

# Budget 2025 Analysis



## MISSION STATEMENT

*“The INOU is a federation of unemployed people, unemployed centres, unemployed groups, community organisations and Trade Unions. The INOU represents and defends the rights and interests of those who want decent employment and cannot obtain it. We promote and campaign for policies to achieve full employment for all. We also campaign for an acceptable standard of living for unemployed people and their dependents. The INOU is an anti-sectarian, anti-racist, non-party political organisation which promotes equality of opportunity within society.”*

## INOUE

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On Tuesday, October 1<sup>st</sup>, 2024, the Government announced Budget 2025 and stated that from January 2025 they would increase core weekly social welfare rates by €12, bringing the maximum personal payment for someone on a Jobseeker’s Allowance and aged over 25 up to €244. Anyone aged under 25 on a Jobseeker’s Allowance payment will receive a maximum payment of €153.70, unless they are living independently with State support, and then their payment could be up to €242. Income adequacy is a key issue for the INOU, and though the budget announcements are less than we had sought, they are at least a move in the right direction.

In the Social Welfare Bill, they are proposing doubling the penalty rate for people on a Jobseeker’s payment who do not engage with employment / activation services to €90, 37% of the maximum rate from January 2025. When the current penalty rate was introduced, it was 23% of the maximum core payment. Ireland may technically be at full employment, but it is important to note that this is an economics’ term applied when Ireland’s unemployment rate falls below 5%, it does not mean that everyone who is seeking employment will find it, as there are many barriers to entering the labour market, including duration of unemployment. In our Pre-budget submission we called on the Government to “Ensure that employment services are person centred and work with people in a supportive and pro-active manner, working with people so that they can avail of the most appropriate option for themselves.” This would be a more constructive way to engage with people who remain unemployed.

For people who have been on a Jobseeker’s payment for at least a year and are in receipt of the Fuel Allowance, a lump sum of €300 will be paid in the winter of 2024. Two double payments for long-term social welfare recipients will also be made, the first in October and the second in December, traditionally known as the Christmas bonus.

The Working Family Payment Threshold will increase by €60 in 2025; while in November 2024, there will be a €400 cost of living lump sum payment to all families getting this payment.

In their post budget analysis, the ESRI noted that “Taking the last five budgets together, we find that, compared to a scenario of income-indexed budgets since 2020, households are slightly worse off, by around 0.7% of disposable income. However, accounting for the value of initiatives such as free schoolbooks and meals, rolled-out over that period, average losses are lower, at 0.3% of disposable income. This illustrates that, although they do not form part of the traditional tax-benefit system, non-cash benefits such as schoolbooks and meals can have a measurable impact on household incomes.”

On October 3<sup>rd</sup>, 2024, the Minister for Social Protection, Heather Humphries TD, signed the commencement order for the new Jobseeker’s Pay-Related Benefit to start on 31<sup>st</sup>, March 2025. In the press release the Department noted that “The existing Jobseeker’s Benefit scheme is being retained for people who may not be eligible for the new scheme because they are working on a part-time, casual, short-time or seasonal basis.”

### INOUE 2025 Budget Analysis covers:

- ☞ Adequate Income
- ☞ Supportive Employment Services
- ☞ Employment and Programmes
- ☞ Education and Training
- ☞ Community Based Organisations



# Adequate Income

## FROM BUDGET 2025 INOU ASKED:

- ☞ Increase Social Welfare payments by €20, and adjust related supports so that people do not lose this increase through, for example, an increase in their differential rent.
- ☞ To make inroads into addressing child poverty increase the Qualified Child Increase by €6 per week for children under 12 and €15 per week for children over 12.
- ☞ Facilitate earlier access to the Christmas Bonus and the Fuel Allowance for people on Jobseeker's Allowance and Supplementary Welfare Allowance.
- ☞ Retain the current Jobseeker's Benefit payment for people for whom the new Pay Related Jobseeker's Payment would result in a lower income payment.
- ☞ Increase the capital means test on a Jobseeker's Allowance payment from €20,000 and €10,000 to €35,000 and €17,500, and apply this change to SWA as well.
- ☞ Develop a social welfare health check that proactively informs people of available and appropriate supports and services.
- ☞ End the age segregation still evident in the Jobseeker's Allowance payment.

