

Supporting people in transition

Citizens Information Board
Pre-Budget Submission 2018

INTRODUCTION

The Citizens Information Board (CIB) supports the provision of information, advice and advocacy to people on a wide range of social and public services by providing direct funding and a variety of supports to the national network of information, money advice and advocacy services. These services, in turn, enable citizens to access clear, independent and accurate information and advocacy support relating to state and public services. During 2016, CIB-supported delivery services (online, telephone and face-to-face services) were accessed by a significant proportion of the Irish population – over 600,000 people contacted Citizens Information Services (CISs), there were 19 million visits to www.citizensinformation.ie, over 40,000 people were assisted with problem debt by MABS services and some 140,000 people called the national Citizens Information Phone Service (CIPS) seeking information.

Given the scale and reach of these services and the extent of interactions with individuals and families as they seek access to a range of supports and services, CIB draws on a significant body of data which evidences the particular difficulties that people encounter in trying to access public services – such as social welfare, housing, education and health. The data and insights that are supplied to CIB by its frontline services provide the basis for this submission.

The focus of this Pre-Budget Submission 2018 is on **transitions**, with a particular emphasis on the issues that are reported by staff within delivery services as they seek to assist their clients at key transition times in their lives. Some of these transitions will be expected, but many will not. In the first section of this submission, we identify the main shifts or transitions in service users' lives or circumstances as becoming unemployed and moving from welfare to work, retiring or ageing, becoming ill or acquiring a disability or taking on a caring role. The submission also looks at the underlying issue of housing in the context of these transitions, and at the role that suitable, affordable housing can play in either exacerbating or alleviating the challenges that individuals and families face when their life circumstances change.

In the second part of this submission, issues relating to key transitions arising from the engagement of MABS with its primarily low income client group are highlighted. Through the money advice process MABS deal with people in late stage mortgage arrears, try to keep people in their homes, assist people in negotiating their debts with creditors and in transitioning out of indebtedness and insolvency. Many of the underlying concerns are similar across the various client groups of CIB supported services.

SECTION 1: INCOME SUPPORT AND WELFARE MEASURES

The provision of information advice and advocacy on social welfare related matters continues to be the focus of much of the work of the 42 CISs around the country and also of the national Phone Service. This is reflective of the level of reliance on social transfers and the extent of the social protection system engagement with welfare applicants and recipients on a daily and weekly basis. It also reflects the complementary role that CISs and CIPS have in relation to informing, advising and advocating for these applicants and claimants – of the **1.01 million queries** made to CISs during 2016 (from over 600,000 callers), over 460,000 (or 46%) were related to social welfare matters. Staff in CIPS dealt with an additional 66,800 social welfare queries. Social welfare-related payments and schemes were also the subject of a substantial volume of case evidence submitted to CIB by information staff in the form of 'Social Policy Returns' – a process whereby staff in services highlight

a policy issue that they are coming across repeatedly which they consider to be indicative of a broader difficulty amongst clients. This feedback could be considered to be broadly representative of the typical spread of issues that affect those who are seeking to access the social welfare system for one reason or another. More than half of the cases have been deemed by the information providers to be indicative of *concerns with the administration of services or policy on the ground*. The remainder are focussed on difficulties caused for clients by specific policies, legislation or guidelines that underpin the provision of schemes, benefits or services.

Given the size and reach of the operations of the social welfare system (and its complexity), it is not surprising that applicants and recipients of benefits will encounter difficulties in their interactions with such a large public administration system. In particular, the end-user experience of accessing payments and schemes generates a considerable amount of delivery service feedback - which suggests that the challenging administrative processes that many people struggle with only add further to the difficulty of the situation that they are seeking assistance with. The most common concerns that are highlighted in relation to social welfare payments and schemes are *delays in processing* (in terms of applications and appeals), *information gaps or deficits* and *communication difficulties* with particular sections within the Department.

As the economy has moved from recession to growth, and the Government faces choices about economic and social priorities, feedback from our frontline services would suggest that it is timely to provide enhanced resourcing, improved processing and more effective strategies in the administration of public services. Central to these efforts is the need to develop a *single, streamlined means test for all DSP-administered schemes and payments* which would provide a clear pathway for entry into such a complex system of benefits and entitlements and serve to reduce confusion for applicants. CIB-funded services (web-based, face-to-face or telephone) have a role to play here also - in terms of bringing appropriate, timely and comprehensive information to applicants which assists their decision-making at critical times in their lives.

BECOMING UNEMPLOYED AND MOVING FROM WELFARE TO WORK

The broad range of issues that were highlighted by CISs during 2016 indicates that becoming unemployed and the subsequent transition from welfare to work continues to be challenging for many people who seek information and advice within the citizens information context – notwithstanding the promotion of work over welfare and the creation of various work activation and employment support programmes in recent years. During 2016, there were **100,000 queries** relating to this area - 50,000 queries about jobseeker payments, 27,000 on the Family Income Supplement, and 23,000 queries related to activation schemes and social welfare payments and work.

The main difficulties facing the many people who seek support about unemployment, under-employment and taking up work offers include:-

- operational or administrative difficulties around the claims process;
- concerns about the awareness, availability and adequacy of Supplementary Welfare Allowance (SWA);
- supports for formerly self-employed workers;
- childcare costs and availability;
- the extent to which FIS is fit-for-purpose as an in-work support for parents on low income;
- the impact of the three-day rule for those on jobseeker payments;
- accessing or maintaining secure housing.

The most commonly reported issues in relation to **jobseeker's payments** include processing delays, difficulties making contact with local Intreo offices and insufficient information around safety net

payments such as Supplementary Welfare Allowance. This end-user experience in relation to the quality of activation services would seem to be reflected in “Pathways to Work 2016 – 2020”, which noted that despite the organisational and process reforms within DSP to date, “the quality of engagement between individual case officers and clients (including employers) is not as effective, or as consistent, as it could be”.

Recommendations:

Provide for further investment in resources through the network of local Intreo centres in order to enable staff to provide an appropriate and timely response to the needs of clients;

Proactively promote the availability of in-work supports, programmes and schemes amongst jobseekers through the increased use of on-line channels and engagement with community-based support organisations.

Much of the feedback relating to **SWA payments** is concerned with difficulties for clients who could not access the service due to the closure of local Community Welfare Service (CWS) clinics in recent years. Similar concerns were raised by MABS in respect of their clients in financial difficulty. A significant number of these reports illustrated cases where vulnerable applicants had to either travel some distance to the nearest office, or of clients who could not make contact with the office by telephone in order to meet with a DSP representative to make an appointment to discuss their situation. Services also reported on a lack of awareness of the payment amongst clients and potential applicants who seek information about other income supports within CISs. These broad access issues would seem to work to reduce the stated aims and effectiveness of such a ‘safety net’ payment to those most in need.

