Budget 2025:

A Citizens Information Board review

Citizens Information Board
information · advice · advocacy

Introduction

Budget 2025 *[1]* contains a range of measures that reflect the concerns highlighted in the CIB Pre-Budget Submission '*Bridging the Gap: Meeting high costs on low incomes*'. This paper reviews these key measures in the context of the issues and recommendations made in our submission.

The CIB submission focused on four broad areas: work and welfare; disability, illness and caring; housing supports; and financial inclusion. We suggested that the positive macro-economic outlook provided Government with an opportunity to move beyond ad-hoc provision of supplementary budgetary measures towards an approach that embedded more permanent supports. We argued that this would enable progress from a situation in which welfare entitlements are subject to unpredictable annual budgetary decisions to one in which entitlements are linked to objective criteria such as Minimum Essential Standard of Living (MESL) costs or inflation rates. We contend that such an approach, coupled with targeted measures, is likely to have a more sustained impact on the lives of those at risk of poverty or who are experiencing deprivation or consistent poverty.

The budget package contained welfare and taxation measures amounting to over €10.5 billion, made up of once-off or lump sum payments (€2.2 billion), other expenditure (€6.9 billion) and permanent tax changes (€1.4 billion). Almost half of the €2.2 billion in once-off measures will fund two universal payments – energy credits and Child Benefit, while it is estimated that the changes to tax credits and the Universal Social Charge, in addition to the widening of the income tax bands, will benefit workers on average salaries by almost €1,000 a year.

As noted in our Pre-Budget Submission, the budget was framed by many positives: full employment, falling costs of living (albeit still high), high levels of tax receipts, and reducing interest rates. Against this backdrop, we highlighted data from our frontline delivery services that evidenced significant financial hardship, with cost-of-living pressures being widely and acutely felt. Data from the Survey of Income and Living Conditions (2023)*[2]* reflected this view, confirming that the highest rates of consistent poverty are among people not working due to disability or illness (16.5%), unemployed people (9.4%), renters (8.5%) and one-parent families (7.1%).

In terms of poverty reduction, CIB welcomes the €12 increase in core social welfare rates, and we acknowledge the role of the once-off cost-of-living supports that are likely to alleviate the acute pressures on households caused by sustained levels of inflation. In the body of this review, we look both at the headline budget announcements such as this flat rate increase, and at the more specific detail provided by Government Departments subsequently. In our view, many of the measures will address some of the issues raised repeatedly by CIB frontline delivery services. This includes services' frequently raised concerns with respect to vulnerability to poverty and deprivation of the following groups:

- People who are dependent on a social welfare payment or combining this with low-income work.
- Non-Irish-nationals or migrants, who are over-represented among clients.
- People with disabilities and older people on a fixed income.
- People who are caring for and struggling to maintain their loved ones at home, while trying to manage on low incomes.

The following sections are themed to mirror our Pre-Budget Submission.

1] As announced on 1st October 2024
[2] Survey of Income and Living Conditions 2023, CSO

Work and Welfare

The Minister for Social Protection, Heather Humphreys, has stated that the social welfare measures in Budget 2025 represented the largest budget package in the history of the State. As in the previous two years, this involved a combination of increases to core weekly social welfare rates (of €12, with €15 for maternity, paternity, parents and adoptive payments), and lump-sum payments intended to counteract inflationary pressures. The latter includes two double payments of all core welfare payments and of Child Benefit (€280 per child), a €400 payment to recipients of Disability Allowance and Carer's Allowance, €300 to Fuel Allowance recipients and an additional €100 payment for recipients of the Increase for a Qualified Child (IQC), which is to be renamed the Child Support Payment *[3]*.

CIB welcomes the targeting of these **lump sum payments** to social welfare recipients, particularly considering the SILC (2023) analysis that shows how these payments have partially mitigated the increased cost of living. Specifically, the SILC analysis calculated that the at-risk-of-poverty rate stood at 10.6% with the 2022 payments, rather than a projected 13% without them. These payments are particularly helpful in the latter part of the year when households are trying to meet extra fuel, back-to-school and Christmas costs.

