



## A PROGRAMME FOR SOCIAL SOLIDARITY

**Submission to the  
Government and the Social  
Partners on a Successor to  
the Programme for  
Competitiveness and Work.**

Combat Poverty Agency  
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COMBAT  
POVERTY  
AGENCY

The Combat Poverty Agency Act, 1986, outlines four general functions for the Agency.

- Advising and making recommendations to the Minister for Social Welfare on all aspects of economic and social planning in relation to poverty in the state.
- The initiation of measures aimed at overcoming poverty in the state and the evaluation of such measures.
- The evaluation of the nature, causes and the extent of poverty in the state and for that purpose the promotion, commission and interpretation of research.
- The promotion of greater understanding of the nature, causes and extent of poverty in the state and the measures necessary to overcome such poverty.

## Executive Summary

In this submission the Agency recommends that the Government and the social partners prioritise the National Anti-Poverty Strategy (NAPS) and makes recommendations on the five themes of the anti-poverty strategy; unemployment, especially long-term unemployment, educational disadvantage, income adequacy, tackling disadvantage in urban areas and rural poverty.

The period 1997-1999 offers Government and the social partners a unique opportunity to make major inroads on the issues of poverty, unemployment and social exclusion in Ireland. This is in the context of the positive economic climate that exists and the resources of Government that are currently available to invest in economic growth and major social reform. The benefits of the expanded economy have not, to date, impacted on long-term unemployment. From a viewpoint of economic efficiency, the drain on public expenditure associated with long-term unemployment is a major waste of resources. Further, the present demographic situation suggests that, while there is a growing elderly population, a decline in the child population will give rise to lower economic dependency levels, thereby lessening the demands on the welfare state and freeing up resources for major reforms. In addition, the peace process has created an historic opportunity to overcome divisions and to build a fairer and more inclusive society. The Agency believes that, in order to advance the peace process, there is a need to tackle poverty and unemployment as contributory factors which perpetuate violence.

A significant breakthrough in the fight against poverty, long-term unemployment and social exclusion is the decision by Government to devise a National Anti-Poverty Strategy (NAPS). Under the strategy, all Government departments and state agencies are expected to include the reduction and prevention of poverty as key objectives in the development and implementation of their policies and programmes.

In this submission the Agency recommends that the Government and the social partners prioritise the National Anti-Poverty Strategy (NAPS) and makes recommendations on the five themes of the anti-poverty strategy; unemployment, especially long-term unemployment, educational disadvantage, income adequacy, tackling disadvantage in urban areas and rural poverty. The submission presents the main actions that need to be taken in each of these areas if poverty and social exclusion are to be tackled. The recommendations are presented here in summary form; further detail is contained in the body of the document.

### Key Issues to be Addressed

While recognising that each of the five themes of the NAPS are important, the Agency believes that unemployment and educational disadvantage are key factors that contribute to poverty and inequality in Irish society. It is, therefore, urgent that these areas are targeted for reforms. In addition, the Agency urges that a re-balancing of the tax system, with tax reforms aimed at rewarding work be a key element of the new national agreement. If reforms are to be real, it is vital that there is a significant investment in the NAPS process, both by way of commitment from all Government departments and by way of adequate resources for its implementation and monitoring over time. This will ensure 'poverty proofing' of all Government policies in relation to economic and social development.

## Recommendations :

### I. Unemployment and Long-Term Unemployment

Unemployment remains the most serious problem facing Irish society. As a matter of priority, the Agency recommends that getting people back to work has to be the underlying aim of the national agreement.

The Agency recommends three main actions in relation to unemployment that must be addressed as a matter of priority. These are:

1. To reform employer PRSI to provide incentives for employment creation.
2. To extend the medical card to all children to improve the situation of families in the transition from welfare to work.
3. To continue to develop and resource the Local Employment Service to assist the long term unemployed to find work.

Other recommendations include:

- introduce measures to improve Irish competitiveness;
- evaluate and, if successful, expand the Jobstart initiative by 5,000 places over the three years of the programme;
- actively promote the Jobs Initiative, and on the basis of its success, to extend its availability;
- explore the option of direct employment in local authorities, of the very long term unemployed;
- provide for the retention of all secondary benefits for participants in the Jobs Initiative and to streamline their availability across programmes;
- undertake research into the costs of child-care provision with a view to implementing a national programme of child-care;
- review the part-time job incentive scheme;
- bring the earnings disregard on means-tested payments into line with those for lone parents;
- implement the tapered withdrawal of Adult Dependent Allowances.

### II. Educational Disadvantage

Education has a central role to play in improving the life chances of young people coming from disadvantaged backgrounds. Experience in the labour market is a major factor in determining the risk of poverty and level of educational qualification and attainment is a key factor in determining success in the labour market. In this respect, the Agency believes that the priorities are:

1. To develop and implement a national pre-school strategy.
2. To provide additional resources to extend the Breaking the Cycle programme to other disadvantaged areas and schools.
3. To address and prevent early school leaving through the involvement of the formal and informal sectors and through the development of programmes like the Agency's demonstration programme on educational disadvantage.

Other recommendations include:

- double the allocation of resources to pre-primary education from £2 million to £4 million and include provision in rural areas;
- ensure that an independent evaluation of the Early Start initiative takes place and consider supporting other initiatives like Lifestart and Highscope;
- make more resources available to assist low income families with school going costs;
- further develop and improve the Home-School-Community Liaison Scheme at primary and post primary levels and adapt it for rural areas;
- introduce preventative and curative measures to address truancy and introduce curriculum reforms to allow pupils to make choices relevant to their abilities;
- increase the numbers on the Vocational Training Opportunity Scheme (VTOS) over the years 1997, 1998 and 1999 by 2,000 places and provide an allowance for participation costs;
- encourage flexible delivery of VTOS courses to accommodate the needs of long-term unemployed people;
- double the level of resources for the Adult Literacy and Community Education (ALCE) scheme from £2 million to £4 million over the next three years.

### III. Income Adequacy

The Agency believes that in order to prevent poverty, social welfare payments need to be adequate, there should be incentives for people to take up work and the tax system should be progressive. The Agency recommends two priorities to ensure income adequacy:

1. To substantially increase personal tax allowances to £3,575 for a single person and £7,150 for a couple as part of a two year strategy of equalising tax allowances and exemption thresholds.
2. To urgently achieve the minimally adequate rate for social welfare payments of £69.67 as recommended by the Commission on Social Welfare

Other recommendations that the Agency believe should be implemented are:

- increase Child Benefit by £7 per month in the years 1997, 1998 and 1999 and make the increase liable for tax in the short-term;
- in the longer term, to introduce a fully integrated Child Benefit package with a view to achieving a payment of £100 per month within five years;
- abolish the ceiling for Employee PRSI;
- introduce a means-tested scheme of housing income support;
- 'poverty proof' discretionary tax reliefs;
- widen the tax base through the retention and enhancement of the current residential property tax from an equity viewpoint.

### IV. Urban Disadvantage and Poverty

In relation to urban disadvantage, the Agency recommends the following:

- co-ordinate existing local development initiatives to ensure an integrated approach;
- ensure that the focus of local development is on the most marginalised and disadvantaged;
- improve and regenerate local authority housing drawing on the approaches used in the EU URBAN Initiative;

- draw on the best experience from existing tenant estate management projects and extend this experience to other local authority schemes;
- implement a capital investment programme to improve housing stock in deprived areas;
- continue support for low income households through the National Fuel Allowance;
- require a social impact statement for all activities supported under the various discretionary tax incentive schemes;
- examine the causes of crime and drug abuse and the effects of current public housing policy on their increase;
- resource and support local community responses to drug abuse.

### V. Rural Poverty

With regard to rural poverty the Agency advocates the following:

- undertake a review of low income farming families;
- encourage the creation of off-farm employment opportunities in rural areas;
- ensure that efficient resources are allocated for community capacity-building in rural areas through programmes like LEADER and the Local Development Programme;
- 'poverty-proof' service provision in rural areas;
- support local initiatives which improve service provision and delivery in rural areas;
- co-ordinate the work of government departments and agencies at a local level to ensure an integrated approach.