## In Budget 2025 the Government announced:

- ☞ The personal rate for social welfare recipients will increase by €12 per week from January 2025, bringing Jobseeker's Allowance for people aged 25+ up to €244. The Increase for a Qualified Adult (IQA) will rise by €8 to €162 per week.
- ☞ Qualified Child Increase, now called 'Child Support Payment increase', will rise by €4 for children under 12 and by €8 for children 12 years+. In November, 2024 a cost of living lump sum payment of €100 will be paid for each qualified child.
- ☞ No change in eligibility criteria. There will be an additional social welfare payment in October and December for long-term recipients. A lump sum of €300 will be paid in winter 2024 to Fuel Allowance recipients.
- ☞ Jobseeker's Pay-Related Benefit Scheme will start March 31st, 2025, and will apply to all new applications thereafter. Like the Pandemic Unemployment Payment (PUP) there will be no Qualified Adult Increase or Child Support Payment increase on this new payment. We understand that the current Jobseeker's Benefit scheme will be retained for people who may not be eligible for the new scheme because they are working on a part-time, casual, short-time or seasonal basis.
- ☞ No new announcements.
- ☞ No new announcement.
- ☞ No new announcement. Anyone aged under 25 on a Jobseeker's Allowance payment will receive a maximum payment of €153.70. While anyone aged under 25 living independently with State support will receive up to €242.



# Supportive Employment Services

## FROM BUDGET 2025

### INOU ASKED:

- ☞ Ensure that employment services are person centred and work with people in a supportive and proactive manner, working with people so that they can avail of the most appropriate option for themselves.
- ☞ Pro-actively provide individuals and communities most disadvantaged in the labour market with tailor made supports to address their issues, including high support wrap around services.
- ☞ Resource the provision of good career and employment guidance to support unemployed people, regardless of whether or not they are on a payment, to make informed choices.

In Budget 2025 the Government made no new announcements on these three asks, however in Section 15 of the Social Welfare Bill they propose doubling the penalty rate for people who do not engage with employment / activation services to €90. So, a single person on the maximum Jobseeker's Allowance rate could be left trying to survive on €154 per week. Penalties should only ever be used as a last resort; proactively supporting people who are vulnerable in the labour market would be a more constructive way to proceed, assisting people to make meaningful choices.

- ☞ In [Understanding Life in Ireland: The Well-Being Framework 2024](#) the Government noted that *“While performance is positive on average, it is important to recognise that not everyone feels this progress evenly, and a number of groups perform less well than the average across a number of areas - in particular, this year, single parent households.”* (p4)
- ☞ Under the theme *Well-being and Equality* the report notes that the *“CSO Well-being Information Hub reports each indicator by different groups, allowing the identification of groups that perform less well than other comparable groups across multiple dimensions. This year’s report has identified women, immigrants/non-Irish, unemployed people, people with long-term illness or disability, single-parent households, households with lower incomes, and households in rented accommodation.”* (p9)
- ☞ Further on in the report, again under the theme *Equality*, it notes that *“The CSO Well-being Information Hub also reviews each indicator by specific cohorts chosen for relevance, research and data availability. An examination of this data shows several cohorts that experience inequality across a high proportion of indicators. These are women, single-parent households, immigrants/non-Irish, unemployed people, households with lower incomes, households in rented accommodation, and people with long-term illness or disability.”*
- ☞ In Chapter 16 of the *Budget 2025 Expenditure Report*, which deals with the proposed expenditure of the Department of Social Protection (DSP) next year, it states that €657.2m will be spent on Employment Supports. This represents 2.4% of the DSP total expenditure. According to the Revised Book of Estimates 2024, the planned expenditure for the current year was €655.2m, representing 2.6% of total estimated expenditure.



# Employment and Programmes

## FROM BUDGET 2025 INOU ASKED:

- ☞ Facilitate employment programme participants to access their most meaningful learning option.
- ☞ Given the cost of participation on employment programmes, support participants to meet them by increasing the additional payment on these programmes by €10.
- ☞ Facilitate people signing on for credits to access Community Employment and Tús programmes.
- ☞ Support people to address the initial costs of taking up employment by introducing a travel card or a voucher system if people are living in areas with few public transport options.
- ☞ To further support participation improve access to affordable and accessible childcare and eldercare.
- ☞ Introduce a work-friendly Social Welfare system for Jobseekers based on hours worked rather than days worked. Increase the daily earnings income disregard for JA to €25 per day for both the main claimant and qualified adult equally.
- ☞ Extend the Back to Work Enterprise Allowance to three years - pay 50% of the participant's social welfare payment in the third year.
- ☞ Extend the Back to Work Family Dividend by one year - a quarter rate QCI in that year.
- ☞ Add socio-economic status as a ground in Ireland's equality legislation.

