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Updated Analysis of Budget 2024

by Brian Harvey

The purpose of this commentary on the 2024 budget, announced 10th October, is to examine its impact on Non Governmental Organisations (NGOs), the voluntary and community sector and those whom they serve.[1] It first addresses the its social impact and then those spending lines that fund or most affect voluntary and community organizations. It is not an all-budget review and does not address tax changes. Readers are recommended the comprehensive review published by Social Justice Ireland (SJI). Full details, the *Revised Estimates,* will not be published for months yet and they will in time give us a bigger picture. The 2024 budget is set in the context of three great exogenous shocks:

- Austerity, 2008, with the sharp reduction in government spending disproportionately affecting voluntary and community organizations, -35% to -45%, with a 31% workforce reduction. This left a legacy of degraded pay and conditions for many voluntary organizations in health, social care and disability services, what are called §39 organizations. Although the government required them to share in cuts in pay and conditions in 2008, it prevented them from benefitting from their restoration, so many are still below post-2008 levels;
- Covid, 2020-2. Although its principal health impact has receded rather than disappeared, it had a severe impact on voluntary organizations and their fund-raising, not fully compensated by the relief packages, whilst increasing demands on them. The overall cost of Covid was €15.4bn (2020); €13.5bn (2021); €4.5bn (2022) and estimated at €1.3bn this year;
- The third, 2022, the war in Ukraine, which led to inflation in fuel, food and other commodities, as well as the arrival of refugees requiring assistance (94,000). Inflation returned to levels unknown since the 1970s and 1980s, with pernicious effects on living standards in general and operating budgets of NGOs in particular. Ukraine-related costs are €1bn (2022), €2bn (2023) and €2.5bn (2024).

This is a challenging environment for NGOs in general and members of The Wheel in particular. The events of 2008 were some of the most impactful on the voluntary community sector, unparalleled in Europe since 1948, so that year remains our anchor and reference point. The benchmark for government funding is €53.4bn in 2008, which will be €81.8bn in 2024, up 5.1% on €77.8bn 2023, marking the recovery in government spending since 2008 as 53.2%, more than half.[2]

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[1] The terms Non Governmental Organizations (NGOs) and the voluntary and community sector will be used interchangeably unless otherwise stated.
[2] Current spending by ministerial vote, p172 of Estimates.

Social impact of the budget

The government's approach, as in the 2023 budget, was to provide both *general* support in tax, welfare and spending, its traditional role, supplemented by *specific* help to enable people to respond to inflation, especially energy costs.

The headline increase was in social welfare payments (with € for scale) .

- €12 across-the-board social welfare increases (cost €910m);
- Extend Child Benefit to over 18s in full-time education (€21.6m)
- Extend school meals to non-DEIS schools (from April) (€42.5m)
- Pay-related benefit for job seekers (€5m)
- Extend free travel to those certified unfit to drive (€8.5m)
- Increase disregard for Carer's Allowance (€450 single, €900 couple) (€19.2m)
- Increase Domiciliary Care Allowance (€7.6m)
- Increase Qualified Child Allowance by €4 (60.0m)
- Increase income threshold for Working Family Payment (€1m)
- Extend Parents Benefit by two weeks (€10.3m)

and in a related decision, 25% reduction in childcare costs from September.

The specific responses to inflationary cost of living increases in the energy and related fields were, with amounts listed to scale their value:

- €450 energy credits in three installments (€900m)
- Second double week social welfare payment (January 2024) (€342m)
- Single double month of child benefit (€179m)
- €400 once-off payment to people on disability and related allowances (€138m)[3]
- €300 fuel allowance once-off payment (€123m)
- €200 Living Alone Allowance once-off payments (€47m)
- €100 Qualified Child Increment once-off (€37m)
- €1,000 reduction in third level fees and related (€250m), a recognition of student poverty.;[4]
- Foster care allowance double payment (€2m);
- Extension of youth travel card (€20m) (overall total €2,055m); and.
- Extension of 9% reduced VAT rate for gas and electricity for 12 months;
- Delayed reimposition of 6c diesel, 8c petrol taxes to April, August 2024.

[3] Carer's Support Grant, Disability Allowance, Blind pension, Invalidity Pension and Domiciliary Care Allowance

[4] Higher Education Student Contribution, Schools Capitation, School Transport, State Exam Fees.