Recommendations:

Examine the impact, expenditure and take-up of SWA payments, within the context of current implementation and how this compares to its intended role as a safety net;

Proactively promote the scope and availability of SWA - as a flexible and reactive support measure to those in urgent need – through the provision of online and hard-copy information on the payments;

Enhance the accessibility of Basic SWA (and related SWS payments), with particular regard for physical access and user-friendliness.

The difficulties caused by the gaps in social insurance cover for **self-employed people** have long been witnessed in information services¹ and the announcement of the extension of social insurance provision to the self-employed with regard to certain contingencies in Budget 2017 is particularly welcome. But information services continue to highlight other problems for self-employed people who find that their business is no longer viable – most notably, their knowledge and awareness about the means-test requirements and how their income will be assessed (with particular difficulties caused in the JA assessment, as the earnings disregard does not apply to income from self-employment or to spouses’ earnings), the fact that some may not be eligible for activation or training programmes (if they have not qualified for Jobseeker’s Allowance) and their ineligibility for FIS support (with eligibility and control measures cited as the main reason for non-inclusion). Underlying all of these issues is a sense amongst information providers that there are significant information deficits amongst this cohort around the provisions and related coverage of their PRSI

¹ [Hard Times for the Self-employed](#) - Citizens Information and MABS Experience: A Citizens Information Board Social Policy Report (2012)

Class S contributions and of the need to maintain their social insurance record by way of voluntary contributions.

Services also continue to express concern around the situation for self-employed people in terms of establishing eligibility for a Medical Card – and also the related issue of the low income threshold for medical card eligibility (which has not been reviewed since 2006).

Recommendations:

Build on the commitments made in Budget 2017 to extend social insurance cover to the self-employed, for other contingencies (including the provision of a form of Jobseeker’s Benefit);

Review Medical Card income thresholds and eligibility guidelines.

In terms of assisting people to move back into work, the broad concerns about the inadequacy of current **childcare provision** (and the extent to which this limits the activation and employment choices of parents), have consistently been reported by CIB delivery services. In this context, CIB looks forward to the roll-out of one of the key elements of Budget 2017 – the More Affordable Childcare Scheme² which allows for both universal and targeted childcare services for low-income families. The public consultation on the scheme in late 2016 brought this issue into sharp focus for information services and their feedback on the experiences of CIS clients in transitioning to work, activation or education opportunities indicated the need for greater investment in childcare provision to cater for the increased demand that the scheme is likely to bring.

At the time, CIB noted that there should not be an assumption that private providers will have sufficient places to meet this demand – specifically in more sparsely populated areas (or disadvantaged communities) where core funding has been removed from community providers. Beyond the provision of places, we would also be wary of the assumption that costs for parents will be reduced – the payment of subsidies directly to providers, combined with a likely increased focus on best-practice (in terms of quality of childcare, pay and conditions of workers and standards of premises) may not necessarily lead to reduced costs or increased choice for parents. As some difficulties with the implementation of the scheme are necessitating a phased roll-out, CIB is of the view that any new provisions must be the first step in moving towards a model of service provision that views childcare as a public service that is provided at local level through local authorities, combined with a network of highly-regulated not-for-profit providers.

In terms of income support measures, the reforms made to the **One Parent Family Payment** in recent years have had a significant impact on lone parents who have had to make the transition, on the basis of the age of their child, to a combination of other income supports or part-time or full-time work. While the Budget 2017 measure to increase the earnings disregard for OFP and Jobseekers Transition payment (JST) recipients has helped to mitigate some of the negative financial impact of the changes, there are additional measures that could be taken in terms of income adequacy that would serve to support lone parents as they maintain their children through primary and secondary education – in particular, raising the rate of the Qualified Child Increase for teenagers and also the extension of Child Benefit for 18 and 19 year olds who are in secondary education.

Recommendations:

Extend Child Benefit for 18 and 19 year olds who are in secondary education;

Increase the rate of Qualified Child Increase for teenagers.

² initially envisaged as the Single Affordable Childcare Scheme

Even allowing for the role that enhanced direct social welfare transfers will have in alleviating child poverty and transitioning lone parents back into work, it remains that the lack of affordable, accessible childcare will serve to dilute the stated aim of the OFP reforms – to engage with lone parents in order to assist with the transition from welfare to employment. For those who are transitioning from welfare to work (whether on jobseekers’ payments or OFP) the provision of a more streamlined comprehensive system of affordable, accessible childcare services will serve to underpin the value of the variety of individual in-work support measures that are currently available (such as FIS and the Back To Work Family Dividend). In this regard, CIB welcomes the recent DSP consultation on the proposed **Working Family Payment**, which was a key commitment in the Programme for Government in 2016. As information services continue to note a variety of difficulties for their clients in moving from welfare to work (specifically for jobseekers, part-time and casual workers, FIS applicants and activation scheme participants), this feedback emphasises the importance of the rationale, design and administration of any new payment and also, the prerequisite that it is integrated within the overall taxation and welfare system (including secondary and in-work benefits). These measures would help to achieve a balance between incentivising work and the retention of a variety of social welfare income supports. Coupled with this is the requirement that there would be clear information from employment support services regarding the availability and retention of benefits for those taking up work offers. In this regard, there is some evidence from information services that there is a low level of awareness about access to, and availability of, in-work supports and the retention of secondary benefits – and also a good deal of confusion amongst jobseekers about the best course of action for them in their particular circumstances (for instance, should a couple opt for the FIS payment and the Back To Work Family Dividend, or should one partner claim FIS and the other stay on the means-tested JA).

Of further relevance here is the feedback received from services around the structure and administration of the **Family Income Supplement** – with services consistently noting concerns around the income limits and working hours threshold (which affects many potential applicants on low pay, zero hours contracts, “if and when” work and seasonal work patterns), the difficulties caused by the 52-week review period, and the ineligibility of activation scheme participants (and, as previously noted, the self-employed). Another key issue that continues to be highlighted by services concerns the administration of FIS, with a significant amount of feedback relating to access issues or information gaps. These reports were predominantly concerned with difficulties that claimants had in making contact with the FIS section either by telephone or email, which has consistently been reported throughout 2016. These difficulties added to claimants’ worries about the eligibility and status of their applications and, in some cases services reported, delayed their ability to make decisions on work offers based on the limited information available to them about the payment.

