PRE-BUDGET SUBMISSION TO JOINT COMMITTEE ON FINANCE, PUBLIC EXPENDITURE AND REFORM

BY THE

THE IRISH LOCAL DEVELOPMENT NETWORK

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WHAT IS THE IRISH LOCAL DEVELOPMENT NETWORK (ILDN)?

The **Irish Local Development Network (ILDN)** is the representative body of Local Development Companies (LDCs) in Ireland. LDCs are publically funded, not-for profit companies with charitable status, limited by guarantee. There are 50 LDCs in Ireland, 35 rural and 15 urban.

ILDN and its companies work closely with local authorities, government departments and agencies in the delivery of a range of programmes including, but not limited to; the Local and Community Development Programme (LCDP), the Rural Development Programme (LEADER), Tús, Rural Social Scheme (RSS), Jobs Clubs, Local Employment Service (LES), CE Schemes, Local Training Initiatives (LTIs), Family Support Programmes, Suicide Bereaved Programme, Immigrant Integration Programme, Women of the World Programme and the Back to Work Enterprise Allowance (BTWEA), as well as many more enterprise, training, activation, educational and community supports.

Some of the government departments / agencies we work in partnership with include; the Department of Social Protection, the Department of Environment, Community & Local Government, the Department of Education & Skills, the Department of Children & Youth Affairs, the Department of Transport, Tourism & Sport and the Health Service Executive (HSE).

EUROPE 2020 – THE CHALLENGES FOR IRELAND

The Irish Local Development Network welcomes the planned introduction of the Social Inclusion and Community Activation Programme in January 2015 by Minister Phil Hogan **and calls for a budget increase from €47.7m to €50m to what is the only national Social Inclusion programme in the State.** Ireland has been set national targets in the areas of employment, education and anti-poverty/social inclusion work under the Europe 2020 agreement. These targets are interrelated and mutually reinforcing – improvements in educational levels promote employability and contribute to reducing poverty.

It is imperative that we continue to make progress towards achieving these targets if Ireland is to remain on a sustainable economic course following our exit from the bail-out programme. Despite a rise in employment, the proportion of youth and long-term unemployed people on the Live Register remains stubbornly high, a fact noted with concern in the most recent EU Commission report on our implementation of the National Reform Programme, published on the 2nd of June 2014.[i]

This report also notes the fact that Ireland has the highest rate of jobless households within the European Union, a factor which is directly linked to rapidly rising rates of child poverty. Households headed by a single parent are at substantially increased risk of poverty, a situation which is compounded by the high cost of childcare in this country and other 'welfare traps' which can act as a disincentive to labour market participation.

Insufficient jobs are being created for workers with low skill levels and the State is struggling to design and deliver employment supports and training which will enable these workers to re-enter the labour market. Many of these workers face the bleak prospect of never working again. The reality is that failure to engage with the most marginalised workers – young people, those not in education, employment or training and older workers with low or outdated skills – will continue to place a significant burden on the State's financial resources, not to mention exacting a high social cost in terms of increased poverty and social exclusion.

SOCIAL EXCLUSION AND POVERTY IN IRELAND

Social exclusion[ii] is a reality for many individuals and communities in Ireland today. This deprivation is manifested in a diversity of ways, including unemployment and/or low income, poor housing, ill health, inadequate education and few recreational opportunities.

As part of the National Reform Programme, Ireland has made a commitment to reduce consistent poverty[iii] (as opposed to relative poverty[iv]) to 4% by 2016 and to 2% or less by 2020. However, according to the most recent Social Inclusion Monitoring report[v], 15.8% of the Irish population are at-risk-of-poverty, 22.5% experience material deprivation and 6.2% experience consistent poverty. The rates of poverty, deprivation, and social exclusion in Ireland are continuing to rise. If all social transfers are excluded, the 'at risk of poverty' rate is as high as 50.3%, highlighting the critical role of welfare payments/social transfers[vi] in enabling people to remain above the poverty threshold.