However, while very welcome, CIB notes that this is the third year of such 'once-off' measures. As highlighted in our PBS, MESL research shows an increase of 16.8% in core costs from 2020 to 2024. This will very likely leave struggling households much more vulnerable to deepened poverty and exclusion if the recurrent once-off payments are removed from future budgetary packages, notwithstanding the annual increases in weekly payments in this and previous budgets.

The Economic and Social Research Institute (ESRI) notes in its budget analysis *[4]* that the Government will have to be careful how it winds down these once-off payments given their uneven impact. The ESRI expects that the freezing (in real terms) of the Living Alone and Fuel Allowances, along with the reduction in energy credit - cut from €450 to €250 - will disproportionately impact low-income households. In this context, CIB reiterates the call in our PBS 2025 for the **linking of core social welfare payments to MESL costs**. This would bring stable increases that households could rely on annually.

The focus on adequacy of social welfare rates in our Pre-Budget Submission also reflected our concerns with **child poverty**, with our submission suggesting the need for sufficient adult welfare rates, adequate rates of pay for working parents (with a move to the Living Wage) and, more fundamentally, the introduction of a second tier means-tested child benefit. While we welcome the commitment to two double Child Benefit payments, the €280 newborn baby grant and the €100 lump sum (and weekly rate increases) for those in receipt of the IQC, we would have liked to see a move towards a more permanent and targeted measure that would provide supplementary child income support more effectively to those most in need.

[3] These payments are expected before the end of 2024.
[4] Budget 2025 tax and welfare measures will result in small real income gains for households in 2025 | ESRI

However, we welcome other targeted measures which, when combined with the increase in core social welfare rates, should help to alleviate family deprivation. This includes the increased income limits for the Working Family Payment, the extension of the Free School Books Scheme to Senior Cycle and the full roll-out of the Hot School Meals programme to all primary schools.

Our PBS also highlighted the extent to which **childcare** continues to be a central concern for many working parents, particularly for those on low pay. While Budget 2025 did not contain specific measures to reduce the costs of childcare, CIB nonetheless welcomes the introduction of new Childminding Regulations (September 2024) which will enable the extension of regulation and supports to all paid, non-relative childminders, and will open the National Childcare Scheme to parents who use childminders. More broadly, our submission recommended a move towards the substantive public provision of early childhood care and education, rather than continuing with a predominantly commercial model. While there was no change to this approach in Budget 2025, we note the Taoiseach's recent statements suggesting a policy shift towards "an affordable, high quality, public early learning and childcare model."*[5]*

Disability, illness and caring

Our Pre-Budget Submission called for the introduction of a **Cost of Disability Payment** that recognises the extra costs associated with disability. While Budget 2025 did not introduce this payment, CIB welcomes the once-off or temporary payments for people with disabilities, including a payment of €400 to Disability Allowance, Invalidity Pension and Blind Pension recipients, in addition to the increase of €12 in the core social welfare payments. However, we would again highlight the findings of the 2021 Cost of Disability Report, which quantified the extra costs of living with a disability at between €9,482 and €11,734 per annum.*[6]* Given these extra costs, it is little surprise that SILC data suggests that the consistent poverty rate is highest (16.5%) amongst people who are unable to work due to long-standing health problems.*[7]* The ESRI has calculated in their initial budget analysis that without the temporary cost-of-living measures, the At Risk of Poverty (AROP) rate of disabled households would be 3% higher than it is at present.*[8]* It is in this context that CIB is concerned about the disproportionate impact of the reduction or withdrawal of temporary payments in future budgets. We again urge the Government to formally take account of these extra costs by factoring in a recurrent cost-of-disability payment as it considers options for a more comprehensive reform of disability payments in the coming year.