### VI. Developing the Anti-Poverty Infrastructure

In relation to the development of the anti-poverty infrastructure the Agency recommends the following:

- adequately resource support structures for the implementation of the NAPS including supporting and resourcing consultation with, and empowerment of, the socially excluded through the NAPS process;
- provide resources for primary data collection on poverty in Ireland;



- support and expand the Community Development Programme and work with womens' groups;
- establish a Developmental Community Arts fund to resource groups in disadvantaged areas;
- provide funding of £300,000 per year for a programme of support for national networks of disadvantaged groups and individuals;
- resource additional posts for the Combat Poverty Agency to enable it to effectively carry out its remit.

## 1. Background

The key challenge of both the PESP and the PCW was the need to address unemployment. Despite an improved economic position, however, this still remains the key issue for Irish society as unemployment underlies the persistent high levels of poverty and social exclusion.

The current national agreement between the Government and the Social Partners, the Programme for Competitiveness and Work (PCW) ends in 1996. A successor to the PCW will be negotiated between Government and the social partners in the Autumn of this year for implementation from 1997. The Combat Poverty Agency urges that in these negotiations there should be a continuation of the 'shared central concern with work' identified in the PCW and the commitment to develop a coherent strategy for the next three years that combines a concern for economic development with a strong commitment to social development. In particular the Combat Poverty Agency recommends that the reduction of poverty and long-term unemployment and the achievement of greater social inclusion should be central features of any new national programme.

This submission sets out the context for these recommendations and how they can be achieved. It also presents specific proposals, that, if implemented over the next three year period, will have a significant impact on reducing the levels of poverty and social exclusion in Irish society.

High levels of inequality, unemployment and exclusion from the general standard of living represent a major challenge to the Irish economy and Irish society. In recent years there has been an improvement in prevailing economic conditions. However, this has not been accompanied by a more equitable distribution of resources among those who are least well-off and wide-spread poverty and social exclusion persists.

The key challenge of both the PESP and the PCW was the need to address unemployment and long-term unemployment. Despite an improved economic position, however, this still remains as the key issue for Irish society. Unemployment is the key factor underlying the persistent high levels of poverty and social exclusion. There are two reasons why this must be rectified. First the distribution of employment opportunities is inequitable. Second, from an economic efficiency point of view unemployment represents a waste of human potential and a cost to public expenditure. In addition to the redistribution of economic gains, a national agreement should provide a framework for the principles of citizenship and social rights. These principles should determine decisions about resource allocation and decision-making in respect of people living in poverty, as a rights approach frames the needs of individuals within the context of general economic and social conditions in the society.

## 2. Context for the Successor to the PCW

The new programme offers an opportunity to tackle the problems posed by poverty and social exclusion since the current demographic, economic and social climate is more positive than it has been for some time.

### 2.1 Introduction

In the period of the last programme (1994-96) there was a significant upturn in the economy due, in part, to fiscal reforms and the input of resources from the European Union (EU). This puts Ireland in a strong position to be part of any European economic and monetary union. The Combat Poverty Agency has argued in previous policy submissions<sup>1</sup> that an upturn in the economy along with low levels of inflation should lead to policies aimed at:

- sharing of resources through tax and social welfare while maintaining the incentive to work;
- maximising job creation;
- targeting of job opportunities to those in greatest need i.e. the long-term unemployed;
- promoting equality of opportunity through tackling educational disadvantage.

### 2.2 Changes in the National Context

The new programme offers an opportunity to tackle the problems posed by poverty and social exclusion since the current demographic, economic and social climate is more positive than it has been for some time. The Government's commitment to implement a National Anti-Poverty Strategy (NAPS) puts issues of exclusion and inequality firmly on the agenda of all policy-makers<sup>2</sup>. A number of key themes were identified for the NAPS and endorsed by the government. These themes are unemployment, particularly long-term unemployment, educational disadvantage, income adequacy, tackling disadvantage in urban areas and rural poverty. A national programme should adopt this framework for its priorities over the next three years.

### 2.3 National Anti-Poverty Strategy Framework

Any new programme should address the issues of poverty and social inequality within Irish society. While previous programmes have been successful in increasing economic performance, the benefits of economic growth have not trickled down sufficiently to the most disadvantaged in our society. It is clear that a rising tide does not lift all boats. The Agency believes that the benefits of economic growth have to be actively invested in tackling the problems of poverty and unemployment. Thus it is crucial that Government, with the social partners implement a strategy that will address these issues in a significant way. To this end, it is vital that a new programme commits itself to the implementation of the National Anti-Poverty Strategy and that the five themes underlying the strategy are considered as priorities for Government and the social partners for the next three years. Addressing the areas of long term unemployment and educational disadvantage should be regarded as key priorities.

### 2.4 The European Dimension

The European dimension will play a crucial role in the Irish situation over the next number of years as the Irish economy is affected by larger member states' fiscal and monetary policy. In particular, the development of a European Monetary System (EMS) will have significant effects on how the national position progresses. Convergence will also have a significant effect on resources available for public expenditure over the next number of years. However, it is crucial that resource allocation in the areas of income support, health, education and housing are maintained and increased if we are to avoid higher levels of poverty and marginalisation.

The current European Union (EU) approach to economic and social development is governed by two broad policy documents; *Growth Competitiveness and Work* (1993) which deals with economic policy and *European Social Policy - A Way Forward for the Union* (1994). Both assert that social and economic progress must go hand in hand; high levels of unemployment, poverty and social exclusion undermine the EU's commonly agreed goals of employment, social protection and equal rights for women.

Other critical issues facing Ireland in the EU during the period 1997-1999 include the expansion of the number of countries in the EU and the next period of Structural Funds (post-1999). The level of resources available for social and economic development may not be as substantial as previously and Ireland may no longer be able to rely on the extent of current Structural Funds to redress imbalances (through for example global grants and interventions of the European Social Fund). However, demographic and economic projections suggest that the Irish population structure is now in an unusually favourable position.<sup>3</sup> For example, Ireland's total age dependency ratio is likely to be lower over the next thirty years than in the last thirty years. The increase in the elderly population will be offset by falling numbers in the child population giving rise to lower economic dependency levels thereby making the welfare state more affordable.

The EU Presidency provides the Irish Government with a unique opportunity to influence the development of a new treaty for an enlarged European Union. The Inter-Governmental Conference should be used to start consultation on the revision of funds in relation to the reduction of social disparities and the promotion of social solidarity. The Agency endorses the amendment made by the Irish Government in relation to social exclusion and believes that the negotiation of the new treaty should be based on the principle of social partnership.

To date, in the Irish context, national wage agreements tend to be the only binding product of social partnership. In the development of future programmes, other key features need to be considered.

These include :

- (a) a commitment to the integration of the economic and social dimensions of development;
- (b) a spread of decision-making authority;
- (c) a commitment to the broad and inclusive representation of interests which should allow for the inclusion of the community and voluntary sector.

1 Combat Poverty Agency, (1996) *Sharing the Benefits : Submission to the Minister for Social Welfare and the Government on the 1996 Budget*, Dublin.

2 In line with the UN Year for the Eradication of Poverty the Irish Government is committed to drawing up a national strategy to address all aspects of poverty and social exclusion. As part of the process of drawing up the strategy submissions were sought from groups and individuals through newspaper advertisements and direct invitations. Approximately 300 submissions were received and summarised. In addition, consultation seminars took place around the agreement of the principles and themes of the strategy and around the drafting of an overview of poverty in Ireland.

3 Fahey, T. and Fitzgerald, J. *Welfare Implications of Demographic Trends*, A Report to the Combat Poverty Agency, forthcoming 1997

### 3. Unemployment and Long Term Unemployment

Radical reforms in the areas of industrial policy and taxation are necessary for a comprehensive approach to job creation. A new national programme should also, as a matter of urgency, be committed to the more equitable distribution of employment and job-opportunities and to direct employment measures for the very long-term unemployed.

#### 3.1 Introduction.

One of the most significant problems facing our society today is that of unemployment. In April 1996 the number of people registered as unemployed was approximately 283,000<sup>4</sup>. Half of these people had been unemployed for more than one year and one-quarter had been unemployed for three years or more. The key challenge to any future programme is to increase employment and in so doing, to ensure that there are employment opportunities for those who are long-term unemployed and that the long-term unemployed have equal access to jobs which become available.

There have been substantial structural changes in the Irish economy in recent years which have contributed to our current labour market profile. These have been documented as:

- continued long-term decline in agricultural employment;
- growth in service sector jobs and participation of more women;
- the changing organisation of work itself;
- changes in the occupational mix towards those with higher educational and skills levels;
- changes in migratory flows<sup>5</sup>.