Rates of poverty and deprivation continue to be higher among children than they are for adults with long-lasting negative effects on their physical, mental and social development, family environment, housing, health, education, future employment prospects, and overall life opportunities. The most recent data shows that in 2012:

- almost 1 in 10 children (9.9%) in Ireland were living in consistent poverty,
- almost 1 in 5 children (18.8%) in Ireland were at risk of poverty and
- almost 1 in 3 children (32.3%) in Ireland were deprived of at least 2 basic items considered to be the norm by society.

According to the EU Commission "*the number of people at risk of poverty or social exclusion increased from a pre-crisis level of 1.05 million in 2008 to 1.32 million in 2011. Achieving the national target remains ambitious*".

ROLE OF LOCAL DEVELOPMENT COMPANIES IN ADDRESSING SOCIAL EXCLUSION AND POVERTY

Poverty and social exclusion result from a multitude of interrelated factors which themselves vary according to the local context. In other words, there is no 'one size fits all' solution which will resolve this issue.

Each of the 50 Local Development Companies[vii] have expert knowledge of their own area built up over 20 years. They therefore have a critical role to play in combating social exclusion, poverty and unemployment both through the range of programmes they currently deliver and through the brokerage and agency role they perform at local level. These programmes include the Local Community Development Programme, LEADER, Local Employment Services[viii], Tús, Rural Social Scheme, Rural Transport and Jobs Clubs.

Local Development Companies have been working with the most marginalised individuals and communities for over two decades. We understand the need for local solutions to local problems as well as for a 'whole of government' approach to tackling these entrenched situations. We welcome the reforms that have happened in modernising our employment services through Intreo and providing a renewed focus on training and further education with the establishment of Solas. However, it is vital that the role of local and community development is not underestimated in the effort to bring the most 'at risk' groups in from the margins.

Funding for social inclusion has been cut by 42% since 2009. Nonetheless Local Development Companies under the Local and Community Development Programme have maintained services to the most marginalised people and communities and increased outputs for individuals and groups as evidenced in the table below:

Beneficiaries of LCDP supported by Local Development Companies	2011	2012	2013
Number of individuals supported (caseload)	40,292	47,792	49,790
Number of young people/children engaged	65,614	87,483	104,713
Number of local community groups supported	4,110	4,378	3,823
Beneficiaries participating in accredited and unaccredited education	11,393	11,241	17,699
Beneficiaries participating in accredited and unaccredited labour market training	11,781	15,561	19,711
Individuals supported in employment	1,121	1,370	1,658
Individuals supported into self-employment	5,042	5,684	5,761

Source: POBAL

Not only have the numbers of people supported grown at a time of austerity, the value for money provided by Local Development Companies has also been evidenced in a recent report by Smith Everett and Associates[ix] which revealed that the Local Development Companies examined in this analysis provided the Irish Exchequer with a net gain of over €311,000,000 during the three year period 2010-2012. On average this amounts to a net gain of just under €7,800,000 per company.

Supporting inclusion and activation for the most marginalised – What is required in Budget 2015?

Local Development Companies already play a key role in promoting a 'whole of Government' approach at local level, facilitating coordination and collaboration across agencies and services. We can do this successfully because we are viewed as being 'honest brokers', working with and on behalf of the communities we serve and with no affiliation to one agency or body over another, a fact attested to by international organisations such as the OECD. This impartiality is vital in maintaining the trust of the communities and individuals we work with, many of whom feel let down by or excluded from society at large.

We therefore call for continued investment in local, community-based strategies and actions to engage with these groups in order to shift the needle on long-term unemployment, child poverty and social exclusion. These strategies should build on the social capital that already exists as a result of the cumulative impact of local and community development work undertaken over the past two decades and **ensure that the voices of those affected directly by these issues are to the fore in devising workable solutions**.

This can only be achieved with adequate investment, highlighting again the need to increase the Social Inclusion and Community Activation Programme budget to €50m.

SUMMARY – CALL FOR BUDGET INCREASE TO ONLY NATIONAL SOCIAL INCLUSION PROGRAMME IN THE STATE

As evidenced in the table above, in 2013 Local Development Companies assisted 1,658 individuals into employment and 5,761 into self-employment. The general economic assessment of moving an individual from the Live Register to Employment equates to a saving to the Exchequer of circa. €20,000.