The extension of the Free Travel Companion Pass for all over 70s is welcome but we would like to have seen specific commitments in relation to transport for people with disabilities. CIB has long emphasised the need for a comprehensive transport support scheme for disabled people, to replace the Mobility Allowance and Motorised Transport Grant. Neither did Budget 2025 provide for a replacement of the Disabled Drivers and Disabled Passengers Scheme, which has been acknowledged by the Government as not fit-for-purpose and is clearly overdue for replacement with a needs-based, grant-led approach to vehicle adaptations.

[5] Fine Gael shifts to backing public childcare model
[6] The Cost of Disability in Ireland, 2021
[7]Survey of Income and Living Conditions 2023, CSO
[8] Budget 2025 tax and welfare measures will result in small real income gains for households in 2025 | ESRI

Regarding **income support for carers**, our PBS highlighted that Carer's Allowance (CA) consistently features in the top three benefits/schemes presenting to frontline services. During 2023, eligibility issues and difficulties with the cost of living were reported as the main problems, with the means test and income adequacy being central. In light of these concerns, we welcome the budget measures that will help to alleviate some of these pressures, including the €12 in weekly carer's payments, the two double payments in the coming months, the €20 monthly increase in the Domiciliary Care Allowance, the increase in the Carer's Support Grant (CSG) to €2,000 (from €1,850) and the payment of an additional €400 to CSG recipients. We also acknowledge the role that the increased income disregard for CA (of €175) will play in bringing more family carers into the income support net and in facilitating others to get an increased payment. We are particularly pleased to see the extension of eligibility for the Fuel Allowance to CA recipients, as this has been an issue that our frontline delivery services have been highlighting for several years. The decision to widen eligibility for Carer's Benefit to self-employed people is also a welcome extension of supports to those paying PRSI Class S contributions. And we look forward to the outcome of the review of the means test for carers' payments that is to be progressed by an interdepartmental working group that was established by Minister Heather Humphreys in March 2024.*[9]*

Over-and-above income support measures, our PBS highlighted the many challenges facing **older people** and people with disabilities (or experiencing ill-health) in accessing the specific supports needed to live independently and with dignity in their own homes. The Department of Health announced an increase of €349 million in the allocation for Older Persons Services (to €3 billion) which includes a commitment to fund an extra 600,000 home support hours (with 20% of these ringfenced for dementia care) and an extra €72 million for nursing homes to support the Fair Deal scheme. Additionally, there will be a €336 million increase for Disability Services (to €3.2 billion), which will fund additional Home Support and Personal Assistance hours (an increase of 40,000 and 20,000 respectively) and expanded respite care. This incremental expansion of service provision across home supports and personal assistance services for people with disabilities and older people is welcome, given that the focus of much of the feedback from our frontline delivery services relates to the inadequate provision of home-help hours, home-support packages and personal assistant hours, and highlights the difficulties for many people in accessing respite services. There remains, however, a clear need for a statutory homecare scheme with timelines for the scheme's full implementation.

Housing: availability, affordability and energy costs

One of the central recommendations in our Pre-Budget Submission in relation to housing was the need for increased investment by the State in the direct build of social and affordable housing (via local authorities and housing associations). We are therefore pleased to see the commitment to build 10,000 **new social homes** (at a cost of over €2 billion) in addition to the 6,400 affordable and cost rental homes that will be delivered through the First Home Scheme and other schemes. Additional funding was also announced in respect of 8,400 new Housing Assistance Payment tenancies (in addition to the existing 50,000 tenancies) and 1,600 new Rental Accommodation Scheme tenancies (adding to the 16,000 households already in the scheme).

[9] Minister Humphreys announces establishment of an Interdepartmental Group to examine means tested payments to Family Carers

While it is unfortunate that there were no proposals in Budget 2025 to set out a new social housing income eligibility model (as initially proposed in Housing for All), we note Minister O'Brien's recent Dáil statement that work to develop such a model should be "significantly advanced by the end of Q4 2024."*[10]* We are hopeful that this review will also address two other key issues highlighted in our PBS – that is, ensuring consistency across local authorities in the definitions of assessable income and the revision of HAP limits to reflect market rents.