While current policy measures have to date, increased employment, they have had a limited impact on unemployment. A more enlightened employment policy is now needed to respond to these labour market changes in a more effective way. This should include appropriate macro-economic policies to help create sustainable employment, prevention measures for those who are in employment to assist them in maintaining their jobs and, most importantly, a combination of measures aimed at getting unemployed people back into employment, especially those who are long-term unemployed. Radical reforms in the areas of industrial policy and taxation are necessary for a comprehensive approach to job creation. A new national programme should also, as a matter of urgency, be committed to the more equitable distribution of employment and job-opportunities and to direct employment measures for the very long-term unemployed who have little hope for the foreseeable future. Low-paid workers should also be considered and tax reforms put in place to improve their situation.

#### 3.2 Progress to Date

In the PCW, significant investment in the skills level of the workforce was recognised as vital to competitiveness in industry. Active labour market interventions by Government in the form of training and employment opportunities, particularly for the marginalised and disadvantaged were seen to be an important instrument in

promoting social cohesion<sup>6</sup>. However, the EU's White Paper on structural change in the labour market<sup>7</sup> refers to the weaknesses in European education and training compared with its major competitors in the US and Japan. It proposes specific actions including the removal of disincentives to the hiring of less-skilled workers and the reduction of statutory charges on labour, especially for the less-skilled lower-paid workers. In Ireland the 1996 budget introduced some reform in income tax and PRSI but more can be achieved.

The PCW proposed a framework for tackling unemployment which included foundation training and education, community employment, skills training, employment support and counselling and placement services. Availability of counselling was identified as a significant need. Some work has been done in developing this framework, particularly through the establishment of Local Employment Services (LES) in designated disadvantaged areas and in Community Employment (CE). The target of reserving 25% of places on CE for people who are unemployed for three years or more has only just been realised. Changes, therefore, have been in the right direction but numbers catered for and speed of change have not been commensurate to the scale of the problem.

#### 3.3 Proposals for Changes in Policy

The Agency argues that the task of placing long-term unemployed people in jobs has to be tackled along a number of fronts.

##### 3.3.1 Improve Competitiveness

The overall level of labour costs can often be a major factor in an employer's decision to recruit. While the factors which affect these costs are complex, it is evident that, if overall wage growth exceeds relative competitive gain employment can be restricted. Thus policy objectives should seek to strike a balance between sometimes competing objectives over the short-term of:

- increasing the net disposable income of those in employment;
- improving the competitiveness of labour;
- promoting/maintaining wage levels which facilitate jobs and lead to the inclusion of the unemployed.

If competition costs were improved labour intensive industries like clothing and food could benefit with the potential for consequent higher employment levels. It should be noted that improved competitiveness should not lead to an increase in and acceptance of low-wage jobs. Such an approach should pay particular attention to incentives for young people entering the labour market. The aim should be to achieve a balance between the

requirement to create a competitive economy and the need to ensure that people who are disadvantaged are treated fairly.

Target: To introduce measures to improve Irish competitiveness.

##### 3.3.2 Provision of Employment Services

The National Economic and Social Forum have comprehensively examined the problem of long-term unemployment<sup>8</sup> and have subsequently called for action in a number of areas including early intervention in the education sector, the establishment of employment services, a range of training, education and work opportunities and increased opportunities for the long-term unemployed. A Task Force was established to carry out a detailed examination of these proposals. Their initial work concentrated on developing a Local Employment Service (LES)<sup>9</sup>. (The LES is currently operating in the twelve PESP pilot partnership areas and in two additional areas). The Agency endorses the recommendations of the Task Force on Long-Term Unemployment on the establishment of an integrated LES to meet the needs of people who are long-term unemployed. The LES adopts a client-centred approach and acts as a gateway to the full range of options available to enable long-term unemployed people return to work. The Agency recommends this approach be developed further at local level with considerable flexibility as to how it operates in different contexts. For example, rural and urban areas may differ significantly in the approaches they wish to take at a local level. An important consideration in developing the LES is that adequate resources will be made available for its operation. In addition, particular emphasis should be placed on progression through the range of interventions available to long term unemployed people.

Targets: To provide sufficient resources for the operation of the LES in existing areas.

To have an LES operational in all Local Development Programme designated areas by end 1997.

##### 3.3.3 Employer Incentives to take on Long-Term Unemployed People

It is recognised that employment subsidies can significantly influence the hiring of particular groups in the labour market<sup>10</sup>. The 1996 budget allotted 5,000 places on Jobstart, a new recruitment subsidy to encourage employers to take on the long-term unemployed. The Combat Poverty Agency believes that there is a need to carefully monitor the effects of this programme and if it is successful, to

4. Live Register, Half Yearly Age by Duration Analysis, April 1996.

5. *Growing and Sharing our Employment: Strategy Paper on the Labour Market*, Department of Enterprise and Employment, Dublin: Stationery Office, 1996.

6. PCW, p. 32.

7. EU Commission, (1994) *White Paper on Growth, Competitiveness and Employment*, Brussels: EU Commission.

8. *Growing and Sharing our Employment* op cit. p. 10

9. National Economic and Social Forum, (1994) *Ending Long-Term Unemployment*, Forum Report, No. 4, NESF, June.

10. Task Force on Long-Term Unemployment, (1995), Interim Report, February, Dublin: Stationery Office.

11. Combat Poverty Agency (1993), *A Programme for Social Equity: Submission to the Government and the Social Partners on a Further National Programme*, CPA: October.

12. *Growing and Sharing our Employment* op cit. p. 109

13. The retention of the medical card is currently available to participants on the Jobstart and Community Employment initiatives.

14. *Integrating Tax and Social Welfare*, Expert Working Group Report, Dublin: Stationery Office, 1996.

expand the number of places available by an additional 5,000 over the next three years.

Target : If successful, to expand Jobstart by an additional 5,000 places over the next three years.

### 3.3.4 Reform of Employer PRSI

A further incentive to employers would be created by restructuring employer PRSI to promote the creation of employment. Currently employer PRSI is tilted against employment of low paid workers. The employer rate for incomes at or below £13,000 is 8.5% rising to 12% when the income rises above the £13,000 threshold. This results in a discontinuity in the amount of PRSI payable at incomes just over the threshold. Wages in excess of £26,800 are not liable for employer PRSI. The Agency recommends a radical reform of employer PRSI by introducing a progressive structure. A first step in this should involve a substantial increase in the ceiling of £26,800 and eventually its abolition. In addition, a low rate of 4% employer PRSI could be introduced for those on low earnings. This would enhance the capacity of the economy to create self sustaining employment.

Target : To reform employer PRSI through the introduction of a progressive structure.

To increase the ceiling of £26,800 on employer PRSI and to eventually abolish it.

To introduce a low rate of employer PRSI of 4% for low-income earners.

### 3.3.5 Community Employment and Direct Employment

An important objective of Community Employment is to cater for those who are most disadvantaged among the unemployed. However, the achievement of this has been impeded by what has been termed 'the dilution of the target group'<sup>12</sup> in that 40% of those on CE have been from categories other than the long-term unemployed. The Agency recommends that places should be reserved for the long-term unemployed as a matter of priority and that greater consideration should be afforded to long-term unemployed categories with particular needs such as disadvantaged women, older men, people with disabilities and Travellers.

The Agency welcomes the establishment of the Jobs Initiative, the full-time employment option for longer-term unemployed people launched in July 1996 and argues that more places should be made available each year as is recommended by the Task Force on Long-Term Unemployment. To date, the scheme is only operating in designated urban areas (Dublin, Cork and Limerick) through the LES. The Agency recommends that, as with the Jobstart programme, the Jobs Initiative should be

actively promoted, evaluated and further extended depending on its success. The Agency welcomes the fact that the duration of the initiative can last up to three years. The Agency also urges that, on the basis of the scale of very long term unemployment, the provision of direct employment by local authorities should be considered as an option for this particular group who are least likely to be able to access the labour market over the next few years. The Agency argues that secondary benefits, particularly medical cards, should be available to act as an added incentive to remain in work<sup>13</sup>. It is important that availability of benefits across schemes and across agencies with responsibility for their administration be streamlined to avoid confusion or the creation of disincentive effects.

Targets: To actively promote the Jobs Initiative.

To evaluate the Jobs Initiative and on the basis of its success to extend its availability.

To consider the provision of direct employment in local authorities of the very long-term unemployed.

