



**NYCI Pre-Budget Submission 2015**

# **“Fair and Just Recovery”**

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# Summary of Recommendations

In this submission NYCI outlines what we believe should be Government priorities for action and spending in Budget 2015;

## **1. Defending Youth Work Services**

- Maintain Youth Work Funding at current levels.

## **2. Providing supports for most disadvantaged young jobseekers**

- Establish an innovation fund within the Youth Guarantee scheme to support initiatives by youth work sector to address needs of long-term unemployed jobseekers.

## **3. Incentivise education, training and work for young jobseekers**

- Restore the adult rate of €188 to all young jobseekers who are participating in education, training and work experience opportunities.

## **4. Tackling Alcohol Related Harm**

- Introduce a 1.5% social responsibility levy on drinks manufacturers to generate funds to replace the sponsorship of large sporting events by the drinks industry.

## **5. Reducing Child Poverty**

- Increase the adult social welfare rates in line with the rising cost of living and maintain Child Benefit rates at the current level.

## **Social and Economic Context**

As we enter the eighth year of economic recession and austerity, it is clear that the downturn and inadequate policy responses are impacting on young people and for some young people very significantly. In March 2014, the European Foundation for the Improvement of Living and Working Conditions (Eurofound) published a report<sup>1</sup> exploring the social situation of young people across Europe arising from the economic recession. The findings of this report with regard to the social situation of young people in Ireland are stark. The research reveals that 18% of young people in Ireland experience serious deprivation. This means that almost one in five cannot afford to keep their house warm, buy meat or fish at least every second day (if they wanted to) and/or buy new, rather than second-hand clothes. Young people in large households, such as those living both with their parents and their partner and/or children are the most likely to experience high level of deprivation. The study also found that 51% of young people in Ireland cited cost as a barrier to accessing healthcare; this is the 4<sup>th</sup> highest in the EU. In many cases young people cannot afford to be sick. Furthermore the report found that 42% of young people are living with their parents.

## **Youth Unemployment**

Youth unemployment is the greatest challenge facing not only young people but the country as a whole. We welcome the fact that there is job growth in the Irish economy and youth unemployment has declined to 25.3%<sup>2</sup> in the first quarter of 2014. This CSO data indicates that most of this reduction is due to emigration and a decline in the cohort of young people aged 15-24 as the number of young people employed also continues to decline. We are concerned at the 24,444 young people<sup>3</sup> who are now long-term unemployed (for 12 months or more). While we broadly support the Irish plan for the Youth Guarantee, we are concerned at the overall slow pace of implementation. Proposals to compel certain young jobseekers to take up education, training and work experience opportunities are extremely concerning and likely to have serious

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<sup>1</sup> <http://www.eurofound.europa.eu/publications/htmlfiles/ef1404.htm>

<sup>2</sup> <http://www.cso.ie/en/releasesandpublications/er/qnhs/quarterlynationalhouseholdsurveyquarter12014/>

<sup>3</sup> Dáil Question 374 17<sup>th</sup> June 2014

ramifications in relation to enhancing levels of social exclusion and marginalisation amongst the most disadvantaged young people.

We endorse the work of the OECD<sup>4</sup> in their review of the Action Plan for Jobs called on the Government to give greater attention and urgency to the youth unemployment crisis. We are calling on Government to support young people to move into education, training and work experience by providing additional income support and by investing in measures to reach those most distant from the labour market.