In addition to these broader provisions for social and affordable housing, budget measures include an extension of the Help To Buy Scheme (to 2029) and of the Mortgage Interest Tax Credit (to 2025), and also increases in the tax credit for renters, in Stamp Duty (on the purchase of 10 or more houses) and in the Vacant Homes Tax (from five times to seven times the LPT rate). While we welcome the increase in the Rent Tax Credit, we would note that it is likely to have a limited impact on many households in need. For instance, low-income renters may not be eligible as their incomes are too low to qualify, HAP recipients who must pay rent 'top-ups' to landlords are not eligible and tenants whose landlord is not registered with the RTB are unable to claim it. The provision of an additional €61 million for **homeless services** (making a total of €303 million) - and, within this, the €12 million in capital funding to support the delivery of transitional and emergency accommodation for people who are homeless - was a much-need budgetary increase, albeit one that perhaps does not go far enough given the continued expansion in the numbers of people/families impacted by homelessness (including rising numbers in bed and breakfast accommodation) and housing precarity. *[11]*

In the context of **maintenance and standards**, we welcome the provision of €31 million to local authorities to fund a planned maintenance programme for their social housing stock (which includes the redevelopment of 2,300 void units for re-letting to households on waiting lists). We also acknowledge the value of the €10.5 million allocation to local authorities to fund inspections and compliance with rental standards.

The Department of Housing also announced the provision of €100 million in funding to local authorities for the **housing adaptation grant schemes** (that is, the Housing Adaptation Grant for People with a Disability, the Mobility Aids Grant and the Housing Aid for Older People Grant). Our PBS had highlighted the limited funding available under the schemes, issues with the income thresholds, the slow administration of grant applications, and the lack of information for those seeking access to such supports. In advance of Budget 2025, the Department of Housing published a report of their review of the schemes.*[12]* This included a welcome commitment to increase grant limits by over 30% and income thresholds by 25%, with specific amendments to the means test also expected to be introduced in Q1 2025.

CIB's Pre-Budget Submission highlighted the extent to which our frontline services are assisting people with queries about **fuel and energy costs**, with data evidencing the vulnerability to energy poverty of older people on a fixed income, single households, Travellers, lone parents and people with disabilities. We welcome the further provision of the Electricity Account Credit (albeit at a reduced level of €250) and the €300 once-off lump sum to Fuel Allowance recipients.

[10] Housing Policy Parliamentary Question, 10 October 2024
[11] Homeless figures reach record high, Irish Times, 30 August 2024
[12] Minister O'Brien announces reforms following review of the Housing Adaptation Grants

However, we are concerned about the temporary nature of the payments and would note that the basic rate of FA has not increased since Budget 2022, during which time energy costs have increased significantly. In this context, the extension of the Over 70s Fuel Allowance means-test disregard to people aged 66 and over is particularly welcome as a targeted measure, given that older people tend to live in homes that are less energy efficient and are generally more likely to experience energy poverty.

Conclusion

Budget 2025 was delivered in the context of a positive economic outlook and against a backdrop of reductions in the cost of living. In the main, however, the budgetary measures continued the pattern of reliance on once-off or temporary lump-sum payments to alleviate pressures on households acutely impacted by sustained levels of inflation. While CIB welcomes these supports and acknowledges their undoubted value, we remain concerned about the impact on struggling households if and when they are withdrawn.

Finally, we wish to take this opportunity to highlight the extent to which the concerns raised by CIB-funded services featured in the Government's budgetary provisions for 2025. This reflects the relevance and critical impact of the frontline work undertaken in these services to support, in particular, people who are experiencing or vulnerable to poverty or whose basic housing, care and support needs are not at this time being fully met.