To ensure secondary benefits for participants in the Jobs Initiative and to streamline their availability across programmes.

### 3.3.6 The Transition from Welfare to Work

The transition from dependence on social welfare payments to living on a wage can sometimes be a difficult one. In particular, the loss of a medical card, especially for families can act as a significant disincentive to taking up work. As noted earlier secondary benefits are available on some options. The Expert Group on the Integration of Tax and Social Welfare has made extensive recommendations around the reform of the social welfare and tax systems. They considered the possibility of extending the medical card to all children. They estimated that the cost of this is £60 million.<sup>14</sup> The Agency recommends that this should be considered as it would significantly improve the situation for low income families with children and would remove one of the disincentives to taking up work. It would give people the security of knowing that their childrens' medical expenses would still be met upon taking up work.

In addition to the above, special consideration must be given to the issue of child-care as the lack of adequate accessible and affordable childcare frequently acts as a barrier, particularly for women in the decision to take up employment, education or training. Labour force participation rates confirm this as women with children have much lower participation rates than women with no children, irrespective of marital status. Initial steps towards establishing a national programme should include research into the costs of child-care provision. This should be linked to a national programme of pre-primary education (see next section).

Targets: To extend the medical card facility to all children.

To undertake research into the costs of child-care provision with a view to implementing a national programme of child-care.

### 3.3.7 Combining Welfare and Work

A better approach to income support strategies is required to address the growing pattern of households with combined welfare and work income sources. This has arisen because of the increase in part-time employment and the higher levels of participation by women in the labour market. The Agency urges that a review of the part-time job incentive scheme should be undertaken with a view to it becoming a longer-term response to combined welfare/work situations. In addition, an improvement of the earnings disregard on means tested payments should be brought into line with those currently available to lone parents and the withdrawal of the Adult Dependant Allowance should be tapered. The Agency welcomes provisions currently being made for this and urges its implementation.

Targets: To review the part-time job incentive scheme.

To bring the earnings disregard on means-tested payments into line with those available to lone parents.

To implement provisions for the tapered withdrawal of the Adult Dependent Allowance.

### 3.4 Summary of Recommendations in Relation to Unemployment

1. To introduce measures to improve Irish competitiveness.
2. To provide adequate resources for the operation of the Local Employment Service in existing areas.
3. To establish a Local Employment Service in all Local Development Programme partnership areas by end 1997.
4. If successful to expand the Jobstart initiative by 5,000 places in the next three years.
5. To reform employer PRSI through the introduction of a progressive structure.
6. To substantially increase the ceiling for employer's PRSI from £26,800 and to consider its abolition in the long term.
7. To introduce a low rate of 4% employer's PRSI for low-paid workers.
8. To actively promote the Jobs Initiative.
9. To evaluate and if successful, to extend the availability of the Jobs Initiative
10. To consider the provision of direct employment in local authorities of the very long-term unemployed.
11. To ensure the retention of secondary benefits for participants in the Jobs Initiative and to streamline their availability across programmes.
12. To extend the medical card facility to all children
13. To undertake research into the costs of child-care provision with a view to implementing a national programme of child-care
14. To review the part-time job incentive scheme.
15. To bring the earnings disregard on means-tested payments into line with those for lone parents
16. To implement provisions for the tapered withdrawal of the Adult Dependent Allowance.



## 4. Educational Disadvantage

Education plays a central role in improving the life chances of young people, particularly young people from disadvantaged backgrounds. Given that demographic trends show an increasing reduction in the birth rate, there is an opportunity for redistribution within the education system towards those most disadvantaged.

### 4.1 Introduction

Education plays a central role in improving the life chances of young people, particularly young people from disadvantaged backgrounds. Children who are born into poor households or live in deprived areas are most subject to educational failure and thus to the reproduction of poverty and inequality. Research has clearly documented that experience in the labour market is a major factor in determining the risk of poverty and that the level of educational qualification and attainment is a key factor in determining success in the labour market. The connection between poor educational qualifications and unemployment becomes more pronounced over time, reinforcing the cycle of poverty and inequality. Given that demographic trends show an increasing reduction in the birth rate, there is an opportunity for redistribution within the education system towards those most disadvantaged.

Three important issues have been recognised in relation to educational disadvantage as a cause of poverty<sup>15</sup>. These are:

- (a) the implications for young people who leave school early, fall outside the system and are at a high risk of poverty;
- (b) the implications for older people with no educational qualifications; and
- (c) that education has been found to influence life chances more generally.

A large proportion of children, mainly those living in poverty are failing to gain from the educational system, are leaving school early and are more likely to be unemployed adults<sup>16</sup>. Greater equity within the education system would help to redress the deeper inequalities that exist in Irish society in relation to access to employment and, therefore, access to income. A new national programme should, in its policy on education, ensure that the objectives of social equity and justice are central features and that responses to educational disadvantage are both co-ordinated and integrated. The Agency believes that education is a fundamental social right and that equality should be viewed as the governing principle.

### 4.2 Progress to Date

The PCW made recommendations on the need for additional schools to be included in the Department of Education's scheme for disadvantaged schools,<sup>17</sup> for the expansion of remedial and guidance services in schools, for extension of the Home-School-Community Liaison Scheme and for improving access to third level education for those from disadvantaged areas. A Government White Paper was noted in the PCW and it was produced in 1995. In 1995 the Minister for Education commissioned a study on the effectiveness of the Schemes of Assistance to Schools in

Designated Areas of Disadvantage in targeting disadvantaged pupils<sup>18</sup>. As a result an initiative has recently been introduced to target a number of schools with high concentrations of pupils from disadvantaged backgrounds. This *Breaking the Cycle* Programme announced in May 1996 proposed a focused programme of action in twenty-five urban schools and twenty five clusters of small rural schools. Thirty three urban schools and 119 rural schools in twenty-five clusters have recently been designated.

In relation to third level education, the removal of fees may, in fact, do very little to redress the lack of participation by those from disadvantaged areas. In particular, the low level of maintenance grant currently available to third level students may mean that pupils from disadvantaged backgrounds may be unable to avail of third level places. The removal of fees has also diverted resources to third level away from primary and pre-primary education where resources need to be targeted if educational disadvantage is to be redressed. The expansion of remedial services has also not happened.

### 4.3 Proposals for Changes in Policy

The Agency recognises that the link between educational disadvantage and poverty is complex and multi-faceted and urges that the relationship should be explored. It urges targeting of resources to disadvantaged pupils, schools and areas at pre-primary, primary and post-primary levels. A number of areas in particular are pinpointed for change:

#### 4.3.1 Pre-Primary Education

It is essential that more priority is given to pre-primary education as this is the area where educational disadvantage can be most effectively addressed in a preventative manner<sup>19</sup>. This should include the development of a national system of early education for all children through consultation and co-ordination with key players. For example, the Department of Education's Early Start initiative was introduced in areas where community initiatives already existed without sufficient consultation with the existing pre-school groups. At present £2 million is spent on Early Start. It will be important that an independent evaluation of the Early Start programme be undertaken and that consideration be given to supporting other community based initiatives like Lifestart and Highscope. In so doing, account should be taken of the different needs that exist in rural areas. In terms of moving towards a well-co-ordinated comprehensive national policy a first step should be the establishment of an expert working group. This working group would be made up of government departments involved with issues of early childhood care and education, social partners, the community/voluntary sector, private organisations, parents and professionals in early childhood care and education.

Targets: To double the allocation of resources to pre-primary education from £2 million to £4 million over the next three years and to include provision in rural areas.

To ensure an independent evaluation of the Early Start initiative and to consider supporting other initiatives like Lifestart and Highscope.

To establish a working group to draw up and implement a comprehensive pre-school strategy.

#### 4.3.2 Primary Education

The Agency believes that the *Breaking the Cycle* programme is a welcome development as it is an important step towards a more focused and strategic approach to tackling educational disadvantage. It will be important that the operation of this initiative is evaluated and, that over the next few years, resources are made available to expand the scheme to other disadvantaged areas and schools not currently included in the scheme. The rural dimension of the scheme is particularly welcome given that the review of the disadvantaged schools scheme<sup>21</sup> showed that rural areas were very poorly served (less than 5% of pupils in rural areas are in designated primary schools even though 60% of disadvantaged pupils are found in rural areas).

In the context of addressing educational disadvantage, the Agency is broadly supportive of the Home-School-Community Liaison programme and believes it should be further developed as a means of providing a link between the community and the formal education sector. In so doing, the Agency recommends that areas for improvement should include extending the scheme to cover school holidays and providing adequate training for staff.