Recommendations:

Develop an appropriate policy response to the increased casualisation of work - whether through the refinement of the FIS payment or the development of the proposed new Working Family Payment - in order to ensure that the targeted assistance is reflective of income thresholds and hours worked (with particular regard for minimum wage, part-time, casual workers and activation scheme participants);

Pending the development and roll-out of the proposed Working Family Payment, provide additional resources to the FIS section to enable a more appropriate and timely response to applicants and potential applicants;

Consolidate the variety of existing payments to allow for consistency and security of support for low income families taking up employment and provide clear and effective administrative pathways by which claimants can access these schemes.

Other specific issues noted by services as impacting on people as they move from welfare to work or activation include cases where the three day rule for jobseekers payments is considered to act as a disincentive to take up work (particularly part-time hours), cases where the reduction in the duration of Jobseeker's Benefit³ has served to exclude some applicants from employment or activation supports, particular cases of hardship caused by the inadequacy of the reduced rate of jobseeker payments for those aged under 26, delays in the reinstatement of benefits for those engaged in casual work, and a lack of awareness amongst many social welfare recipients of the retention of certain benefits on taking up employment.

Recommendations:

Change eligibility for jobseekers payments to criteria based on hours worked, rather than days;

Finalise and report on the review undertaken on the impact of the reduced jobseekers payment rates for under-26s;

Restore the duration of Jobseeker's Benefit to 12 and 9 months (as relevant to the particular PRSI contributions);

Promote 'fast-track' administrative measures to support people to move between welfare supports and short-term work and the proactive promotion of information on the retention of benefits on taking up work or activation.

HOUSING ISSUES

In supporting the transition from welfare to work, staff in information services continue to highlight how the ongoing difficulties with the **Irish housing market** are acutely felt by unemployed people, those on low income and those seeking full-time work. During 2016, frontline staff in CISs dealt with over 75,000 queries related to general housing issues – including over 10,000 Housing Assistance Payment (HAP) queries and a further 20,000 queries specifically concerning Rent Supplement - bringing the total to over 95,000 queries (which represents a 27% increase on 2015 figures). The focus of the housing-related concerns is most apparent in three specific areas which reflect the myriad of intertwined issues related to both the private rented market and the social housing landscape - local authority and social housing, renting a home and homelessness. Over 45% of these housing-related queries were focused on local authority and social housing. Such a focus, no doubt, reflects the expedited rollout of **HAP** across all local authority areas and the now-changed administrative procedures for people seeking housing supports - as the process shifts from long-term housing support in the form of Rent Supplement to the HAP payment. But regardless of what form of housing support that individuals and families are accessing, the underlying difficulties in relation to housing remain widespread and problematic - rental costs, rental support limits and the availability (or lack) of suitable and affordable accommodation within those limits. As the HAP scheme has become operational across the country, many services have also reported an apparent reluctance of landlords to sign up and of the need to further incentivise landlords to let their properties through the scheme.

In terms of **local authority social housing waiting lists**, the key issues that are highlighted relate to the application process - specifically the lengthy processing period (in many cases stated to be 12 - 14 weeks) and the knock-on effect for many tenants who are seeking HAP rental properties. The broader issue of the low level of social housing stock nationally, and consequently the length of time that tenants can spend on the waiting list before they are offered suitable housing was also referenced regularly in the feedback from services. There have also been reports of poor standards

³ Budget 2013

and maintenance of accommodation - in terms of private rented and also local authority houses, coupled with an apparent lack of enforcement by local authorities. Many services have also highlighted cases where families that are accessing income supports such as FIS, in combination with the Back To Work Family Dividend and income from PAYE employment, are now finding that their new combined income is putting them above the income eligibility threshold for social housing. This would suggest the need to exempt such short-term activation incentives from income assessed under the Social Housing Assessment Regulations.

During recent years, a real fear and threat of **homelessness** has also arisen as an issue for the many services who are supporting people who find themselves unemployed - with much of the focus in feedback on the difficulty in accessing homeless services nationally and also the problems for families living in unsuitable emergency accommodation or in overcrowded situations with extended family.

Recommendations:

Introduce further rent regulation measures (such as linking rents to the Consumer Price Index) and provide for the extension of the Rent Pressure Zones, in order to protect tenants from the effects of ongoing rent inflation;

Further incentivise landlords to let their properties through schemes such as RS and HAP;

Extend Homeless HAP and provision of Place Finder for vulnerable HAP tenants;

Remove short-term activation incentives from income assessed under Social Housing Assessment Regulations;

Allocate adequate resources for the provision of minimum standards in local authority housing, in order to ensure the quality of standards in accommodation for tenants who are reliant on social housing.

ILLNESS, DISABILITY AND CARING

During 2016, a significant proportion of the social welfare-related queries to information services were focussed on disability, illness and carers – that is, 23% or 107,500 queries. Within this, the specific payments of Carer’s Allowance, Disability Allowance and Illness Benefit logged 30,931, 29,682 and 17,062 queries respectively (to a combined total of 77,675 queries). There was also a good deal of case study evidence regarding these payments from information services and from advocates working for the CIB-funded National Advocacy Service for People with Disabilities (who supported over 4,000 people with disabilities to access their rights and entitlements during 2016).

The most frequently reported issues from services concerning Disability Allowance (DA) and Carer’s Allowance (CA) were operational in nature and typically referred to **delays in applications, reviews and appeals** (with waiting periods of 5 - 6 months noted in some cases). Services also reported on a high rate of refusal of applications on medical grounds, with some services suggesting the need for clearer guidelines for GPs in providing supporting medical evidence. A significant number of clients (and information staff working on their behalf) also experienced difficulties in making contact with the DA and CA sections of the DSP by telephone – which can further add to delays experienced in applying for, or receiving, a particular payment and may also inhibit an applicant’s ability to make a decision in a timely manner. Whilst the pressures on the administrative processes within the Department are significant in terms of applications for (and recipients of) benefits, it is clear that unreasonable delays in processing add considerably to the stresses being experienced by individuals

(and their carers) who are dealing with a life-changing diagnosis of illness or disability. Difficulties in accessing SWA payments at this time were also referenced as an issue for people awaiting decisions.

Recommendations:

Address the administrative challenges that are encountered by people with disabilities or illnesses in accessing key supports, by providing the necessary resources to the relevant sections within DSP, in order to expedite the processing of applications for claims, reviews and appeals and to enable greater co-ordination between sections;

Develop a single, streamlined means test for all DSP-administered schemes, to allow for a single point of access for applicants.