### **Youth Work Services**

Youth work services are active in every community in Ireland and reach almost 383,000 young people, in particular young people from the most disadvantaged communities in Ireland. The Indecon Report<sup>5</sup> found that for every €1 invested in youth work the economic benefit/costs saved by the State in the long run are €2.20. Youth Services have taken a disproportionate hit since the onset of the crisis with cuts four and a half times general Government budget reductions. Since 2008 General Government expenditure has declined from €53.4bn to €49.6bn in 2014 or by 7.1% while funding for Youth Work has declined from €73.1m in 2008 to €49.8m in 2014 or by 31.8%. Also youth work services have taken a disproportionate cut within the Department of Children and Youth Affairs allocations. In Budget 2013 the cut to youth services represented 33% of the total cuts, despite the fact that the youth services budget only represented 14% of the overall Departmental budget. The 2014-2016 Departmental allocations<sup>6</sup> published last October proposed a further €6m cut in the budget of the Department of Children and Youth Affairs. As outlined above the Youth Work sector has already contributed more than its fair share of the reductions in funding and any further cuts would be unsustainable and regressive. At present youth organisations are struggling to meet the needs of young people active and engaged in the range of supports and services they provide. In framing the budget the Government must take into account the double whammy of the severe impact of austerity on young people and the disproportionate cuts to services that support them.

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<sup>4</sup> <http://www.oecd.org/ireland/Ireland-action-plan-for-jobs-review.pdf>

<sup>5</sup> Assessment of the Economic Value of Youth Work by Indecon Economic Consultants, November 2012

<sup>6</sup> <http://budget.gov.ie/Budgets/2014/Documents/Part%20II%20-%20Expenditure%20Allocations%202014%20-%202016.pdf>

### **Generating revenue to reduce alcohol misuse**

We welcome the decision<sup>7</sup> of Government last October to progress the implementation of a number of recommendations in the report of the Steering Group on the National Substance Misuse Strategy published in February 2012. It is vital that we tackle price, promotion and availability of alcohol to reduce alcohol-related harm amongst children and young people.

The Government is examining proposals to restrict sponsorship of major sporting events by the drinks industry. One of the key arguments against this proposal is that sponsorship contributes about €35m per annum to the funding of sports organisations per annum. We propose in this submission that this funding could be generated by the introduction of a social responsibility levy on the manufacturers of drinks products as recommended by the National Substance Misuse Strategy steering group<sup>8</sup> in February 2012. We estimate that a 1.5% levy on the turnover of drinks manufactures could generate in the region of €37.5m. This measure would not only solve the problem of replacing the funding lost through the restrictions on drinks industry sponsorship of sports but would also ensure that the manufacturers of alcohol products, who gain significantly from alcohol sales, are actually making a contribution to reducing rather than increasing alcohol misuse and alcohol related harm among young people.

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<sup>7</sup> <http://www.dohc.ie/press/releases/2013/20131024.html>

<sup>8</sup> Steering Group Report on a National Substance Misuse Strategy, Department of Health, February 2012

<b>Subject</b>	<b>1. YOUTH WORK FUNDING</b>
<b>Proposal</b>	➤ <b>Maintain funding for Youth Work Services at current level.</b>
<b>Rationale</b>	<p>Current expenditure for youth work services from the Department of Children and Youth Affairs has fallen by almost 31.8% since 2008 from €73.1m to €49.8m in 2014. This has placed enormous strain on youth services at a time when the recession is impacting on young people. As outlined in the Eurofound report on the social situation of young people in Ireland<sup>9</sup> they have endured increasing levels of poverty, social exclusion and unemployment as a result of the economic downturn with 18% of young people experiencing serious deprivation. This means that almost one in five cannot afford to keep their house warm, buy meat or fish at least every second day and/or buy new, rather than second-hand clothes.</p> <p>Youth organisations in Ireland are uniquely placed to assist children and young people through the current recession and challenging social environment. They are active in almost every community and it is estimated that they reach over 383,000 young people. They are particularly active in supporting young people from economically or socially disadvantaged communities, with 53% of all participants coming from these areas. The track record and credibility of the youth sector is also demonstrated by the high levels of participation by young people here in youth services. Ireland has the highest level of involvement in youth services in the EU with 26% of young people active in a youth club.<sup>10</sup></p> <p>In 2012 a report by Indecon Economic Consultants commissioned by NYCI demonstrated that investment in youth work also makes sound economic sense. The report indicated that for every €1 invested in youth work the economic benefit/costs saved by the State are €2.20 in the long run<sup>11</sup>. This study demonstrates that investment in youth work not only supports young people to reach their full potential and become active citizens. It also reduces long term costs for the state in relation to the health, justice and welfare services for young people. The funding provided also provides support to the 40,000 volunteers who work with young people.</p> <p>Youth Services have taken a disproportionate hit since the onset of the crisis with cuts four and a half times general Government budget reductions. Any further cuts will greatly reduce the capacity of organisations to meet the needs of the most disadvantaged young people. Not only would further cuts be socially unjust, they would be equally economically unsound given the economic return identified by the Indecon report. We call on the Department of Children and Youth Affairs to maintain the existing funding levels in 2015.</p>
<b>Cost</b>	<b>No cost to exchequer.</b>
<b>Responsibility</b>	<b>Department for Children and Youth Affairs</b>