Numerous studies<sup>20</sup> have indicated the costs associated with education, including the purchase of books, clothing and footwear. These costs pose a major burden for low income households. Additional resources are required for school-going costs of low income families.

Targets: To evaluate *Breaking the Cycle* on an on-going basis and beyond the five year time frame of the programme.

To make more resources available to extend the scheme to other disadvantaged schools.

To further develop the Home-School-Community Liaison Programme.

To make more resources available to assist with school going costs for low income families.

15. Overview Statement: Poverty, Social Exclusion and Inequality in Ireland, Discussion Paper by the Inter-Departmental Committee on the NAPS, 1995.

16. Breen, R. (1991), *Education, Employment and Training in the Youth Labour Market*, General Research Series No. 152, Dublin: Economic and Social Research Institute.

17. Known as the Scheme of Assistance to Schools in Designated Areas of Disadvantage.

18. Kellaghan, T. et al (1995) *Educational Disadvantage in Ireland*, Dublin: Department of Education; Combat Poverty Agency; Educational Research Centre.

19. Hayes, N. op cit.

20. For example, the Paul-Partnership in Limerick has done research in this area.

21. Kellaghan, T., et al, op cit.

22. See Morgan, M. (1995) *Early School Leaving Interventions; International Comparisons*, Combat Poverty Agency (unpublished).

23. Department of Education, op cit.

24. Ryan, S., (1995) *The Home-School-Community Liaison Scheme, Summary Evaluation Report*, Dublin: Educational Research Centre.

25. Referenced in Kellaghan, T. et al. (1995) op cit.

#### 4.3.3 Post-Primary Education and Early School Leaving

Given the link between social background, educational attainment and career opportunities it is essential that second level education strives to break the cycle of poverty, educational failure and unemployment. An important element of this strategy is to prevent early-school leaving. The link between disadvantage and early-school leaving has been well-documented in the literature<sup>22</sup>. The consequences of early-school leaving include difficulties in accessing the labour market and early school leaving can contribute to literacy problems and social and personal problems. Initiatives are needed within the schools system and in the informal sector to encourage children to remain in school. This would include the need to address the issue of truancy.

The Government's White Paper on Education<sup>23</sup> highlighted the importance of the role of parents in the home in promoting positive attitudes towards education. The White Paper proposed to continue and further develop the Home-School-Community Liaison programme in areas of disadvantage as resources permit. The evaluation of the Home-School-Community Liaison Scheme<sup>24</sup> highlighted that a major start has been made in promoting active cooperation between home and school. The Combat Poverty Agency would argue that this should be continued as a priority. In the further development of the Home-School-Community Liaison Scheme, attention should be given to ways to provide parents in rural communities with access to the kinds of learning experiences available in urban areas. These include a range of self-development and parenting courses.

More preventative and curative measures are required to address early school leaving. The Agency recommends that these should include the identification and tackling of truancy as well as curricular reforms to allow students to make choices relevant to their abilities.

The work being undertaken in Integrated Development of Designated Disadvantaged and Other Areas, (Sub-Programme 2 of the Local Development Programme) and the Agency's Demonstration Programme on Educational Disadvantage should be considered as important approaches to tackling early school leaving. It is important that learning is obtained from these programmes and that, accordingly, changes in policy and practice are made.

**Targets:** To further develop and improve the Home-School-Community Liaison Scheme in post-primary schools and to adapt it for rural areas.

To introduce preventative and curative measures to address truancy and to introduce curricular reforms to allow students make choices relevant to their abilities.

To utilise the experience from programmes like the Agency's Demonstration Programme on Educational Disadvantage.

#### 4.3.4 Adult Education

In addressing educational disadvantage, adult education must also be considered as a means of providing individuals with a second chance to learn. In addition, the level of parental education is particularly relevant to children's school performance. Research has shown that children of poorly educated mothers do not do so well at school and leave school earlier than children of better educated mothers<sup>25</sup>.

The Agency, therefore, recommends that adult education be enhanced and that additional resources be made available. This includes the expansion of courses like the Vocational Training Opportunities Scheme (VTOS) from 5,000 places to 7,000 places over the next three years to provide opportunities for more adults who are long-term unemployed to return to education. In so doing it is important that consideration be given to the needs of long-term unemployed people who are returning to education. The programme needs to be delivered in a flexible manner for example, through the provision of short modules to enable the long-term unemployed to gain basic skills. In addition, some allowance should be made for the costs to individuals of participation on VTOS.

It is also vital that the existing adult education scheme, Adult Literacy and Community Education Scheme (ALCE) is resourced properly and that the work undertaken is duly acknowledged. In 1995 the Department of Education allocated nearly £2 million for the ALCE programme. The Agency recommends that this allocation be doubled over the next three years. The issue of accreditation for second chance education also needs to be addressed.

**Targets:** To increase the numbers on VTOS over the years 1997, 1998 and 1999 by 2,000 places and to provide an allowance for participation costs.

To encourage flexible delivery of VTOS courses to accommodate the needs of long-term unemployed people.

To double the level of resources for the ALCE scheme from £2 million to £4 million over the next three years.

#### 4.4 Summary of Recommendations in Relation to Educational Disadvantage

1. To double the allocation of resources from £2 million to £4 million over the next 3 years to pre-primary education and to include resources for provision in rural areas.
2. To ensure an independent evaluation of the Early Start Initiative and to consider supporting other initiatives like Lifestart and Highscope.
3. To develop a comprehensive pre-school strategy.
4. To evaluate *Breaking the Cycle* on an ongoing basis beyond the five year time frame of the programme.
5. To make more resources available to extend the *Breaking the Cycle* scheme to other disadvantaged schools and areas.
6. To make more resources available to assist low income families with school-going costs.
7. To further improve and develop Home-School-Community Liaison Scheme at primary and post primary levels and to adapt it for rural areas.
8. To introduce preventative and curative measures to address truancy and to introduce curricular reforms to allow students make relevant choices.
9. To utilise the experience from programmes such as the Agency's Demonstration Programme on Educational Disadvantage.
10. To increase the number of VTOS over the years 1997, 1998, and 1999 by 2,000 places and to provide an allowance for participation costs.
11. To encourage flexible delivery of VTOS courses to accommodate the needs of long-term unemployed people.
12. To double the level of resources for the ALCE scheme from £2 million to £4 million over the next three years.

## 5. Income Adequacy

Social welfare payments should be adequate, the tax system should be progressive and the interaction of the social welfare and taxation systems should facilitate and encourage the transition from social welfare to work.

### 5.1 Introduction

An adequate income, whether it be social welfare or earned income is the right of every individual if they are to enjoy an acceptable standard of living. In order that this happens, social welfare payments should be adequate, the tax system should be progressive and the interaction of the social welfare and taxation systems should facilitate and encourage the transition from social welfare to work.

### 5.2 Progress to Date

The Commission on Social Welfare in 1986 recommended a minimally adequate rate of £50-£60 (equivalent in 1997 to between £69.67 and £83.60).<sup>26</sup> This minimally adequate rate has not yet been fully implemented for some social welfare payments although most payments have now reached 92% of the lower end of the recommended rate with the bulk of the payments being at least 95% of the rate. The Government has commissioned the ESRI to carry out some work on reviewing the calculations of the minimally adequate rates by revisiting the Commission's work and by examining recent data sources and also appropriate methods of uprating. This will inform policy makers on minimally adequate rates required to prevent poverty in the current economic climate.

In the Programme for Economic and Social Progress (PESP) (1991-93) there was a commitment to bring all payments to the Commission's interim priority rate. This was not achieved at that time, although it has subsequently been reached. The PCW also endorsed the notion of achievement of the Commission's recommended rates. These have not yet been fully achieved. The period 1997-99 offers the opportunity for Government and the social partners to ensure that a minimally adequate rate that reflects the current standards of living in Irish society is implemented.

Tax reform measures were outlined in the policy agreement reached by the three coalition partners<sup>27</sup>. The Agency welcomed those measures targeted directly at assisting the low paid. Some changes have since occurred in relation to the tax system. However, it is vitally important that any future tax reform should benefit low earners more than those in high income brackets. Key issues that remain to be addressed are; incentive to work, ensuring a minimum income and tax reform. Progressive tax reform is more important than tax cuts, as it is redistributive; it broadens the tax base, thereby producing greater equity.

