

What impact will Budget 2021 have for people struggling on a low income?

Case studies based
on real-life examples
to illustrate the impact
of the Budget on
the people SVP assist.

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Society of St. Vincent de Paul



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The purpose of this booklet is to get behind the numbers to assess the real impact of Budget 2021 on the lives of people struggling to make ends meet in Ireland today.



Society of St. Vincent de Paul

Sarah's Story

Sarah* is a lone parent with two children, a boy aged 9 and a girl aged 11. They live in a city and recently moved out of homeless accommodation, where they spent the previous eight months. They are now in private rented accommodation and are in receipt of HAP (Housing Assistance Payment). They pay a differential rent of €36 to the local authority and €50 top-up to the landlord every week. When the family first moved into emergency accommodation, Sarah wanted to keep her children in their school to give them some stability and consistency. This involved a two-hour commute on public transport (two buses), so she had to give up her minimum wage job.

The family is now in receipt of the Jobseekers Transitional Payment (€203 + €72 for her children). They have no savings to fall back on and are in debt to a moneylender for €800 after purchasing a tablet to help her eldest daughter keep up with her school work during lockdown and the cost of furnishings when they moved into their rented accommodation. When schools closed due to COVID-19, she had additional food and utility expenses on her pre-pay meter which made it more difficult to afford the HAP top-up and is in rent arrears. She is now worried about becoming homeless again in January when the limited protections for renters are due to come to an end.

Sarah wants to go back to education to become a social worker but can't study full time due to her caring responsibilities so won't qualify for SUSI.



Impact of Budget 2021

Next year Sarah will receive an extra €4 per week as the social welfare payment for her children increases from January. This will increase to €7 per week when her youngest child turns 12 in July. The increase in the Fuel Allowance will add an extra €98 to the annual household budget. This is welcome and will ease some of the pressure on the family's budget but the increase in the cost of electricity, the Public Service Obligation levy, carbon tax and food - in the case of a no-deal Brexit - could wipe much of this increase out. The interest on her moneylender debt alone will eat up 50% of this annual increase in income.

While the payment of the Christmas bonus will lift some of the pressure at what can be a very stressful time of year, the threat of homelessness will likely still hang over the family as the Budget failed to deliver any supports for households in arrears on their rental payment. Even if they can remain in their home, they will continue to cut back on basics to pay the unsustainable top-up as the HAP limits will remain unchanged in 2021. The Budget does however offer some hope that Sarah and her family will be able to access social housing in the future.

Sarah may have to go into debt again next year to meet the back to school costs as the Budget failed to invest in free schoolbooks or address the issue of "voluntary" contributions. Her hopes of going back to education may still be out of reach as SUSI will not be available to students who want to study part-time.

If Sarah can return to her minimum wage job in the hospitality sector next year, she will receive extra support under the Working Family Payment and have more take up pay but the maximum subsidies she can receive under the National Childcare Scheme will remain unchanged at €64 per week, well below the true cost of after-school care.

What would have made a real difference to Sarah's family?

- Increasing core social welfare rates, alongside the increases for qualified children, addressing the income adequacy of the entire household and helping the family meet the cost of basics next year.
- An ambitious programme of public housing delivered by Local Authorities and Approved Housing Bodies offering real stability and security for Sarah and her children.
- Free childcare, including after school care, for low income families to support parents like Sarah to get back to education and work.
- Making SUSI available to students who need to study part-time.
- Investing in free schoolbooks and adequate school funding to end the practice of “voluntary” contributions.
- Restoring the Fuel Allowance to a 32-week payment period and introducing a Government subsidized social tariff to compensate from current and future increases in environmental taxes and energy price increases.



Mary's Story

Mary* is in her early 70s and lives alone in a local authority house just outside the small-town centre. She is in receipt of the non-contributory pension (€237), the living alone allowance (€14) and fuel allowance (€24.50 per week during winter months).

She has mobility issues, and her town has no public transport. She has an old petrol car which she uses to get to the supermarket, hospital appointments and to visit her grandchildren who live 45km away but she is worried it might break down as she couldn't afford for it to be fixed and she struggles to afford a tank of petrol.

Her home is very old and poorly insulated, and the gas boiler is inefficient so she has to spend more than she should for energy. She has a large gas bill from March and April when the COVID restrictions were in place and she was at home more.

Usually, in wintertime she has to rely on the open fire to keep her warm and on very cold nights she sleeps in the sitting room.



Impact of Budget 2021

Mary has received two bits of good news about her income: she will receive €5 a week more from the Living Alone Allowance which is now €19 a week, and in the colder months she will get more money from the Fuel Allowance.

The Fuel Allowance has increased by €3.50 to €28 per week for 28 weeks of the year. This is welcome, but her fuel costs will also go up from next May when the carbon tax goes up by 29%: her gas will be more expensive and the coal for her fire will also go up. The 130% increase in the PSO levy, which took effect from October 2020, will already add almost €50 extra to her electricity bill. Mary would also like to have seen the Fuel Allowance go back to being paid for 32 weeks a year, especially now that Covid-19 restrictions mean she is at home more and uses more heating.