Other particular concerns reported by services during 2016 include the seeming anomaly whereby **Free Travel** is provided to the recipients of DCA but not for the child with the disability or illness. Staff in information services continue to report on the difficulties caused for low income workers by the six day wait for **Illness Benefit** - some three years after the changes were implemented.

Recommendations:

Decrease the number of waiting days for entitlement to Illness Benefit from six days to three days, as per the criteria prior to 2014.

Extend the Free Travel Scheme to children for whom DCA is paid;

Staff in information services also raised a number of difficulties as experienced by people with disabilities who were seeking entry into work – these included an unease amongst people in taking up **Partial Capacity Benefit (PCB)** for fear of losing their long-term payment should employment not work out and also difficulties with the restrictive nature of the qualifying payments for PCB (that is, six months on Illness Benefit or Invalidity Pension). Frontline staff also pointed to the value of increasing the earnings disregard for Disability Allowance applicants and noted the difficulties caused by the gap in provision created by the removal of the Mobility Allowance (and the Motorised Transport Grant) - some four years after its suspension.

In the context of enabling people with disabilities to move into work, the recent publication of the Report of the Interdepartmental **'Make Work Pay'** Group is welcomed by CIB. The measures contained in the Report – and, in particular, the actions that have been prioritised for immediate implementation – should assist in building confidence amongst people with disabilities who have an interest in, and capacity for, work. We in CIB look forward to the full implementation of the 24 recommendations made in the Report – in particular, the measures aimed at reconfiguring the system of payments and supports to ensure that work pays, as many of the issues highlighted by the consultation with people with disabilities have been echoed for many years in the experience of staff in information services. In the medium to long term, CIB also looks forward to developing its role (and that of its delivery services) in helping to clearly and effectively communicate the message that work pays to people with disabilities, their families and their advocates – as recommended in the Report.

Recommendations:

Finalise the legislation required for the establishment of a new travel subsidy scheme, to assist in meeting the extra mobility costs incurred for people with disabilities;

Fully implement the recommendations of the 'Make Work Pay' Interdepartmental Working Group – with its particular reference to reconfiguring income supports, promoting early intervention, and communicating clearly and effectively.

RETIRING AND AGEING

During 2016, 14% of callers to CISs were recorded as being aged 66 or over. Whilst older people will seek information on accessing the same broad range of social and public services as the general population, information staff have noted key areas of concern for older people who are seeking information, advice and face-to-face help with their queries. There were over 52,000 queries under the broad category of social welfare and older and retired people during 2016, and additional concerns related to health services for older people. With recent Census 2016 figures indicating a significant rise in the number of people aged over 65 (which increased by 19% since 2011 and with an accompanying 15% increase in the number of people aged over 85), it is likely that this cohort of people will continue to use our delivery services in increasing numbers, as they navigate the significant life event of retirement, and also as they contend with the variety of challenges involved in the ageing process.

The transition to retirement involves a major life change for most workers and a key area of concern that has been regularly highlighted by information services has been their attempt to provide information and assistance to increasing numbers of people as they seek to make informed decisions about their **pensions**. There were 35,000 queries concerning the State Pension (Contributory) in 2016 – which was the second most queried payment during 2016 (next to the Medical Card at 54,000 queries). Over 60% of the associated case study evidence submitted by information services was concerned with administrative issues or perceived information gaps. The administrative issues that were highlighted were diverse and included difficulties for pension applicants in navigating the online application system and also cases where those on the reduced rate of payment were not informed that they could have applied for the Non-Contributory Pension - which may have been more financially beneficial in some cases.

Feedback around the general issue of pensions suggests that there is a lack of knowledge amongst many people who are approaching retirement around their entitlements, and the various requirements and conditions surrounding the qualifying criteria for state pensions. Services point to key areas of confusion as being the application of the 'average' rule, the 2012 changes to eligibility criteria (which delivered an effective cut in pension income for many pensioners), the limited application of the Homemaker's Scheme for the current/ upcoming generation of pensioners and also the complexity of various PRSI classes. There are ongoing reports of how these complications are serving to disproportionately affect women who took time out of paid work to care in the home, at various intervals in their working lives and services continue to submit case studies from clients which evidence such a gender gap in pension provision.

Related to this is a concern expressed by a number of services about changed administrative procedures for people who are seeking to access their PRSI Contribution Statement, combined with the fact that the DSP no longer provides *pension forecasts* for people who are motivated to inform themselves and who are seeking to maximise their pension income in advance. The anticipated changes to the pension system in 2020 (and the lack of information about these changes) are also noted by many services to be causing confusion for future applicants – and for staff in services who are trying to advise them.

Recommendations:

Develop an action plan for the reform of pensions, with particular reference and clear guidance on the future development of the State Pension;

Ensure that the planned implementation of the Total Contributions Approach to the State Pension (Contributory) addresses the impact of the 'average' rule;

Ensure ready access to social insurance contribution records and promote awareness of importance of maintaining contributions.

The other key area of concern that has been highlighted by information services is the lack of **community-based resources** to enable older people to remain in their own homes and communities as they age. Government health policy has consistently stated that the priority is to enable older people to live in their homes for as long as possible, if that is their desire (which research suggests is the stated wish of most older people). All indications are that the older person's quality of life is improved at home if they have the appropriate supports in place – these supports include home care packages, home help and meal supports, public health nurse services and GP care based in primary care centres - with an attendant selection of community-based therapies. In this regard, the particular difficulties that services have highlighted include the limited funding that is available via local authorities for housing adaptation grants, the inadequacy of home help hours and home care packages (and the inconsistency in provision between areas) and also the lack of linkages between acute hospitals and community health services, which would enable people to transition from hospital to home care (thus reducing the risk of readmission).

Related to this broad range of issues, some services have also pointed to the disparity that exists between the statutory footing that underpins the Nursing Home Supports/*Fair Deal* Scheme for people accessing residential care and the lack of such a legislative framework behind **home care packages** and community supports. In light of this, we welcome the current public consultation on establishing a new statutory home care scheme and we look forward to a robust consultation process that will serve as a precursor to the creation of a home care scheme on an equal footing with residential care legislation.

The current inadequacy in terms of the provision of home care supports also serves to put a significant amount of pressure on older people (and their families) who are consequently seeking to access the Fair Deal scheme. Staff in information services continue to highlight difficulties in terms of the application and funding process of the Scheme – in particular the waiting lists that are created by the capped funding for the scheme, which may leave some applicants in unsuitable (and costly) care situations pending approval. Services also report that many families that they encounter require a significant level of support in navigating what they perceive to be a complicated applications process.

Recommendations:

Proceed with the process of establishing a new home care scheme on an equal footing to residential care provisions.