26. This figure is based on up-rating the Commission on Social Welfare's rate of £50 in 1985 in line with inflation to 1995 and assuming an inflation rate of 2.2% in 1996 and 2.3% in 1997.

27. A Government of Renewal: Policy agreement between Fine Gael, The Labour Party and Democratic Left, December 1994

28. The Expert Working Group considered three options in the reform of Child Income Support; Integrated Child Benefit, Child Benefit Supplement and In-Work Benefit. However, the Group did not reach agreement in recommending one approach over another.

29. These problems are articulated in more detail in the Combat Poverty Agency's Submission on the 1997 Budget; Combat Poverty Agency, 1996.

### 5.3 Proposals for Changes in Policy

To overcome the problem of unemployment and poverty traps and to increase the take-home pay of low earners, a number of measures need to be undertaken by Government:

#### 5.3.1 Reform of Personal Taxation

Tax policies should be directed towards limiting and eventually abolishing the system of tax exemption limits. This should be done by increasing personal tax allowances at a rate faster than exemption limits, so that, over time, personal allowances will be brought up to a level comparable with those for exemption limits. This would have the benefit of improving the incentive to work, removing the poverty trap from the income schedule, increasing the income of the lower paid (non-tax exempt workers), promoting employment (particularly among the long-term unemployed), reducing welfare dependency, simplifying and rationalising the tax system and aligning tax allowances and welfare payments. Further examination of standard rated allowances and consideration of a system of tax credits is also warranted. As a first step personal tax allowances (inclusive of the PAYE allowance) should be increased to £3,575 for a single person and £7,150 for a couple, as part of a two year strategy of equalising tax allowances and exemption thresholds. In addition, tax reforms should aim to achieve a shift in the tax mix away from reliance on taxation of personal earned income.

Target: To increase personal tax allowances to £3,575 for a single person and £7,150 for a couple as part of a two year strategy of equalising tax allowances and exemption thresholds.

#### 5.3.2 Increase Social Welfare Payments

The Agency recommends that the minimum income standard recommended by the Commission on Social Welfare should be achieved and then uprated on the basis of the findings of the ESRI's work. This rate should also be reviewed periodically, as there will always be some people, who for various reasons, are unable to work but require an adequate social welfare payment. The current levels of social welfare payments are inadequate which increases dependency and lessens an individual's capacity to make the transition from welfare to work.

Target: To urgently achieve the minimally adequate rate for social welfare payments of £69.67 as recommended by the Commission on Social Welfare and to continually review adequacy drawing on up to date information and resources.

#### 5.3.3 Reform of Child Income Support

Unemployed families with children are most at risk of poverty traps and children are also at higher risk of experiencing poverty than adults. The reform of child income support should be a key priority for Government in improving the lives of low income families and children, while at the same time facilitating the transition from unemployment to work so that these families do not become trapped in poverty. The Agency strongly endorses the recommendation of the Expert Working Group on the Integration of Tax and Social Welfare in its report<sup>28</sup> that child income support should be a key element in any reform directed towards integration of both systems. Reform of child income support was also an important feature of the PCW. It stated that special attention would be devoted to reform and development of child income support and that its interaction with the tax system would be given particular attention. The decline in the size of the child population and a consequent reduction in the support requirement for children provides a demographic dividend to increase rates of existing support. The 1995 and 1996 budgets increased the rate of Child Benefit. However, Agency research has shown that the weekly costs associated with bringing up a child are on average £34.65 (1997 figures) and that these costs differ considerably depending on the age of the child. The Agency would argue that child benefit should be further increased by £7 per month in the years 1997, 1998, 1999 and the increase made liable for tax. A taxable child benefit provides a direct and effective method of assisting all low income families with children, irrespective of their source of income; it is neutral with respect to their work status or whether they are inside or outside the tax net. This would be part of a long-term strategy of replacing child dependant allowances and family income supplement and improving personal tax allowances and incorporating them into an integrated child benefit package. The long-term target would be to achieve a payment of £100 per month.

Target: To increase Child Benefit by £7 per month in the years 1997, 1998 and 1999 and to make the increase liable for tax in the short term.

In the longer term to introduce a fully integrated child benefit package and achieve a payment in five years of £100 per month.

#### 5.3.4 Reform of employee PRSI

Employee PRSI should be addressed under a new national agreement. Employee PRSI, in its current form, quite a regressive tax. The Agency recommends that the ceiling of £22,300 at which employees cease to pay social insurance be abolished. This would yield approximately £60 million. This funding could then be used to pay for the extension of the medical card to all children (see above).

Target: To abolish the ceiling for employee PRSI.

### 5.3.5 Housing Income Support

Currently, 39,000 households are in receipt of rent and mortgage supplements under the Supplementary Welfare Allowance scheme. Demands on the scheme have led to a number of problems<sup>29</sup> including the creation of unemployment and poverty traps. This is particularly true for those entering full-time employment who no longer qualify for supplements. The Agency proposes that the best approach is to introduce a means-tested scheme of housing income support which would be open to both employed and unemployed people. The scheme would incorporate a tapered withdrawal of benefit when income exceeds a basic eligibility threshold and should in the long-term, incorporate other forms of housing assistance including differential rents.

Target: To introduce a means-tested scheme of housing income support.

### 5.3.6 Broadening the Tax Base

There is a clear need to improve the current share-out of the tax burden, primarily by widening the tax base. One feature of the income tax system that requires reform is the prevalence of discretionary tax reliefs. The economic rationale for these reliefs is objectionable because higher rate tax payers gain more than other earners. These reliefs should be 'poverty proofed'. Action to widen the tax base by including income earned from property as taxable income should also be considered. Many problems have been highlighted in relation to the current mechanism for taxing property - the residential property tax (RPT). A more equitable and comprehensive system for imputing income from property should be explored. While recognising the perceived weakness of the current RPT from an equity point of view, it is critical that the tax is at a minimum, retained and ideally enhanced.

Targets: To 'poverty proof' discretionary tax reliefs.

To widen the tax base through retention and enhancement of the current residential property tax from an equity viewpoint.

### 5.4 Summary of Recommendations in Relation to Income Adequacy

1. To increase personal tax allowances to £3,575 for a single person and £7,150 for a couple
2. To urgently achieve the minimally adequate rate for social welfare payments of £69.67 as recommended by the Commission on Social Welfare and to continually review the adequacy of social welfare rates, drawing on up to date information and research.
3. In the short-term, to increase Child Benefit by £7 per month in 1997, 1998 and 1999 and to make the increase liable for tax.
4. In the longer term, to introduce a fully integrated child benefit package and achieve payment in five years of £100 per month.
5. To abolish the ceiling for employee PRSI.
6. To introduce a means-tested scheme of housing income support.
7. To 'poverty proof' discretionary tax reliefs.
8. To widen the tax base through the retention and enhancement of the current residential property tax from an equity viewpoint.

## 6. Tackling Disadvantage in Urban Areas

It is vital that the social partners continue to work at local level in partnership with the community and statutory sector to ensure that a co-ordinated response to local employment creation is developed. It is also crucial that the focus is on those most severely disadvantaged and marginalised.

### 6.1 Introduction

Throughout Ireland there are areas where concentrations of people live in poverty and experience cumulative disadvantage. The NAPS overview document<sup>30</sup> highlighted the reasons for the evolution of these areas as:

- a decline in unskilled employment
- a concentration of low-income groups, sometimes occurring because of the operation of housing policies and
- poor or inadequate provision of local services, facilities and amenities.

The operation of public housing policies in urban areas has contributed to the rapid concentration of the unemployed and low-income households within certain inner-city and suburban areas. These areas are characterised by high levels of unemployment, low education and skills levels, social welfare dependency, poor public transport facilities and physical decay. In addition, problems such as poor access to the labour market, industrial decline and dereliction add to the social and economic disadvantage that exists.

### 6.2 Progress to Date

Measures to stimulate local development, especially in disadvantaged areas, were a characteristic of the PESP and were continued and developed further in the PCW. The Local Development Programme outlined in the PCW is currently in operation and is being implemented through County Enterprise Boards, LEADER companies, Area Partnership Companies and local authorities. A mid-term review of the programme will take place at the end of 1996 and from that it will become more apparent what progress has been achieved. It is vital that the social partners continue to work at local level in partnership with the community and statutory sector to ensure that a co-ordinated response to local employment creation is developed. It is also crucial that the focus is on those most severely disadvantaged and marginalised.

