accepted at the highest level that Irish public services lagged behind the rest of Europe and the state committed, in *The Developmental Welfare State*, to rectifying those deficits. There is now a real danger that we will lose our capacity to provide our key public services.

Key points and messages

In summary, the following are the key issues emerging:

- Although social welfare levels have been protected, the many smaller cuts imposed elsewhere will impose, in a cumulative way, substantial hardship on people dependent on welfare and on low incomes;
- The changes imposed by previous budgets have already reversed the modest progress Ireland made in reducing poverty in the early 2000s. The proportions below the poverty line have already risen sharply, 1.7% in a year, even more rapidly than Greece, matched by an increase in child poverty and the level of inequality. The new budget is likely to accelerate the process of immiserization;
- The headline reductions of those budget headings most important for voluntary and community organizations, benchmarked against a -2.2% reduction in government spending, are as follows:
 - Health, between -4% and -12%
 - Community and rural development, -4%, with the LCDP -12.6%
 - Family Resource Centres, -5%
 - Community Employment, -11.8%
 - Social housing, -23%
 - Children and family support services, -3%
 - Action against drugs, -7%
 - Sports, -9%
 - Arts & culture, -11%
 - Dormant accounts, -41%
- In the Comprehensive Review of Expenditure, striking disinvestment in a number of key voluntary and state services for children as well as young people of school-going age;
- The proposals to disband the National Economic and Social Council, following the extinction of the National Economic and Social Forum, leaving standing only the new Fiscal Advisory Council, means that the state will no longer have any structured social policy advice at all, nor a place where the voice of civil society and the non-governmental community may be heard, the most dramatic re-balancing of the economic-social equilibrium in our country's history.

ENDS

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