<sup>9</sup> Social Situation of young People in Europe <http://www.eurofound.europa.eu/publications/htmlfiles/ef1404.htm>

<sup>10</sup> (European Commission 2011, “Youth on the Move” - Analytical Report of Flash Eurobarometer Number 319a).

<sup>11</sup> Assessment of the Economic Value of Youth Work by Indecon Economic Consultants, November 2012

<b>Subject</b>	<b>2. YOUTH UNEMPLOYMENT</b>
<b>Proposal</b>	➤ Establish a fund within the Youth Guarantee scheme to support initiatives by the youth work sector to address needs of long-term unemployed jobseekers.
<b>Rationale</b>	<p>While the numbers of young people on the live register has come down significantly from a high of 94,550 in August 2010<sup>12</sup> to 58,500<sup>13</sup> in May 2014, our assessment is that this decline is largely due to emigration and a reduction in the cohort of young people in the 18-24 year old age cohort in the population. This is demonstrated by the CSO National Household Quarterly Survey which showed that the number of young people in the workforce has reduced from 170,400<sup>14</sup> in the 1<sup>st</sup> quarter of 2011 to 140,200<sup>15</sup> in the first quarter of 2014.</p> <p>We support the introduction of a Youth Guarantee<sup>16</sup> in Ireland which provides quality opportunities for young jobseekers. In January 2014 the Government published their National Implementation Plan<sup>17</sup> for the Youth Guarantee. A Eurofound<sup>18</sup> research reveals that the Youth Guarantee in Sweden and Finland has been more successful with those who are ‘job ready.’ Evaluation has shown that it was less effective with the hard to reach, more socially excluded individuals. Furthermore the Eurofound report states that if a youth guarantee is to work with the most vulnerable jobseekers <i>“it needs to be based on a strong collaborative approach with a range of stakeholders involved in providing services to youth”</i></p> <p>The experience from the Youth Guarantee pilot in Ballymun confirms this because the youth work services there are playing an important role is reaching young people who would fall into the NEET category, reducing the number of “do not attends” and are supporting them to participate in the programme. While the Irish plan has many positive elements it does not adequately address how to engage with the most disadvantaged young jobseekers and those who are defined as NEETs. This demonstrates the need for a specific funding strand within the Youth Guarantee for young people who are in the NEET category.</p> <p>A detailed proposal<sup>19</sup> was submitted to Department of Children and Youth Affairs in 2013, outlining the objectives of such an initiative - how it would be led, managed and delivered to ensure that the most disadvantaged young people aged 18-24 can benefit from the Youth Guarantee.</p>
<b>Cost</b>	<b>Fund to support most disadvantaged young jobseekers access and benefit from Youth Guarantee (Does not factor in live register savings) €20m</b>
<b>Responsibility</b>	<b>Department of Social Protection/Department of Children and Youth Affairs</b>

12 CSO Live Register monthly figures

[http://www.cso.ie/en/media/csoie/releasespublications/documents/labourmarket/2010/lreg\\_aug2010.pdf](http://www.cso.ie/en/media/csoie/releasespublications/documents/labourmarket/2010/lreg_aug2010.pdf) September 2010