Provide increased resources to local authorities to fund the Housing Adaptation Grants for Older People and the Mobility Aids Grant Scheme and proceed with the stated commitment to streamline and simplify the application process;

Remove the cap on funding for the Nursing Home Support Scheme, and progress the recommendations of the Review of the Nursing Home Support Scheme as published in 2015.

SECTION 2: DEBT AND MONEY ADVICE ISSUES

MABS was established in 1992 to help people on a low income to cope with debts and take control of their own finances. It is a free, confidential and independent service. It currently comprises 51 MABS Services, located in over 60 offices nationwide, from which the face-to-face support provided by MABS staff is available. MABS is funded and supported by the Citizens Information Board.

MABS CLIENT PROFILE

In 2016, there were 19,866 new clients in MABS and the MABS National Helpline dealt with almost 21,000 callers. There were a further 5,509 new clients in the first quarter of 2017 and 6,054 callers to the MABS National Helpline during the same period. Since 2013, 1,008 DRN's, processed with the support of MABS, have been approved. The DMA MABS Service has supported over 3,800 clients over the course of 2016 and 2017.

The demographic profile of MABS clients has remained relatively stable over many years but the numbers of mortgaged clients has steadily increased since the recession began. A change has also recently started to occur in the percentage of MABS clients that are waged/self-employed. In Q1 2017, that figure stood at 44.5% with the remainder reliant on social welfare, in Q1 2016 the figures were 38% (waged/self-employed), with 62% on social welfare. MABS clients are heavily concentrated in the 41-65 year age bracket, but the number of clients aged 65+ has been growing gradually for the last number of years⁴.

FINDING AND/OR KEEPING A HOME

The single biggest social policy concern for MABS clients, as reflected in the views of MABS staff, is difficulty in finding and/or keeping a home. Difficulties arise for MABS clients either because they are struggling to make mortgage payments or, they are looking for a home in the rental market and either can't find one, or can't afford one, due to scarcity of supply and the high cost of rental accommodation. Social housing, while highly desirable as a sustainable solution to the accommodation needs of low-income individuals and families, is not currently viewed as a viable option for a large component of the MABS client group due to scarcity of supply.

MORTGAGE ARREARS & INCOME ADEQUACY

It is felt that there is a lack of monetary support from the State for people who can't pay their mortgages. Both Mortgage Interest Supplement (MIS) and Mortgage Interest Relief (TRS) were regarded as important in bridging the 'affordability gap' for clients struggling to repay mortgages on a much reduced income. MABS staff believe it is much harder now to put in place an alternative arrangement for clients who are in mortgage arrears in the absence of such supports. Further, it is evident that if those clients lose their homes they will require some form of State support, most likely via the Housing Assistance Payment (HAP).

Although some MABS clients are regaining employment, their income can be fragile or can fluctuate and this also impacts on the potential to put in place 'Alternative Repayment Arrangements' (ARA's) on their behalf, and also for such clients to stick to those arrangements. Thus, while they may return to a level of sustainable payment in time, they could do with greater support in the months following re-entry to employment in order to bring some stability to their finances and develop a strong repayment record with their lenders.

⁴ See https://www.mabs.ie/en/about_us/mabs_statistics.html,

Furthermore there is no State support available to borrowers who lack income protection when they become ill, so they quickly fall into arrears with their mortgage during prolonged illness.

OLDER BORROWERS

Staff expressed much apprehension about the position of older borrowers in mortgage arrears and, in particular, those who are in their 60's with positive equity but insufficient equity to downsize. Clients in this age group who are reliant on social welfare or state pensions are of considerable concern as they have very few options available to repay their mortgage. This is expanded on further in later sections of this submission.

CCMA/MARP OPTIONS

There is a view that the Mortgage Arrears Resolution Process (MARP) is now out-dated and is proving insufficient in its capacity to address long-term mortgage arrears. It is felt that it needs to be updated and extra protection should be included to encompass the realities of dealing with mortgage debt. Staff reflected the inequity that arises when lenders limit the options they offer to borrowers.

Example : *'Borrower 1 may be able to negotiate a satisfactory long term solution such as split mortgage/interest rate reduction/term extension/lifetime mortgage etc. with Bank A, while Borrower 2 in identical circumstances is refused by Bank B and facing proceedings'*

Staff also expressed serious concerns about the impact of split-mortgages as a 'treatment'/resolution of mortgage arrears difficulties both in voluntary arrangements and as an aspect of a Personal Insolvency Arrangement (PIA). While 'splitting/warehousing' buys the borrower some much needed time, and is important in the absence of alternative accommodation, MABS staff are concerned that in some cases it defers the inevitable for a further 10-15 years and that borrowers could face a 'time-bomb' as they enter their older years. It is felt that such is the drop in income that many MABS clients have experienced that some will never repay the warehoused amount.

CLIENT VULNERABILITY, INCOME ADEQUACY & ACCESS TO CREDIT

The second most important issue relates broadly to client 'vulnerability'. Feedback reflected a range of different types of vulnerability that can affect clients at different points in time. It is felt that mental health problems compound other financial difficulties and make it more difficult to deal with ongoing money management and problem over-indebtedness. The issue impacts MABS clients in a variety of different ways. For example, a mental health problem can lead to day-to-day difficulties with money management, leading to over-indebtedness and even self-neglect. Stress and anxiety in relation to money/debt can cause mental health problems and, in turn, make it more difficult to address the situation.

A strong view was reflected by MABS staff that many vulnerable clients who have difficulty accessing safety net supports such as SWA or are refused various State-supports and do not avail of the assistance of CICs or MABS simply go without supports that they need and to which they are entitled. Several examples were cited where decisions were successfully appealed/reviewed with the assistance of these services to the benefit of the clients involved.

In this context, the Society of Saint Vincent de Paul is viewed as a vital support for MABS clients, but again staff reflected that their clients struggle with the idea that they may need charitable support. There is, in MABS view, a need to reconsider the ways in which people, and particularly those who are both vulnerable and on a low-income, can access State support where they have an exceptional need, in a manner which both acknowledges the need and is fully respectful of the dignity of the person seeking help.

Access to credit is an issue for citizens in vulnerable situations. Credit is the engine that drives progression for low income households; without it their options are greatly limited. In MABS view lending decisions are currently overly influenced by past credit history, whereas rigorous assessment of current and future affordability should be the key determinants in granting loans. This is particularly important in the context of the many borrowers who were adversely affected by loss of income during the recession and the absence of affordable credit creates an ongoing vulnerability for them.