Mary's home, which is rented from the local authority, could now be made more energy efficient through deep retrofitting for social housing. This is welcome as it would help in the long term to bring down her energy costs and make sure she stays warm all year round. However, in the short term she will still struggle, and the large energy bill she built up during lockdown is a big worry as she has no way of paying it off. Because of the carbon tax Mary will see the cost of a tank of petrol go up. There is currently no public transport in her town so she will still have to drive to make her essential journeys and visit family. She would be happy to use a bus if there was a good regular service in her area but there have been no announcements that this is coming.

What would really have made a difference to Mary?

- Investment in affordable rural public transport so that people have a genuine alternative to driving long distances.
- More support with the cost of energy. Restoring the Fuel Allowance to 32 weeks a year and introducing a Government subsidised social tariff to compensate for current and future increases in environmental taxes and energy price increases.
- Support with lockdown-related household debt. Mary will struggle to pay off her large gas bill if there is no debt relief in place.

Tom and Kathryn's Story

Tom and Kathryn* have four children (age 5, 10, 12, 17) and are living in a rural area. They are owner occupiers and have a monthly mortgage repayment of €620. Tom works full-time and commutes to a large town which is an 80km roundtrip every day. His net income is €553 per week but the family also qualify for the Working Family Payment and receive €169 per week, along with Child Benefit. However, for a family of six this doesn't allow them to build up any savings and they have to make difficult decisions week to week. Their youngest child was recently diagnosed with Autism and SVP helped pay for a private assessment as they had been waiting over a year and a half in the public system.

Their initial application for the Domiciliary Care Allowance (€309 per month) was turned down and they are appealing the decision. Getting him to his appointments involves numerous car journeys and there is no public transport, so Kathryn bought a second-hand car using a credit union loan.

Despite qualifying for the Back to School Allowance and saving what they could from child benefit after paying for other essentials, they were unable to cover the school costs this year and contacted SVP for help.

When their eldest turns 18 in January they won't receive child benefit for him anymore despite still being in sixth year. He would like to go to college next year to study law but Kathryn and Tom are very worried they won't be able to afford it even if they qualify for SUSI due to the costs of him living away from home.



Impact of Budget 2021

Tom and Kathryn's family won't see an increase in their income as a result of this year's Budget choices as the family will see no increase in the Working Family Payment as the €10 increase in the thresholds only apply to households with up to three children. There is no additional payment for children in the Working Family Payment so they won't benefit from the extra money for Qualified Children announced in the Budget. On top of that, they will be hit by higher fuel costs due to the increase in the carbon tax, and as they aren't eligible for the Fuel Allowance this additional cost won't be offset – it will have to come out of their pockets.

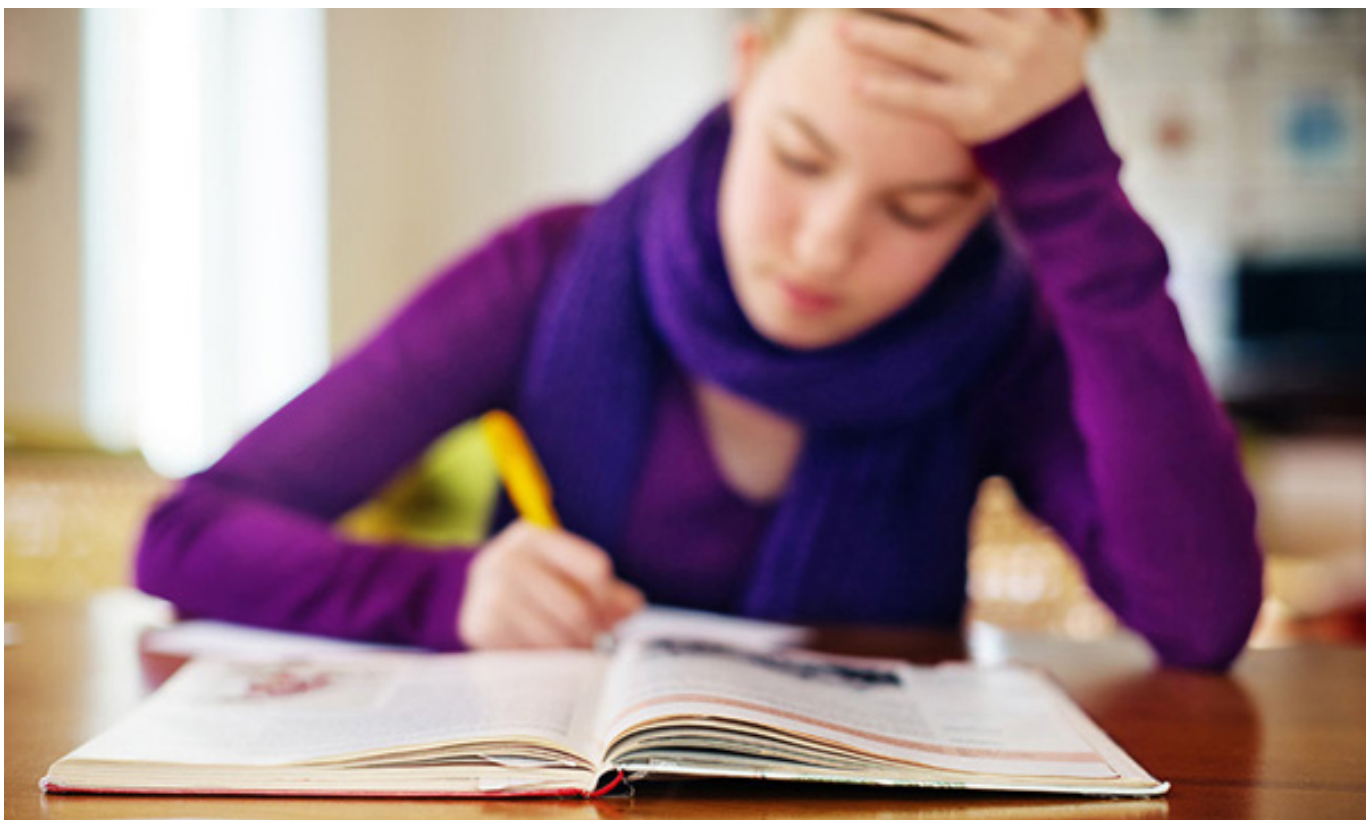
There won't be any new support for the costs of their youngest child's appointments, or the cost of going to school so Tom and Kathryn will still have to find money to go to medical appointments and put in extra money each year to bridge the gap between the Back to School Allowance and the real cost of education.