13 <http://www.cso.ie/en/releasesandpublications/er/lr/liveregistermay2014/>

14 Quarter 1 QNHS 2011 [http://www.cso.ie/en/media/csoie/releasespublications/documents/labourmarket/2011/qnhs\\_q12011.pdf](http://www.cso.ie/en/media/csoie/releasespublications/documents/labourmarket/2011/qnhs_q12011.pdf)

15 Quarter 1 QNHS 2014 <http://www.cso.ie/en/releasesandpublications/er/qnhs/quarterlynationalhouseholdsquarter12014/>

16 NYCI Youth Guarantee Factsheet

17 The Implementation of the EU Council Recommendation for a Youth Guarantee <http://www.welfare.ie/en/downloads/Youth-Guarantee-Implementation-Plan.pdf>

18 Youth Guarantee, Experiences from Sweden and Finland, Eurofound.

19 Role of Youth Work in addressing the needs of Young People not in education, employment or training

<b>Subject</b>	<b>3. Incentivise education, training and work for young jobseekers</b>
<b>Proposal</b>	➤ Restore the adult rate of €188 to all young jobseekers who are participating in education, training and work experience programmes.
<b>Rationale</b>	<p>In May 2013, the National Economic and Social Council noted that “<i>young people are hit hardest by the crisis</i>”.<sup>20</sup> Despite this both the previous and current Government have reduced welfare payments to young people under 26 years of age. The OECD report “Getting Youth on the Job Track”<sup>21</sup> found in 2011 that 40% of young people aged 16-24 in Ireland were at risk of poverty, which is the highest in the EU. The Vincentian Partnership found that the cost of a single adult living as part of a household is €184<sup>22</sup> in 2014 and this does not take into account the financial burden on young people who are not living with parents or family. In addition we also have 24,444 young people on the live register for 12 months or more<sup>23</sup> and have the 4<sup>th</sup> highest percentage of young people at 18.4% in the “NEET” category (young people not in education, employment and training) in the EU.</p> <p>The cuts in welfare were partly justified on the basis that it would incentivise young people to take up education, training and/or work experience opportunities. This argument is undermined by the fact that the various welfare payments and training allowances to young people under 25 have also been cut in recent Budgets. As a result of budget decisions young people under 25 moving from welfare to education, training and work experience have had their allowances cut. The training allowance for young people participating on VTOS, Youthreach, Community Training Centre Programmes and other SOLAS training has been reduced from €188 per week to €160 per week. From January 2014 the payment to those participating on the Back to Education Allowance Programme has been cut to €160 per week and for JobBridge interns who were on €100 prior to participation they end up on a €150 per week while working a full 40 hour week.</p> <p>We are calling on the Government to restore the adult rate of €188 per week for all young people participating on an education, training and work experience programme. This would serve two purposes - it would reduce the rates of poverty and social exclusion among young people and it would also provide an additional financial incentive, particularly to the most disadvantaged young people to participate in education, training and work experience opportunities. If we are serious about reducing the high rates of young people in the NEET category we need to provide this additional financial support.</p> <p><i>(It is difficult to cost this proposal as young people are on different rates across the range of schemes-we estimate based on figures available that this would cost €8m-€10m)</i></p>
<b>Cost</b>	<b>Estimated cost</b> <span style="float: right;"><b>€8m-€10m</b></span>
<b>Responsibility</b>	<b>Department of Social Protection/Department of Education and Skills.</b>

<sup>20</sup> The Social Implications of the Crisis: the Evidence and the Implications, NESC May 2013

<sup>21</sup> Getting Youth on the Job Track, OECD, Economic Survey of Ireland, September 2013 P63

<sup>22</sup> <https://docs.google.com/file/d/0B-cR3V9wzdJJSnPCVVRsSTVBeXc/edit?usp=sharing&pli=1>