### 6.3 Proposals for Changes in Policy

In order to tackle the cumulative disadvantage that exists in certain urban areas, action is required along a number of fronts. These include:

30. *Poverty, Social Exclusion and Inequality in Ireland*: Discussion Paper by the Inter-Departmental Policy Committee on the National Anti-Poverty Strategy, December 1995.

31. *Combat Poverty Agency, Submission to the Devolution Commission*, (unpublished) February 1996, Dublin: Combat Poverty Agency.

32. Measure 2 of the sub-programme outlines actions in complementary education and training and community development that includes training of tenants in the management of their housing estates (p. 71)-



### 6.3.1 Developing an Integrated Approach

Policies on regenerating disadvantaged areas should ensure that the focus is on those most severely disadvantaged and marginalised. In so doing, it is important that the following issues are addressed:

- devolution of decision making to the local level;
- local participation in decision making;
- targeting of specific disadvantaged groups at the local level e.g. long-term unemployed, Travellers, people with disabilities;
- co-ordination of local development initiatives to ensure an integrated approach;
- enhancing and developing the community development infrastructure through direct support for marginalised members of local communities.

Account should be taken of the work of the Devolution Commission which has been established to examine the role of the local authority sector. The Agency has made a submission to the Commission<sup>31</sup> which outlines issues for consideration in the re-shaping of local government.

**Targets:** To co-ordinate existing local development initiatives to ensure an integrated approach.

To ensure that the focus of local development is on those most marginalised and disadvantaged.

### 6.3.2 Urban and Housing Renewal

Local authority housing estates contain a high level of welfare dependent households. The resultant levels of poverty mean that tenants are financially unable to contribute to the maintenance of their housing and built environment. Considerable modernisation and improvement of housing and the surrounding environment is needed to improve disadvantaged urban areas. This will improve an area's chances of attracting outside investment. In addition, improvement of public transport services to central areas would improve labour market accessibility. Strategies for renewal of housing should incorporate the support of local authorities who clearly have a central role to play. The EU URBAN initiative which centrally involves local authorities and which has a physical component, should, in the Agency's view be considered in developing an approach to regeneration of local authority housing as it represents a positive approach to urban renewal.

Tenant estate management should be an integral part of Government policy on public housing. The three areas selected for the EU URBAN programme have outlined

proposals for tenant participation in estate management in their plans. Work has already taken place in areas like Tallaght, Ballymun and Limerick. The learning from these tenant management initiatives should be adopted at policy level and best practice extended to other areas. This could be done under the auspices of Sub Programme 2 of the Local Development Programme<sup>32</sup>. In adopting this approach it is vital that the principles of empowerment and participation of tenants underlie initiatives taking place and that there is partnership between tenants and local authorities in relation to its operation.

Traditionally, the government has relied on discretionary tax allowances to promote private investment in economic activity, eg. pension funds, business expansion, urban renewal, housing. These tax incentives have a significant cost in terms of reducing the tax base, as well as distributing income upwardly. To date, social criteria have not formed part of the performance indicators used to assess the outcome of tax incentive schemes. However, the Agency believes that it is reasonable to expect certain social outcomes from these incentives, in order to compensate for their 'dis-benefits' in taxation terms. As part of the National Anti-Poverty Strategy all government departments and agencies will be required to 'poverty-proof' their policies - thus all such schemes should have a social as well as an economic benefit.

**Targets:** To improve and regenerate local authority housing drawing on the experience of the EU URBAN Initiative.

To draw out the best experience from existing tenant estate management projects and to extend this to other local authority areas.

To require a social impact statement for all activities supported under the various discretionary tax incentive schemes.

### 6.3.3 Fuel Poverty

The Agency recommends that the issue of fuel poverty should be addressed in the National Agreement as it represents an important issue from the viewpoint of energy efficiency as well as the need for income support for low income families. Without significant improvements in existing housing stock there will be continued wastage of energy and a drain on the incomes of households dependent on welfare. Therefore, the Agency urges the implementation of a capital investment programme to improve housing stock with priority given to most deprived local authority areas. In addition, it recommends the continued provision of income support to welfare recipients through the National Fuel Scheme.

**Target:** To implement a capital investment programme to improve housing stock in deprived areas.

To continue support for low-income households through the National Fuel Scheme.

### 6.3.4 Crime and Drug Abuse

It has become increasingly apparent that Government will have to address more effectively vandalism and crime and the problems associated with drug addiction in close collaboration with local residents in disadvantaged areas. It is the Agency's belief that initiatives such as the Community Development Programme and the Local Development Programme could in the longer term, have a considerable impact on tackling the drugs problem. In this respect, the Agency recommends that state agencies should make existing drug programmes more community oriented in their intentions, structure and content. Measures must be adopted in particular to address the issues of drugs trafficking and abuse and crime levels.

The Agency welcomes the report from the Ministerial Task Force on Measures to Reduce Demand for Drugs and concurs with the view that relevant actions should include treatment services, education programmes in schools, youth and recreation facilities and local development initiatives such as estate management. The Agency believes that the Government needs to examine, in particular the causes of drug use and its links with poverty. This should include an examination of the effects of social segregation and concentration through the operation of public housing policies. It should also include a review of local community responses to the drugs problem and implementation of a community based strategy. It is vital that such resources are adequately resourced.

**Target:** To examine the causes of crime and drug abuse and the effects of current public housing policy on their increase.

To resource and support local community responses to drug abuse.

### 6.4 Summary of Recommendations in Relation to the Regeneration of Disadvantaged Areas

1. To co-ordinate existing local development initiatives to ensure an integrated approach.
2. To ensure that the focus of local development is on the most marginalised and disadvantaged.
3. To improve and regenerate local authority housing drawing on the experience of the EU Urban Initiative.
4. To draw out the best experience from existing tenant estate management projects and to use that experience to extend the initiatives to other local authority areas
5. To require a social impact statement for all activities supported under the various discretionary tax incentive schemes
6. To implement a capital investment programme to improve housing stock in deprived areas
7. To continue support for low income households through the National Fuel Scheme
8. To examine the causes of crime and drug abuse and the effects of current public housing policy on their increase.
9. To resource and support community responses to drug abuse.

## 7. Tackling Poverty in Rural Areas

A commitment should be made to implementing a development programme of social services and infrastructure in rural areas based on the principles of equity and fairness rather than purely economic criteria.

### 7.1 Introduction

Some rural areas exhibit a number of characteristics that together result in high levels of deprivation and poverty. These characteristics include: high levels of out-migration and its effects on local demography, the diminishing economic base and withdrawal of local services; the decline of primary industries; small unviable farms; low income and a dependence on social welfare, unemployment and under-employment, sub-standard housing, isolation of old people and women through lack of transport and access to financial resources; poor transport infrastructure and inaccessibility of public transport; increasing centralisation of services leading to closures of primary schools, post offices, Garda stations; limited health and social services provision and low levels of development activity with an anti-poverty focus.

### 7.2 Progress to Date

The PCW proposed that Government would review the problem of low-income farming families. This has not yet been undertaken. It also reinforced the National Development Plan's overall strategy aimed at increasing economic growth and placing increased emphasis on harnessing local community leadership and local initiatives on the rural economy through the Operational Programme for Local Urban and Rural Development.

### 7.3 Proposals for Changes in Policy

In tackling poverty in rural Ireland a number of key concerns have been identified as follows<sup>33</sup>.

- it is not necessarily areas or whole communities which are deprived, but rather particular groups and individuals within communities, especially those who lack access to land and property, have low levels of education and experience difficulties in finding employment;
- while poverty is more diverse and less visible in rural areas this does not mean that it does not exist. This strengthens the case for targeting responses towards certain groups of people and not just areas;
- although the majority of rural people who are living in poverty are not living in areas of high concentrations of poverty, there are considerable concentrations in local authority housing estates, usually situated on the outskirts of small towns and villages;

- small farmers who are under-employed and continue to work economically unviable holdings are at a high risk of poverty;
- there is a need to challenge the perceived trade-off between the need to maximise efficiency at the national level and equity considerations at more local level. This scenario is particularly evident in relation to the provision of services and infrastructure where policies and provision should respond to local needs based on the principles of equity and fairness rather than purely economic terms;
- the need to recognise that national, EU and global developments contribute to the uneven life chances of rural residents. This points to the need for changes in structural policies at national and possibly European level to complement current area-based initiatives. This could include, for example, better co-ordination of services at a national level and the decentralisation of some services to a more local level.