INSOLVENCY FOR LOW INCOME BORROWERS

Many MABS staff are of the view that insolvency is still not accessible to their clients because their income is too low. Other clients remain excluded from the potential of the Debt Relief Notice due to some of the eligibility criteria. There is a strong view emerging from staff that a 'Public Personal Insolvency Practitioner (PIP)' service is required to achieve insolvency solutions for MABS clients and, where an insolvency solution is not possible, to provide support with bankruptcy.

STRATEGIC RECOMMENDATIONS FOR BUDGET 2018

'*Rebuilding Ireland*' is, in MABS view, vitally important in addressing the housing crisis, but it may not deliver quickly enough for MABS clients and other medium-term solutions are necessary to keep people in their homes. Moreover, the feedback from MABS staff, about the various challenges facing their clients, suggests that the process of really 'rebuilding' Ireland will involve much more than a 'bricks and mortar' response. Budget 2018 therefore affords an opportunity to initiate a strategic approach to resolution of some of these critical social policy issues.

There are 4 key strategic priorities identified by MABS that should be addressed in Budget 2018.

- 1) The Housing Crisis
- 2) Providing greater support and protection for vulnerable adults – in particular those who are in ill health and older people
- 3) Income adequacy and access to credit for low income households
- 4) Widening access to personal insolvency

In MABS view, addressing these issues will require a process of collaboration by the State, the private sector and civil society, in finding solutions to what have emerged as deep and pressing social problems.

'Lifecycle Transitions'

FINDING AND/OR KEEPING A HOME

MABS advisors identified a range of difficulties that their clients are experiencing in relation to private rented and social housing. The difficulties were cited, in urban, rural and remote areas to varying degrees. The constraints in the rental market are also reflected in mortgage arrears casework, with some advisors reporting that their clients continue to pay *unsustainable mortgages* because they are fearful that if they lose their home there will be no accessible or affordable alternatives available to them by way of social housing or private rented accommodation.

Deposits for private rented accommodation are identified as a problem and, despite legislation introduced to prevent discrimination against social welfare recipients, MABS staff report that finding a landlord that will accept social welfare remains an issue. They also report, in both urban and non-urban areas, a '*serious lack of supply*' especially at, or below, the HAP rent cap. Constrained supply

is pushing rent prices further upwards and MABS clients are struggling to bridge the gap. Repeatedly advisors cited incidences of landlords insisting on additional cash payments outside the reported rental value '*forcing people to live under the poverty line*'.

There was much feedback about the 'Mortgage to Rent' (MTR) Scheme which is seen to have the potential to help many clients but is still not working in many parts of the country and particularly in more remote rural areas. While recent revisions are regarded as helpful, advisors reported there is no evidence of a translation to meaningful change on the ground.

Recommendations:

More concerted and urgent effort is needed to bring vacant properties in all parts of the country into use for residential accommodation purposes and imaginative supports are required⁵ to this end.

Potential to designate rental cap limits in additional areas needs to be explored to include urban centres outside those currently included, e.g. Cavan, Portlaoise etc.

Demands for top-up payments are forcing MABS clients to live in poverty, the Rent Supplement and HAP limits need to be increased to bring them in line with actual market costs.

Clarity is needed for the public on the operation of the MTR Scheme and it should be incorporated in public awareness campaigns in relation to dealing with mortgage arrears.

The recommendations of the South Mayo MABS report on MTR should be advanced⁶

Facilitate access to Debt Settlement Arrangements (DSAs) (via a Public PIP service) for relief of residual debt for borrowers who may need to give-up ownership of their homes, either through voluntary sale/surrender or MTR.

HAVING CHILDREN

The main issue that was highlighted by MABS staff was the reduction in income that arises for working people during maternity leave and the consequent negative impact this has on the sustainability of family finances. Other issues included a lack of clarity for clients as regards the status of their maternity benefit when working and receiving OFP, as well as a perceived disparity between those in receipt of maternity benefit and those in receipt of job seeker's allowance. It was also noted that it can be difficult to get rent allowance /HAP in place until after the baby is born. A related issue is the high cost of childcare which means a heavy reliance on family members, (mainly grandparents), and in some cases clients cannot return to work.

Delays in processing Family Income Supplement (FIS) applications are causing difficulties for some MABS clients. FIS is paid for a year, after which clients must re-apply and the time delay in processing the new claims is, in some cases, causing clients difficulty in meeting agreed repayments arrangements with their creditors.

⁵ See for example: <http://emptyhomedoctor.org.uk/>

⁶ https://www.mabs.ie/downloads/news_press/South_Mayo_MABS_Mortgage_Research_August2016.pdf

Recommendations:

Provide greater parity in the provision of statutory supports during maternity for those in employment and those who are seeking work.

Incentivise employers to pay a fixed % of salary during statutory maternity leave.

Consideration to be given to a 'maternity leave grant' for households whose income falls below a threshold, for example, the Reasonable Living Expenses during the period of statutory maternity leave.

Eliminate delays with FIS applications.

SUPPORTING CHILDREN THROUGH PRIMARY AND SECONDARY EDUCATION

For families who live on a low income, the costs associated with supporting children through primary and secondary education have always been difficult to meet and this issue has been raised previously in pre-budget submissions and also in research by individual MABS services. While the 'Back to School Clothing and Footwear Allowance' is an important support, it is felt that it does not go far enough in meeting the full range of costs facing recipients. There is also a concern that parents who do not qualify for the grant, struggle on an ongoing basis to meet these costs.

There appears to be a growing requirement to purchase a 'tablet' or a laptop for second level students at costs varying between €500-€850, and the related requirement to have access to the internet within the home, as an additional cost for parents which many cannot afford.

The cessation of child-benefit at age 18 when children are still in school was raised as a problem in much of the feedback from MABS staff.

Costs associated with Transition Year are exacerbated by the costs of the 'voluntary' subscription with the perception that it must be paid as well as extra-curricular costs.

Recommendations:

The Action Plan for Education⁷ (2017) contains a commitment by the Department of Education and Skills, to 'Strengthen the focus on reducing school costs for parents' (p49), and a related circular issued to all schools in April 2017⁸ describing the measures to be taken. The items listed in the Department's April 2017 circular provide a starting point, and it is hoped that those schools that are most effective in reducing costs share their initiatives nationally.

A number of organisations have, in the past, conducted research on the cost of education (North Cork MABS, ILCU, Barnardos etc.). If the above commitment is to be meaningful, there should be a nationally recognised benchmark on the average costs of primary and secondary education for children at different ages, against which implementation and monitoring of this commitment can be measured.