In addition, there were a number of tax, income, wage changes and spending changes:

- Increase of minimum wage by €1.40 per hour to €12.70 per hour
- Increase of personal, employee PAYE and earned income tax income credit by €100;
- Standard income tax threshold raised €2,000 to €42,000;
- Reduction in the Universal Social Charge 4.5% rate to 4%, the first in five years; entry point raised to €25,760; oncession for those on a medical card and earning less than €60,000 extended to 2025; PRSI rise of 0.1%.
- Free School Books for all Junior Cycle students in Post Primary Schools in the free education scheme (€39m);
- 1,216 additional SNAs, bringing the total number close to 21,600 with 744 additional teachers for special education (€27m).

Departmental estimates are that the overall benefit to living standards from the core budget is 2.1%, divided roughly evenly between the tax reductions and the welfare-related increases, the proportions sliding from the top decile (1.4%) to the bottom decide (4.4% of which 4.2% is accounted by welfare related increases). By family type, lone parent families are the outstanding beneficiaries (3.8%). Turning to the cost-of-living and energy-related increases, the benefit is 1.9% overall, from 0.6% in the top decile to 6.6% in the lowest.

In probably the most innovative part of the budget, the government announced two 'future' funds:

- €100bn Future Ireland Fund by 2035 to 'to protect living standards and public services for current and future generations' and
- €14bn Infrastructure, Climate and Nature Fund by 2030 from windfall corporate taxes for investment in infrastructure in economic downturns and to support climate and nature related projects, including a climate and nature component over €3bn.

These are unusual examples of long-overdue anti-cyclical thinking in government, of saving funds for the future, against the traditional approach of 'when I have it, I spend it'. The Future Ireland Fund will 'make a contribution to the cost of healthcare, pensions, home care' and cited but did not evidence the 'considerable costs' of the ageing population, €7-8bn higher by the end of this decade.

The key question examined each year is the impact on the poverty line. The government is in the conmanding position of being able to reduce poverty by the manner in which it sets welfare payments above, at, or even below the poverty line. In the past, the government has directly used welfare payments to lift particular groups from poverty (e.g. old people, children). In numerical terms, the poverty line is €15,754 per annum or

€301.91 per week, so this is the reference mark for welfare rates.[5] In 2022, 13.1% of people were below the poverty line, 671,000 people. This is up from 11.6% in 2021, lower than 2009, but in the wrong direction.

Traditionally, it was the practice of the budget to provide generic, across-the-board *percentage* increases, which leave the 'balance of poverty' among the different groups unaffected. *Numerical* increases, though, are progressive in that they confer a slightly higher i advantage for those on lower incomes. The range of payments, though, is quite wide, ranging from the lowest, €230, to the highest, €287.30. If we look at some of the new 2024 weekly rates, these are, in descending order:

Table 1: Social welfare rates 2024

Contributory pension over 80	€287.30
Contributory pension under 80	€277.30
Non-contributory pension over 80	€276
Non-contributory pension under 80	€266
Disablement benefit	€263
Carer's Benefit	€249
Invalidity pension	€237.50
Jobseeker Benefit	€232
One Parent Family Payment	€232
Jobseeker Allowance	€232
Supplementary Welfare Allowance	€230

Nevertheless, with the poverty line at €301.91, all welfare rates are below the poverty line, the highest being 4.8% below the poverty line and the lowest 23.6% below. It cannot be said that the budget is used in a strategic way to reduce poverty. Those groups most affected by poverty had little salience in the budget, especially unemployed people, 35.6% of whom live in poverty, up from 23.2% in 2021, but the minister stated that the economy was characterised by full employment, although 115,700 are registered out of work.

The minister stated that the budget had 'a particular focus on tackling child poverty', the current rate being 15.2%, above the general line, the changes cited being the increase in home carer tax credit and single person child carer credit by €100 and increase in the incapacitated child tax credit of €200. He could have added at that point the single double week for child benefit, €140. However, child benefit, once the state's key instrument in tackling child poverty, is re-confirmed as permanently flatlined at €140, some 15% below its 2009 level of €166. A once-off double month is little compensation. Even with this, the annual value of the 2024 child benefit,

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[5] European Anti-Poverty Network (Ireland): *Submission on budget 2024.* Dublin, author, June 2023. The poverty line is determined, across Europe, as income of less than 60% of the median disposable income. In Ireland, the calculations are published by the Central Statistics Office.