Specific proposals are recommended as follows:

#### 7.3.1 Low Income Farming Families

The Agency recommends a review of the needs of and issues for low income farming families. There is an urgent need to ensure that welfare support to low income farmers and other rural inhabitants is provided at an adequate level. In conjunction with this there is a need to maintain and create off-farm employment opportunities in rural areas and to encourage industrial development in rural areas. Greater redistribution of opportunities is also required in relation to job creation and enterprise.

Target: To undertake a review of low income farming families.

To encourage the creation of off-farm employment opportunities.

#### 7.3.2 Community Capacity Building in Rural Areas

The Agency argues for the need for capacity-building and community development in local rural communities that are particularly disadvantaged. At present, the rural development focus is mainly on economic regeneration. (LEADER does have a capacity-building dimension but this needs to be strengthened). However, unless this is accompanied by a strong social development focus, local development initiatives will not benefit the most marginalised people in rural areas.

Target: To ensure that sufficient resources are allocated for community capacity-building in

rural areas through programmes such as LEADER and the Local Development Programme.

#### 7.3.3 To Maintain and Improve Service Provision and Infrastructure

A commitment should be made to implementing a programme of social services and infrastructure in rural areas based on the principles of equity and fairness rather than purely economic criteria. This may involve supporting various pilot initiatives in rural areas with a view to incorporating lessons into mainstream policy. For example, FORUM in Connemara was supported under the EU Poverty Programme to address the issue of social exclusion in the rural context. A considerable proportion of their work was in improvement of service provision in particular in relation to transport and health care. In service provision, government departments need to develop a more co-ordinated and integrated approach to delivery.

Targets: To 'poverty-proof' service provision in rural areas.

To support local initiatives which improve service provision and delivery in rural areas.

To co-ordinate the work of government departments and agencies at the local level to ensure an integrated approach.

### 7.4 Summary of Recommendations in Relation to Rural Poverty

1. To undertake a review of low income farming families.
2. To encourage the creation of off-farm employment opportunities in rural areas.
3. To ensure that sufficient resources are allocated for community capacity-building in rural areas through programmes like LEADER and the Local Development Programme.
4. To 'poverty-proof' service provision in rural areas.
5. To support local initiatives which improve service provision in rural areas.
6. To co-ordinate the work of government departments and to develop a more co-ordinated and integrated approach to delivery.

33. Haase, T. (1996) Rural Poverty and Social Exclusion, Paper prepared for the National Economic and Social Forum.

## 8. Developing the Anti-poverty Infrastructure

The success of any strategy to address poverty will crucially depend on the involvement of strong local community groups in the planning and management of initiatives.

### 8.1 Introduction

In addition to making recommendations on specific policy areas the Agency believes that it is also important to put in place structures and mechanisms that will underpin anti-poverty work over the course of the next national agreement. In this regard three things are important. First appropriate structures need to be put in place to support anti-poverty work in government departments and agencies. Secondly, the development of effective policy needs to be underpinned by the availability of high quality data and analysis. Thirdly, the expertise of those directly affected by poverty and social exclusion must be built into the process of developing and implementing policy.

The success of any strategy to address poverty will crucially depend on the involvement of strong local community groups in the planning and management of initiatives. In some of the most disadvantaged communities that infrastructure is very weak. In undertaking this work due regard should be given to the principles which underpin the NAPS. These are:

- ensuring equal access and participation of all;
- guaranteeing the rights of minorities especially through anti-discrimination measures;
- reducing inequalities and in particular addressing the gender dimension of poverty;
- developing a partnership approach;
- actively involving the community and voluntary sector;
- encouraging self-reliance and empowerment;
- engaging in the consultative process.

### 8.2 Progress to Date

The Agency believes that those most excluded should be active partners in decision-making on policies that will effect their quality of life. The model of partnership identified in the Local Development Programme presents an opportunity for community involvement and has been developing since its inception in 1991.

### 8.3 Proposals for Changes in Policy

In relation to the development of an anti-poverty infrastructure the Agency proposes actions along a number of fronts.

#### 8.3.1 Developing the NAPS Infrastructure

The Agency believes that if the NAPS is to be successfully implemented it is important that appropriate institutional mechanisms are put in place to support its implementation and that those are adequately resourced and that consultation with communities of disadvantage is ongoing. This requires that resources are available to support and develop this process.

Target: To adequately resource support structures for the implementation of the NAPS including supporting and resourcing consultation with and empowerment of the socially excluded through the NAPS process.

#### 8.3.2 Primary Data Collection

An important consideration in the development of the anti-poverty infrastructure is the need for resources for primary data collection to monitor the implementation of NAPS and to review levels of poverty in Ireland over time. As indicated in the recent external review of the Agency<sup>34</sup>, the Agency should, in consultation with the Department of Social Welfare, be given responsibility and funding for this primary data collection.

Target: To provide resources for primary data collection on poverty.

#### 8.3.3 Supporting Existing Work

The Agency recommends that the work undertaken in the Department of Social Welfare's Community Development Programme and supporting work with women's groups should be continued and expanded as it represents a valuable contribution to the development of the community infrastructure. The work has the capacity to improve the quality of life of those in poverty, empower them to help bring about change in their circumstances and to inform and influence government policy.

Target: To support and expand the Community Development Programme and the work with women's groups.

To establish a Developmental Community Arts fund to resource groups in disadvantaged areas.

In addition resources should be provided for community arts as it has an important role to play in the regeneration of disadvantaged communities. A Developmental Community Arts Fund should be set up to resource groups in disadvantaged areas to enable them to undertake personal and/or community development work through the arts.<sup>37</sup>

#### 8.3.4 Support for National Networks of Disadvantaged Groups and Individuals.

It is clear from the experience of the pilot programme of support for national networks that core support makes a significant contribution to the practical roles which these networks play both in developing and supporting their memberships and in making their concerns heard at policy level. A clear programme approach for core support of

national networks, characterised by clear criteria and mechanisms for inclusion, monitoring, review and evaluation, with a support and developing budget, and accountability should be established. The estimated cost for this programme is approximately £300,000 per year.

Target: To provide funding of £300,000 per year for a programme of support for national networks.

#### 8.3.5 Strengthening the Capacity of the Combat Poverty Agency

A recent review of the Agency undertaken by Goodbody Economic Consultants on behalf of the Department of Social Welfare concluded that the Agency had established itself as a significant source of expertise in anti-poverty policy and research in Ireland and has been effective in supporting the development of an anti-poverty infrastructure.<sup>35</sup> The review concluded that the effectiveness of the Agency could be enhanced by the allocation of extra resources to the Agency and calculated that a minimum of four extra permanent posts are required if the Agency is to effectively carry out its remit. These posts should be made available as a matter of urgency to strengthen the capacity of the Agency to carry out its functions effectively.

Target: To resource additional posts for the Combat Poverty Agency as recommended in the recent review to enable the Agency to effectively carry out its remit.

### 8.4 Summary of Recommendations in Relation to Developing the Anti-Poverty Infrastructure.

To develop and enhance the community infrastructure the Agency recommends the following:

1. To adequately resource support structures for the implementation of the NAPS including supporting and resourcing consultation with and empowerment of the socially excluded through the NAPS process.
2. To provide resources for primary data collection on poverty in Ireland.
3. To support and expand the Community Development Programme and work with women's groups.
4. To establish a Developmental Community Arts fund to resource groups in disadvantaged areas.
5. To provide funding of £300,000 per year for a programme of support for national networks of disadvantaged groups and individuals.
6. To resource additional posts for the Combat Poverty Agency to enable it to effectively carry out its remit.

34. Partnership has emerged as an important aspect of the policy-making process and has underlined national agreements since 1987. The shift towards a more participative form of democracy is evident in the range of new structures that have emerged at the local and national levels. It is important that these structures continue to ensure the access of individuals to decision-making.

35. Report to the Minister for Social Welfare of the review of the Combat Poverty Agency (1996) Dublin Stationary Office.

36. *Ibid*

37. More detailed proposals are contained in *Creating Change: A Strategy for Developmental Community Arts*, Combat Poverty Agency, 1996.



## COMBAT POVERTY AGENCY

Bridgewater Centre,  
Conyngham Road,  
Islandbridge,  
Dublin 8.

Tel: 01 6706746

Fax: 01 6706760