This means that the net impact of such interventions in effect give rise to a saving of €33.16m in the case of individuals supported into employment and €115.2m for those into self-employment in 2013 alone.

With **over 750 thousand people in Ireland now experiencing consistent poverty** and a **quarter of the population** (27% or 1.2 million people) **affected by deprivation** (doubled since 2008 and up from 24.5% in 2011)[x], now is the time to be investing adequately in anti-poverty and social inclusion measures to ensure these trends reverse.

Not only have Local Development Companies demonstrated their efficiency, value for money and experience in responding to the needs of their communities, but It has also been outlined clearly above the net savings to the Exchequer for all those assisted by Local Development Companies under the Local and Community Development Programme. **With an increase of just €2.3m to the budget of its successor programme; the Social Inclusion and Community Activation Programme, not only will these outputs and Exchequer savings be increased even further, but it will also assist Ireland in reaching its Europe 2020 targets.**

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For further information please contact Caoimhe Nic Allabroin, Policy and Communications Officer, the Irish Local Development Network, Unit 4 Oakfield Industrial Park, Clondalkin, Dublin 22 / Email; caoimhe@ildn.ie / Landline: 01 457 6360 / Mobile: 087 937 9572 / Website www.ildn.ie / Twitter: @theildn / Facebook: http://www.facebook.com/theildn

[i] http://ec.europa.eu/europe2020/pdf/csr2014/swd2014_ireland_en.pdf [11/6/2014]

[ii] **Social exclusion** is defined as: "Cumulative marginalisation from production (employment), from consumption (income poverty), from social networks (community, family and neighbours), from decision-making and adequate quality of life". It has a far broader meaning than poverty.

[iii] **Consistent Poverty** is being at risk of poverty and experiencing deprivation in relation to one or more of the following indicators: unable to afford a meal with meat, chicken or fish (or vegetarian equivalent) every second day; unable to afford new, not second hand, clothes; without heating at some stage in the past year due to lack of money; experienced debt problems arising from ordinary living expenses; unable to afford two pairs of strong shoes; unable to afford a roast, or equivalent, once a week; unable to afford a warm waterproof coat; no substantial meal for at least one day in the past two weeks due to lack of money.

[iv] **Relative Income Poverty** defines those who are poor as being below a certain income threshold, usually **60% of the median equivilised disposable income**. Median income is the figure that divides the income distribution in society into two equal parts, half having incomes above the median and half having incomes below the median. Persons below the 60% median income level are regarded as being 'at risk of poverty'. It should be noted that they are not necessarily in poverty. Whether they are in poverty will depend on a number of factors including: the degree to which their income is below the threshold; the length of time on this low income; and their possession and use of other assets, especially their own homes. Relative poverty is described with reference to the prevailing socio-economic conditions of society. This recognises that the unequal distribution of resources and opportunities contributes to poverty.

[v] http://www.socialinclusion.ie/documents/2013SIM2011FinalWeb_002.pdf [7/8/2013]

[vi] Includes: unemployment related payments; old-age related payments; family/children related payments; sickness and disability benefits; education-related allowances

[vii] The 1991 "**Programme for Economic and Social Progress**" brought about the creation of Area Based Partnership. The function of these Partnerships (today known as Local Development Companies) is to address issues such as unemployment, poverty, social inclusion and community & economic development in areas of extreme disadvantage.

[viii] Following the publication of a report prepared by NESC on '**Ending Long-Term Unemployment'**, the Government established a Task Group in September 1994 to make proposals for better targeted and more effective services for the long-term unemployed. The Task Group in their interim report in February 1995 continued the case for the establishment of an Employment Service to implement a strategy of preventing the drift into long-term unemployment and getting the long-term unemployed back into the world of work. The Interim Report outlined the basis for a new Local Employment Service that is still managed by Local Development Companies (LDC) today. In this context Local Development Companies have a critical role to play in helping the government meet its employment strategy, including the new Pathways to Work strategy.

[ix] **ILDN** - an analysis of local development companies staff and administration costs & the net contribution their Services make to the Irish Exchequer, SMITH EVERETT & ASSOCIATES JULY, 2013.

[x] According to a r**ecent CSO release of the Survey on Income and Living Conditions (SILC) 2012 for Ireland.**