If their eldest son does go to University, the cost will still be a struggle for the family as SUSI grants have not been increased to reflect the cost of living.



What would really have made a difference to Tom and Kathryn's family?

- Widening eligibility for the Fuel Allowance to households on the Working Family Payment so there would be some compensation for increases to the carbon tax.
- Investment in affordable rural public transport so that people have a genuine alternative to driving long distances.
- The family would be helped by an end the 'voluntary' contribution system in non-fee paying primary and secondary schools – capitation grants need to be increased. They would also have benefited from increased investment in a free schoolbooks scheme.
- Making child benefit payable up until the end of secondary school regardless of age.
- If there was an increase in hospital/health care discretionary funds, Tom and Kathryn could access support for low-income individuals and families under financial pressure due to health and hospital-related charges.
- Increase the value of the SUSI maintenance grant to 2011 rates to respond to higher cost of living.



Paul's Story

Paul* is in his early 30s living in a private rented city centre apartment. His rent is a €1,000 per month. Up until March 2020 he worked as a bar manager but hasn't been back to work since the COVID restrictions were put in place. He now receives the Pandemic Unemployment Payment with little prospect of regaining his previous employment.

Rent arrears have accrued. Paul's landlord was reluctant to fill out the Rent Supplement form thus delaying the process for him. Despite Paul signing a self-declaration form and sending to the Residential Tenancies Board, he is unsure how he can address the rent arrears. He has no savings and no extended family. This is causing him a lot of stress and worry.

SVP members have been supporting him with paying for food and utilities. He would like to go back to college and reskill, however, he is so anxious he may become homeless next year when the current protections for the rental sector finish, he finds it difficult to concentrate on anything else or make plans.

Impact of Budget 2021

After the Budget 2021 announcements Paul's core income will not change. He will continue to receive €300 under the Pandemic Unemployment Payment. This year Paul will be entitled to a Christmas Bonus as he is in receipt of the PUP payment for more than four months. While this will help Paul with the additional expenses incurred around Christmas time it will do little to ease his financial worries. The Budget has committed to delivering 400 cost rental units, but it is not clear if they will be affordable for people on low incomes such as Paul. Given the scale of housing need in Irish society currently, a much larger investment would be needed to ensure affordability for renters.

This budget won't address Paul's immediate housing needs as there were no measures introduced to support tenants who have accrued rent arrears as a result of income loss due to Covid-19. This will likely be a huge disappointment and worry for Paul as he is unsure how he can address the rent arrears on his limited income. He has no savings and no extended family to support him financially or otherwise. There has also been no change to rent supplement levels.

The worry of eviction after the tenancy protections for the rental sector finish in January 2021 unfortunately remain for Paul. There has been an increase in funding allocated to mental health services but with no universal health care system in place, it is likely that if Paul does seek help for his anxiety and stress, he will go on a waiting list for supports.

A funding package to reskill and upskill people affected by the pandemic may assist Paul. However, he has said he does find it difficult to plan for his future while there is so much uncertainty surrounding his tenancy.





Overall, it is very likely that Paul will be left feeling disappointed and worried that his tenancy and income situation will be left unchanged despite been one of the thousands of people disproportionately affected by necessary Covid safety measures

What would have made a real difference to Paul?

- An adequate financial, guidance and support package for tenants who are in rent arrears.
- Sufficient funding to roll out a cost rental model on scale with affordability as a key objective.
- Increasing the Pandemic Unemployment Payment to its previous level of €350 to 2021 or until a person secures alternative employment or returns to working full time in previous employment.

****Although names and some details are changed to protect anonymity, the case describes the real lived experience of people and families who have sought help from SVP to meet the basics this year.***



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