While measures to reduce school uniform costs are welcome, the 'Back to School Clothing and Footwear Allowance' should be increased until there is evidence that it is at a level that is

⁷ <https://www.education.ie/en/Publications/Corporate-Reports/Strategy-Statement/Action-Plan-for-Education-2017.pdf>

⁸ http://www.education.ie/en/Circulars-and-Forms/Active-Circulars/cl0032_2017.pdf

commensurate with the costs of providing the essential needs of school-going children from low income households.

Schools should also identify, well before the end of each school year, the total anticipated outlay for the following year including all additional voluntary payments for items such as insurance, school trips, additional 'curricular' classes etc. and provide parents with at least a 6 months lead-time in order to, save towards and budget for those costs. MABS could potentially play a more involved role in working with schools and parents on budgeting for school costs.

While the use of ICT in schools is important for all students it should be explored as part of a national strategy, taking into account that some households may not be able to afford to pay for tablets/laptops and/or provide broadband access at home. Commercial providers of broadband should be encouraged to provide low-cost/free broadband to low-income households where there are school-aged children.

SUPPORTING CHILDREN WITH FURTHER AND HIGHER EDUCATION

One of the most common themes reported by MABS staff related to their clients' capacity to support their children with the costs associated with further and higher education and, in particular, the cost of the college registration fee and the high cost related to accommodation near colleges. The loss of child benefit at age 18 was also cited under this heading. The costs associated with tertiary education are increasing and it is felt that the SUSI grant is not enough and that many MABS clients need to avail of charitable support, for example from the Society of Saint Vincent De Paul.

Where students can't afford accommodation near a college they commute, and that too can have a high cost and can also limit students' capacity to work in order to support themselves. This is because they are spending long hours travelling to, and from, college and may also live in areas where no part-time work is available to them. Access to transport can also pose a problem in rural areas.

The interplay between supporting children with tertiary education and meeting other financial commitments was highlighted also, with some respondents indicating that clients have missed their own mortgage payments to try and help out with a child's student accommodation costs. Likewise, parents are described as '*going without the basics*' to support their children through college. There appears to be a lack of recognition of third-level expenses in the ISI's 'Reasonable Living Expenses' guidelines. These guidelines are now used by most banks in determinations related to offering an Alternative Repayment Arrangement to borrowers in mortgage arrears. The experience of MABS advisors is that some lenders will include college-related expenditure for children as accepted expenditure, while others do not. This can have a very appreciable impact on a household's capacity to put in place an affordable arrangement with the lender.

Recommendations:

Where possible, universities and colleges should employ Student Budgeting Officers to support students who may be in financial difficulty and at risk of dropping out. Where this is not possible strong linkages to MABS to be developed.

The SUSI eligibility criteria should be reviewed to increase the levels of 'reckonable income' for eligibility purposes and to reduce the distance (currently 45km) for eligibility for the non-adjacent rate of support.

There should be recognition of costs related to further/higher education in the Reasonable Living Expenses published by the ISI and same should be recognised by banks in their consideration of both ARA's and statutory insolvency options.

Retirement

PENSION INADEQUACY & RISK OF HOMELESSNESS

The strength of views from MABS staff on this issue is striking and is reflective of the decade that has past (characterised by deep recession and slow recovery) and also of the decade that preceded it and specifically the credit-fuelled 'boom/bonanza' from 2000 to 2007. Heavily reliant on social welfare as their main source of income, the traditional MABS client group would rarely have made provision for a private pension. However, in the past, those clients would not have had high levels of debt in their older years. Over the course of the recession this changed and MABS started to see many more people whose income had dropped as a result of unemployment and who had to forsake ambitions for a private pension.

At the same time, these older clients have experienced a loss of income that has led to a build-up of mortgage and other arrears. Some clients refinanced using the equity in their own homes to help children get onto the property ladder. Thus, an increasing number of MABS clients are facing into retirement with more debt and a lower pension than they would have ever anticipated and some are now at a very high risk of losing their homes. The concerns in relation to retirement relate mainly to the capacity of clients to pay off mortgage debts, the adequacy of the HAP scheme for older clients and income adequacy more generally on retirement.

Recommendations:

The recommendations in this section are twofold. They relate firstly to younger age groups who need, based on the experiences recounted above, to be encouraged to make greater provision for retirement, and second, to the current cohort of MABS clients whose pensions are inadequate to their current needs. Some of the clients MABS is now seeing were poorly advised in relation to their pensions and adopted approaches which did not yield the expected results. However, such is their level of income that, on approaching MABS, clients usually have little or no financial capacity to make provision for their future pension needs.

Retirement/Pension planning:

Greater incentives are required to encourage people of working-age to make adequate provision for a pension.

Greater incentives are required to encourage employers to contribute to the pension requirements of their employees.

Leveraged borrowings on family homes which require repayment post retirement are high-risk for most people and can result in homelessness in later life in the event that they cannot be repaid. The problems caused by borrowing against the equity in one's home should be prevented via legislation/regulation for future generations if at all possible.

Pension inadequacy and mortgage debt:

Measures to assist the current cohort of retired mortgaged borrowers who are at risk of homelessness are required with some urgency.

There are a number of potential policy solutions which require some consideration as follows:

Personal insolvency incorporating a write down of the mortgage to Current Market Value (CMV)

Public PIP to facilitate DSA to write-off unsecured debt thus facilitating repayment of mortgage (where possible).

The “debt for equity” treatment of secured debt provided for in section 102(6)(f) of the Personal Insolvency Act is an option for older borrowers that is worthy of further consideration

Where there is equity in the home, require all regulated lenders to provide ‘life-time’ mortgages as an option for retired people who are aged 66 and over and who are unable to repay their mortgage.

State-funded ‘mortgage in retirement payment’ for borrowers aged 66+ who are unable to pay their mortgage with potential for repayment to the State (to a defined limit) on death of the borrower(s) (e.g. similar basis to the Fair Deal scheme).

HEALTHCARE & ILLNESS

One prominent feature of the feedback from MABS staff related to clients who cannot afford to access basic medical care and therefore risk falling into ill-health and exacerbating their financial difficulties. A further issue noted is delays in accessing treatment which can lead to a worsening of the financial situation. Few MABS clients can afford either private health insurance or critical-illness cover and, as a consequence, ongoing illness has a major impact on the household’s finances. State supports, both medical cards and social welfare payments, are critical in this context, but MABS staff reflect significant difficulties in accessing both.

Several MABS advisors cited administrative difficulties, accessibility issues and long delays, which had been experienced by their clients in making their applications for a medical card, disability allowance and invalidity pension. Payment levels are too low and the drop in income can have very negative impacts on household finances.