## In Budget 2025 the Government made:

- ☞ No new announcements.
- ☞ The additional payment on Community Employment and Tús remains at €27.50. Payments on these programmes will increase in line with the changes in social welfare payments. The Work Placement Experience Programme will increase by €24 per week.
- ☞ People signing on for credits can access Community Employment, but no new announcement on the Tús programme.
- ☞ No new announcement. Minister Paschal Donohoe noted the *“continuation of temporary fare initiatives on public transport to the end of 2025, including the Young Adult Card for nineteen to twenty-five year olds and the ninety-minute fare”*.
- ☞ Chapter 3 of the *Budget 2025 Expenditure Report* focuses on the Department of Children, Equality, Disability, Integration and Youth, and under *Programme B: National Childcare Scheme*, they note the continued *“implementation of the National Childcare Scheme (NCS)”* with an additional spend of €160.7m. They go on to say that *“Approximately 216,000 individual children, including 3,000 children attending childminders will benefit from the NCS in 2025.”* (p61)
- ☞ No new announcement. There is a commitment in Pathways to Work 2021-2025 to *“Prepare a paper on options to modify the longer-term jobseeker assistance payment by utilising the Revenue real-time earnings data to adjust payment levels in line with a person's weekly earnings, to guarantee a basic income floor and ensure that in all cases a person's income increases when they work”* by Quarter 4, 2024.
- ☞ No new announcement.
- ☞ No new announcement.
- ☞ No new announcement. In the [Well-Being Framework 2024](#) it states that *“Alongside lower incomes, people who are unemployed have higher rates of reported depression, are less likely to have been in formal or informal learning, are more likely to have been discriminated against and have much lower levels of perceived social inclusion in comparison with other economic statuses.”* (p10)



# Education and Training

## FROM BUDGET 2025 INOU ASKED:

- ☞ Acknowledge the cost of participation in education and training and properly support adult learners to meet these costs to facilitate their participation.
- ☞ Provide good career and educational guidance to support people to access the most appropriate course.
- ☞ Ensure there is good signposting within and across the system so people of working age know where they can go to get the most appropriate supports and provision.
- ☞ Properly resource learning that focuses on personal and community development and presents learners with opportunities to address issues in their own lives.
- ☞ In planning for the increased digitalisation of work, ensure that unemployed people and vulnerable workers are supported to adapt and enhance their digital skills.

☞ Chapter 10 of the *Budget 2025 Expenditure Report* focuses on the Department of Further and Higher Education, Research, Innovation and Science. Under Programme A – Skills Development, the Government noted that *“The Further Education and Skills programme plays a central role in responding to the skills challenges the economy is facing and provides upskilling and reskilling opportunities to meet the needs of individual learners and the SME sector. Under this programme, the 2025 allocation, supported by the National Training Fund, will enable the Department to:*

- *Deliver skills requirements of industry with the continued growth of the craft apprenticeship system to 6,800 registrations in 2025, expand consortia-led apprenticeships, and further develop cross border apprenticeships;*
- *Support the transition to a single national apprenticeship system through essential enabling and pathfinder initiatives, including in IT and quality assurance;*
- *Drive a step change in workforce transformation through a SME Upskilling Incentive Scheme and address demand for upskilling in the Community, Voluntary and Social Enterprise sector; and*
- *Develop the construction and green talent pipeline required to address Government priorities for Housing for All and the Climate Action Plan.”*

☞ In Budget 2025 the Government made no new announcements on the first four of the INOU’s asks. It will be important that there is a strong inclusion focus to the ‘step change’ described in the third bullet point above if the INOU’s fifth ask to be met long-term.



# Community Based Organisations

## FROM BUDGET 2025 IN- YOU ASKED:

- ☞ Properly resource community groups in their work identifying and addressing the needs of people experiencing social and economic exclusion.
- ☞ Support the community and voluntary sector, an important entry point for people more distanced from the labour market, to play its part in supporting employment, education and training opportunities.
- ☞ Properly support community led social enterprises seeking to address exclusion from the labour market and improve access to affordable supports and services, including digital access and the investment to understand and adapt to the technological changes underway.

With a budget of only €0.5bn, the Department of Rural and Community Development (DRCD) is Ireland's second smallest spending department, yet its expenditure underpins important work in local communities, work on poverty, inequality and socio-economic exclusion carried out by a wide range of community, voluntary and charitable organisations.

- ☞ Chapter 15 of the *Budget 2025 Expenditure Report* focuses on the DRCD, and under Programme B – Community Development the report states that “*The aim of this programme is to promote and support the development of vibrant inclusive communities, and of the community and voluntary sector.*”
- ☞ And that under this programme, the 2025 allocation will allow the DRCD to:
  - *Continue and improve delivery of all of our community development schemes, with increased funding for the Social Inclusion and Community Activation Programme (SICAP), the Community Services Programme, and the ESF+ Social Innovation Fund.*
  - *Strengthen the community and voluntary sector through increased funding for volunteering, philanthropy and Public Participation Networks.*
  - *Increased funding under the Community Centre Investment Fund.*
  - *Continue to support the community response to new arrivals from the Ukraine and other countries. (p141)*

In Budget 2025 the Government announced additional funding of:

- ☞ €3m for the Community Services Programme; €2.5m for the Social Inclusion and Community Activation Programme and similar type supports; €1.6m for supports for Community and Voluntary sector; €1.6m for PEACE programme; and €1m for mentoring and development of social enterprises.
- ☞ Given the range and depth of issues to be addressed further funding increases will be required to develop and underpin social and economic inclusion and integration in Ireland.