€1,820 (13 x €140) is still below its 2009 value €1,992 (12 x 166) at a time when state spending is up 53.2%. Ultimately, the real value of these increases still has to be tested against inflation, which was 8% in 2022, predicted for 5.25% in 2023 and 2.9% in 2024.

Spending

The other half of the budget is the estimates, outlining what the government will spend over the next year, specifically in those fields where voluntary and community organizations are most active. They provide broad headings of spending and for the full effect of changes it will as always be necessary to await the publication of the revised estimates.

Health. Voluntary and community organizations receive more funding through the health budget than any other. The budget does not give the allocation for voluntary and community organizations, but they are available from the Health Service Executive Annual reports retrospectively. The HSE allocation for voluntary organizations in 2022 was €6.873bn (counter-trend, almost twice the €3.9bn mark in 2008). Note that this figure includes *all* non-State agencies including large hospitals, religious and institutional services which in most other European countries are provided directly by the state, but it does suggest that voluntary organizations shared in the general increase in funding. The health budget for 2024 is €22bn, compared to €20.9bn in 2023, with the Health Service Executive (HSE) budget rising from €13.25bn (2023) to €14.12bn (2024), so this is predictive of the level of increase which should be expected for voluntary and community organizations working in health and social care. What was missing from the budget though were measures to address the long-standing pay and conditions issues for those working in §39 voluntary organizations. During austerity, the government required them to observe the reductions of pay and conditions applying to the public service, but subsequently made it clear that they were not to benefit in their restoration. Looking at the even wide social policy picture wider picture, Ireland will remain the only European country without a national health service, with all the social consequences arising.

Housing. The minister described housing as 'the biggest domestic challenge'. Housing spending is €4bn, compared to €3.66bn in 2023, up 9%. Although the state spends considerable resources on housing, the question is not *How much is spent?* but *Where?* and its effectiveness in reducing the housing shortage and homelessness that impact so much on voluntary and community organizations and their clients. The critical issue is the level of investment in in local authority housing, the instrument most likely to substantially reduce homelessness and the shortage of low-income housing. From 1987, the Irish state disinvested in local authority housing, although it had been the principal instrument in addressing housing shortage since 1922. The housing waiting list rose from 17,737 in 1988 to 57,842 presently. In 2022, local authority housing construction was 1,666, down on 2021 (1,998) and 2020 (2,230) and a fraction of construction when Ireland had fewer resources. [6] Voluntary organizations delivered more than twice as many new homes in 2022 (4,949) (total 6,615).[7]

The government commitment is for 9,300 new-build social homes in 2024, which would be a substantial increase on 6,615 in 2022, though it is uncertain how this can be done. The budgetary announcements showed, instead, increased investment in private housing. The budget continued to emphasize the role of the private rented sector by the increasing the value of the Rent Tax Credit from €500 per year to €750 per year for 2024 and extending Rent Tax Credit for Rent-a-Room accommodation. There is temporary tax relief for small landlords, with rental income of €3,000 for the year 2024, €4,000 for 2025 and €5,000 for the years 2026 and 2027, disregarded at the standard rate. The budget gave commitments to 6,400 affordable rental and purchase homes; 10,200 new households on Housing Assistance Payment (cost: €525m for 74,000 tenancies); 1,400 new households on the Rental Accommodation Scheme (RAS) (cost: €111m for 16,000 tenancies) and 2,130 leased social home

Homelessness and Travellers. Homeless people have been significant casualties of housing policy over the past ten years. Historically, homelessness was in the 3,000 range from 1925 to 2014 (3,257 in 1925, 3,738 in 2014) but rose to 12,847 in July 2023.[8] Funding for homeless services in 2024 is set at €242m, compared to €215m in 2023, up 12.5%. Although voluntary organizations are most associated with these services in the public mind, most actually goes to less well-known or unidentified *commercial* providers, 65.8%. There is an allocation of €21m for Traveller accommodation in 2024, up 5% from €20m in 2023 and €18m in 2022, but 47.5% below its €40m level in 2008. The past year saw continued reports of the squalid conditions of Traveller accommodation and an alarming level of Traveller homelessness. Overall, the budget seemd to hold out little promise of an improvement of the situation of Travellers, homeless people or those on low incomes. There was no progress in the establishment an independent agency for oversee Traveller housing.