Dental care was another area where MABS clients are sometimes going without to the detriment of their well-being.

Recommendations:

Essential healthcare is always a priority in MABS money advice; however it would be helpful if there was a protocol with the credit industry to park repayments at 0% interest for a period of 6-12 months where an acute illness occurs.

Consideration to be given to state funding for a set number of GP visits per annum for people who are not eligible for medical or GP only cards. Likewise, consideration should be given to restoration of some of the benefits previously accessible under the Dental Benefit Scheme. On this point, and to cater for people whose health is at risk because they cannot afford to pay for essential health care, MABS believe that the relevant professions should be encouraged to do more, on a structured pro-bono basis, as occurs with the legal and accounting professions, under the VAS, FLAC and CAVA schemes.

Hospital car-park waivers to be introduced for all patients who need to attend hospital for regular treatment.

CARING FOR A DEPENDENT ADULT

Numerous issues and concerns were identified by MABS staff which arose from their clients efforts to care for dependent adults. Staff cited several examples of clients giving up work to care for relatives because they could not afford home care and the relative was not eligible for the 'Fair Deal Scheme' and the consequent impact this had on the client's own financial circumstances. *'Although carer's allowance is available, caring for a dependent adult affects a person's ability to work and earn enough to pay a mortgage and other bills'*. Staff also identified difficulty in accessing the carer's allowance including the level of means assessed.

Similar issues as outlined in part one of the submission are encountered by MABS clients with regard to access to the 'Fair Deal Scheme'. Another issue related to the impact of the 'Fair Deal Scheme' on the partner who remained in the home and their capacity to manage the household finances, which are often fixed (utilities, insurance, etc.) regardless of level of occupancy, on a reduced income.

Recommendations:

Increase level of means considered for the purposes of eligibility for Carer's Allowance

Increase level of Carer's Allowance and/or number of hours that recipient can work i.e. to 20 hours per week.

Consider an additional payment for the person left in the home where a partner accesses the 'Fair Deal Scheme'.

'END OF LIFE'

'Funeral costs' emerged as a cause of much anxiety for MABS clients and appear to be very prevalent in casework. It was also one of the reasons why clients wish to maintain savings in credit unions and prioritise credit union debts over others and will not consider applying for a Debt Relief Notice (DRN) even though it could be beneficial for them.

Some advisors reported that their clients are so busy focusing on trying to repay their current debts and in particular their mortgage that they can't even think about funeral costs and have no capacity to make provision for insurance for such costs. An additional issue is that life policies are not sufficiently funded to repay outstanding debts.

Recommendations:

Consideration to be given to implementation of the recommendations contained in the report 'Finite Lives'⁹ (May, 2017)

Consideration to be given to restoration of the 'Bereavement Grant'.

Consideration to be given to an incentivised savings scheme for funeral costs.

⁹ <http://marielouiseodonnell.ie/wp-content/uploads/2017/05/Marie-Louise-ODonnell-Finite-Lives.pdf>

TOO LITTLE CREDIT & TOO MUCH DEBT

This section of the CIB/MABS Pre-budget Submission 2018, describes two related but distinct social policy issues which were found to crosscut all other aspects of the feedback on the important life-cycle ‘transitions’ made by MABS clients. First, is access to credit and second, is access to debt relief/debt forgiveness, primarily through insolvency but also, where possible and necessary, via other means, i.e. through voluntary debt write-down/off by banks and other financial institutions. The views expressed by MABS staff, based on their experience of client casework, suggest that there is a need for a ‘recalibration’ of culture, policy and processes with regard to both the credit market and the potential for debt write-off, as they relate to low income borrowers.

MABS view on these matters is straightforward – only loans that can be repaid should be written; only debts that cannot be repaid should be written-off. The key to both is taking a short to medium range view on affordability. MABS view is that, based on the experiences of the last several years of dealing with economic turmoil, regulators, industry, MABS and other stakeholders, now share a much improved perspective on individual repayment potential and associated risk, but this has not yet translated into changed practices by financial institutions.

Both issues are intrinsic to improving the lives of the MABS client group, reducing their reliance on the State, and restoring their financial self-reliance. Both achieve the goal of empowerment which has always been a core component of the MABS approach to client casework.

There are areas (as highlighted throughout this submission) where the State can, and should, provide improved support for low-income households, but it is also recognised that the State cannot provide for every unmet need. This is where debt forgiveness and access to credit come into play. Debt forgiveness/insolvency is a tool which can return low-income households to financial independence. Affordable credit is a means towards social and economic progression. Both ‘too little credit and too much debt’ create poverty traps for MABS clients and, as such, both are considered as intrinsic to the full set of recommendations contained in the CIB/MABS pre-budget submission 2018.

MABS¹⁰ made a series of recommendations to the Joint Oireachtas Committee on Finance, Public Expenditure and Reform, and Taoiseach, in advance of its meeting 21st March, 2017. Some of these recommendations, together with others relevant to this submission, are provided below.

‘TOO LITTLE CREDIT ‘

Recommendations:

The ‘It Make Sense Loan’ to be made available in all Credit Unions

Credit Unions to be given support with ‘business model development¹¹’ with a view to providing relevant and life-enhancing products that meet regulatory requirements to members and in particular to low-income borrowers. In this regard the UK FCA’s regulatory

¹⁰ <http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/DebatesWebPack.nsf/committeetakes/FPJ2017032100002>

¹¹ See, ‘Review of Implementation of the Recommendations in the Commission on Credit Union’, CUAC, June 2016
<http://www.finance.gov.ie/sites/default/files/CUAC%20Review%20of%20Implementation%20of%20the%20Recommendations%20in%20the%20Commission%20on%20Credit%20Unions%20Report.pdf>

'Sandbox'¹² is a model worthy of consideration with respect to enabling new models of provision to be explored in a safe environment.

Interest rates charged by money lenders to be reviewed with a view to reduction.

Consideration to be given to establishment of a 'special purpose vehicle' whereby Credit Unions or other could re-finance mortgages now being offered at a discount to mortgage borrowers by 'funds'.

Consideration to be given to enabling credit unions to jointly finance 'Approved Housing Bodies' under the Mortgage to Rent scheme.

'TOO MUCH DEBT'

Recommendations:

Review eligibility criteria for DRN and shorten supervision period to one year.

Remove excludable debts from legislation relating to DRNs.

Provide a free/public PIP service for low income borrowers to facilitate access to insolvency. Creditors to adopt a more humane approach to the most vulnerable clients and write-off more debts voluntarily.

¹² <https://www.fca.org.uk/firms/innovate-innovation-hub/regulatory-sandbox>