Development assistance. The budget for development assistance (‘poverty and huger reduction’) is €775m, up 8% on €715m in 2023. This covers both governmental and non-governmental assistance - but we are not given proportions, so this figure is of limited use.

Rural and community development. This is up 1%, €388m compared to €384m in 2023 but does not give us an indication of the NGO spending therein.

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[6] Dáil Eireann, Debates, 25th April 2023, Q316.
[7] Irish Council for Social Housing: Pre-budget 2024 submission. Dublin, author.
[8] Government of Ireland: *Commission for the Relief of the Poor.* Dublin, author, 1927. Figures for 1925.

Miscellany. There will be €2m more for the Reconciliation Fund and €600,000 for the Shared Island Civic Society Fund; and €2m for adult literacy and related activity.

The minister's speech made specific reference to voluntary and community organizations by increasing the funds available under the Charity VAT Compensation Scheme from €5m to €10m and gave a commitment to exploring how the tax system can be utilised to further support sports organisations to upgrade their facilities or develop new ones.

Turning to social protection, we have more details of social welfare spending than many others and these give us information on government priorities in social policy on selected headings. One of the largest is unemployment allowance (Jobseeker Allowance), which is expected to rise in 2024 from €1.942bn to €1.943bn. Some of the smaller headings are more important for voluntary and community organizations, especially those coming to them for advice, assistance from destitution, reentry to the workforce and those concerned with child poverty.

Table 1: Changes in social welfare-related budgets

Heading	2023	2024	Change
Supplementary Welfare Allowance (SWA)	€120m	€131m	+9.2%
SWA Additional Needs Payments (ANPs)	€66m	€68.6m	+3.9%
Community Employment (CE)	€366m	€345m	-5.7%
Rural Social Scheme (RSS)	€51.3m	€51.4m	+0.2%
Tús	€102.6m	€89.28m	-13%
Jobs Initiative (JI)	€11.54m	€10.9m	-5.5%
Back To Education Allowance (BTEA)	€49.08m	€35m	-28.7%
Back to school clothing footwear	€62.9m	€65.2m	+4.3%
School meals	€94.4m	€190m	+101%

By way of year-to-year reminder, one must be careful in interpreting these figures and not over-read them, for changes from year to year may reflect the changing nature of demand rather than changes in policy or resources. An interesting observation is that demand on several of these headings exceeded those predicted a year ago, leading to higher end-of-year 2023 figures, indicative of underestimated social pressures.

The most significant are the first two - and arguably one of the most overlooked aspects of our social welfare system - the 'safety net' system against deprivation. During the austerity period, as poverty rose, instead of spending *more* on poverty relief, the government adopted an anti-cyclical approach and spent *less*: Supplementary Welfare Allowance spending fell from €233m to €81m; while Exceptional (now termed Additional) Needs Payments (ANPs) spending fell from €82m to €30m (2009-14). For this year, SWA was originally set at €112m, but the end-of-year total was €120m. Now, at €131m, SWA spending is only above the halfway point of its (56%)

its 2009 level, €233m. ANPs were originally budgeted at €50m for 2023, but came in at €66m, positively indicating a responsiveness to the cost-of-living crisis. However, reset for €68.6m, they are still only 83% of their pre-crisis level of €82m.

If we look at the other winners and losers in the table, the big winner is school meals, to fund their welcome extension. Community Employment and the Rural Social Scheme continue at a generally stable level to provide work opportunities within voluntary and community organizations, but the reason for the reduction in Tús is unclear, as is the greater reduction in the Back To Education Allowance.

Turning to human rights and equality, the Irish Human Rights and Equality Commission (IHREC) is the key body, important for many voluntary and community organizations and a test of the government's concern and interest. Funding in 2024 will be €8.6m in 2024, compared to €8.1m in 2023. By comparison, the funding of its counterparts in Northern Ireland is more, €9.9m moreover for a much smaller population (Ireland, 5.123m; Northern Ireland, 1.9m).[9]

Next, we look at key funding lines for voluntary and community organizations. These are based on 2023 figures (right), 2024 not being available until later, but they show the degree to which their funding has recovered compared to our pre-austerity anchor point, 2008 (left). Overall government funding rose 45.7% from 2008 to 2023, our reference point.

Table 2: main spending lines for voluntary and community organizations, 2008-2023 € *Notes: *2022 **2021*

	2008	2023	Change
Vol. social housing (CAS, CLSS)	61.9m	190.9m	+208%
Sports Council/Sports Ireland	57.6m	167m**	+190%
Health	3.9bn	€6.873bn*	+76%
Arts Council	81.6m	130m	+59%
OPMI now refugee migrant integration	6.7m	8.928m	+33%
Family Resource Centres	18.8m	21.241m*	+13%
Probation services	16.7m	18.532m	+11%
Women's organizations	0.585m	0.642m	+9.7%
Supports national voluntary orgs	18.6m	19.845m	+6.7%
Community Services Programme	55m	52.39m	-4.7%
Irish emigrant NGOs abroad	15m	13.895m	-7.3%
Youth organizations	90.5m	75.648m	-16.4%
SICAP/local development	81.1m	52.366m	-35.4%
Overall current spending	**€53.4bn**	**77.8bn**	**+45.7%**

[9] Funding for the Equality Commission of Northern Ireland is £6.244m for the Equality Commission for Northern Ireland and £2.333m for the Northern Ireland Human Rights Commission, total £8.577m, converted at 1.155 = €9.9m

We can identify three classes: winners; those who have recovered absolutely; and the losers. Some gain: it is possible to see funding for voluntary social housing more than doubled (+208%), likely a reflection of the housing crisis; health funding for voluntary organizations increased by +76%, with the caution that includes large institutional providers which would be in the state sector in other European countries. Other big winners are sports, 190%; and arts 59%. All these are well above the 45.7% reference point. The increase in migrant integration, 33%, reflects the significant refugee arrivals of the past year.

The second class is those which have recovered their funding in absolute terms, but are still below the 45.7% reference point
Those programmes which have recovered are:
- Family Resource Centres, 13% above 2008;
- Probation Services, 11% above;
- National voluntary organizations, 6.7% above; and
- Women's organizations, 9.7% above.

The third class, losers as it were, are those which are still below 2008:
- The community services programme for social economy development in disadvantaged communities, -4.7% less;
- Irish voluntary organizations abroad, -7.3% less;
- Youth organizations, 16.4% less;
- Finally, SICAP, vital for community development in disadvantaged areas, still -35.4% below its 2008 level in absolute terms.

Such funding is, arguably, a proxy for the value placed on these fields by government. It is evident that those most favoured by government are housing, sports, health and sports. Those which have recovered absolutely but not relatively are probation services, Family Resource Centres, women's organizations, migrant organizations and national voluntary organizations. Those least valued by government are the social economy, youth organizations and local development. The two that stand out most are youth organizations and local development, both for their size of funding and importance. Their relative decline took place in the context of a substantial demographic cohort at this age, while local development was an Irish flagship development in Europe, touted as a success story. Perhaps the most remarkable aspect of these trends is that we have never seen a government justification or explanation for such dramatic changes in priorities. Positively, there is a commitment in the *Expenditure report* to increase the SICAP budget by €4.6m, which would bring the 2024 allocation to €56.96m, or 30% below its 2008 level.

Finally, two additional funds are often cited as potential funding lines for voluntary and community organizations: the National Lottery (€455.773m, 2023) and dormant accounts (€54.5m, 2023). There is a broad public perception, not least among voluntary and community organizations themselves, that both are allocated to 'good causes', charities and voluntary organizations. This is indeed the case in Northern Ireland where such funding is open call, advertised and allocated to named, identifiable voluntary and community organizations by independent boards (in 2022, £27.9m in 663 lottery grants; and £9.6m in 106 dormant account grants). Here, instead, lottery funds are integrated into the budget lines of the exchequer estimates, substituting for exchequer funding, their final beneficiaries being not necessarily identifiable and few have open calls. Table 3 details lottery allocations in 2022.

Table 3: Lottery allocations, 2023

Arts Council	€130.488m
Irish Language Support Schemes	€11.7m
Sporting bodies & facilities	€34.535m
Sport Ireland	€99.321m
Communal facilities in housing	€0.5m
Private housing grants	€67m
Heritage Council	€14.261m
Health services	€4.513m
Youth organizations	€75.648m
Volunteering	€6.607m
Seniors alert	€2.3m
Voluntary and community organizations	€6.721m
Local and regional supports	€1.207m
Supporting local and regional development	€1.207m
Vincent de Paul, Protestant Aid	€1.59m
Total	€455.773m

The formal aim of the National Lottery, is 'to raise funding for good causes, helping make a difference to communities, projects and individuals in the areas of youth, sports, recreation, amenities, health, welfare, arts, culture, national heritage and the Irish language'. The system here, though, lacks transparency and the degree to which voluntary and community organizations benefit is obscure. In particular, it is difficult to see how '*private* housing grants' to unidentitifed beneficiaries fall within the term 'good causes'. In Northern Ireland, by contrast, we know all the final beneficiaries and they do not include private housing grants. Here, the Indecon report (November 2022) proposed 'publication of an annual report setting out information on the beneficiaries of good causes funding' and even an 'open fund', to which the minister agreed at the time.

Unlike the lottery, dormant accounts are allocated according to a published annual plan and also, unlike the lottery, an annual report is issued on their allocation, but not necessarily their final beneficiary, presented by the Department of Rural and Community Development. Dormant Accounts distributed €54.6m in 2022, spread across 46 measures in ten government departments. The amounts varied from grants of €30,000 for adventure sports to €7.355m for disability sports. It is clear that some goes to NGOs (e.g. Veterans Association, Jigsaw), but substantial amounts are for what most would consider to be statutory funding (e.g. Oberstown, Housing First, Prison Service). The 2023 plan proposed spending of €54.5m under 44 headings over nine government departments, with largely the same headings and many of the same organizations as 2022.

Both funds retain the feature of being mainly exchequer-substituting supplemental funds distributed according to departmental priorities rather than being self-standing, independently applied for, allocated, identified and accounted-for funds. Whilst supporting worthy projects, they reinforce a piecemeal, small-scale, untransparent and minimalist approach to social challenges and issues. The contrast of approaches in the two parts of our shared island could not be greater.

Some key points

In summary, the key points of this budget are:

- The budget is set in the context of the three great shocks to the country as a whole and the voluntary and community sector in particular: austerity, Covid and the war in Ukraine, with continued high inflation;
- Government spending considers its upward path, now, €81.8bn, 53.2% above the pre-financial crisis level of 2008;
- As last year, the budget general measures and €2,055m specific cost-of-living initiatives. Their impact will depend on the falling level of inflation.
- Ireland has a poverty line of €301.91 weekly, with 13.1% of people below the line (15.2% for children). There was a €12 across-the-board general increase in payments, giving a slight proportionate advantage to those on lower payments. All welfare payments are below the poverty line, from 4.8% to 23.6% below. Child benefit, the principal instrument to combat child poverty, remains flatlined at 15% below its 2009 level.
- Voluntary and community organizations will benefit from the increase in health funding, but the budget did not address the situation of §39 voluntary organizations in the health and social care field.
- The direction of travel of housing policy remains the same, presenting record housing stress and homelessness which are likely to continue or worsen. Homeless services funding is up 12.5%, Traveller accommodation 5%, but still 47.5% below its 2008 level.
- If we look at the spending lines for voluntary and community organizations over 2008 - 2022, there are winners, recovered and losers:

- Winners, ahead of government spending: health, social housing, sports, arts.
- Recovered absolutely but not relatively: Family Resource Centres, probation services, national voluntary organizations, women, migrant integration.
- Losers: local development (SICAP), youth organizations, the social economy.
- Funding for the Irish Human Rights and Equality Commission is less than its equivalents in Northern Ireland, which has a population of less than half.
- The lottery, dormant accounts continued their role in providing exchequer-substituting supplemental funds allocated by and between government departments according to their priorities, the lottery operating in an untransparent manner with limited identification of final beneficiaries, both contrasting with the distribution system in Northern Ireland.