<sup>23</sup> Dáil Question 374 17<sup>th</sup> June 2014

<b>Subject</b>	<b>4. REDUCING ALCOHOL RELATED HARM</b>
<b>Proposal</b>	<ul style="list-style-type: none"> <li>➤ Introduce a social responsibility levy on drinks manufacturers to generate €37.5m to replace the sponsorship of large sporting events by the drinks industry.</li> </ul>
<b>Rationale</b>	<p>Ireland has one of the highest levels of alcohol consumption and binge drinking among young people in Europe. The 2011 ESPAD Report<sup>24</sup> of 15 and 16 year olds across 36 European countries, found that in the 30 days prior to the survey; 52% girls and 48% of boys had drunk alcohol, 40% had 5+ drinks on a single drinking occasion and 23% had one of more episode of drunkenness</p> <p>There is no safe level of alcohol consumption for young people under 18. Young people who begin to drink before the age of 15 are four times more likely to develop alcohol dependence at some time in their lives, compared to those who have their first drink at 20 or older (National Substance Misuse Strategy, 2012: 67). There has also been a considerable increase in alcoholic liver disease<sup>25</sup> (ALD) among younger age groups. Among 15 to 34-years-olds, the rate of ALD discharges increased by 275% between 1995 and 2009, while for the 35 to 49 age group the rate increased by 227%.</p> <p>In its report, the National Substance Misuse Strategy Steering Group (NSMSSG) estimated (on 2007 figures) that alcohol misuse costs the healthcare and justice system almost €2.4bn. While noting the contribution of the drinks industry to general taxation the NSMSSG proposed the introduction of a social responsibility levy on the sector. The drinks industry generates considerable profits from alcohol sales yet contributes little directly to addressing the costs incurred by the state as a result of alcohol related harm. We are disappointed that the Government has not acted on this recommendation and is now engaged in another round of consultation on the issue of drinks industry sponsorship of sport. The drinks industry uses this sponsorship to market alcohol products to young people and evidence shows that this causes young people to start drinking earlier and more frequently and to engage in heavier drinking episodes. There is also strong public support for such a measure. NYCI commissioned Red C to undertake a poll which found that 63% of the population supported the view that the alcohol industry should contribute financially to the cost incurred by the state as a result of alcohol consumption.</p> <p>A 2008 Drinks Industry Group Ireland report found that the annual turnover of the drinks industry manufacturers in 2006 was €2.9bn. Accounting for some downturn in revenues since 2006 and estimating the current turnover at €2.5bn, a 1.5% social responsibility levy would generate €37.5m. The principal concern of the sporting bodies with regard to losing sponsorship of this nature is reduced funding for their activities. A social responsibility levy would overcome this problem as the revenues raised could be used to replace the sponsorship of large sporting events by the drinks industry.</p>
<b>Revenue raised for the Exchequer</b>	<b>1.5% levy on drink industry turnover €37.5m</b>
<b>Responsibility</b>	<b>Department of Finance</b>

<sup>24</sup> [http://www.espad.org/Uploads/ESPAD\\_reports/2011/The\\_2011\\_ESPAD\\_Report\\_FULL\\_2012\\_10\\_29.pdf](http://www.espad.org/Uploads/ESPAD_reports/2011/The_2011_ESPAD_Report_FULL_2012_10_29.pdf)

<sup>25</sup> <http://alcalc.oxfordjournals.org/content/early/2011/04/15/alcalc.agr036.full>

<b>Subject</b>	<b>5. REDUCING CHILD POVERTY</b>
<b>Proposal</b>	<ul style="list-style-type: none"> <li>➤ Increase the adult social welfare rates in line with the rising cost of living and maintain Child Benefit rates at current level.</li> </ul>
<b>Rationale</b>	<p>NYCI acknowledges the Government’s ongoing commitment to reduce inequalities and improve poverty outcomes particularly for children as highlighted in the Department of Finance (2013) <i>A Strategy for Growth: Medium Term Economic Strategy 2014-2020</i>. Furthermore the overall <i>Better Outcomes, Brighter Futures: The National Policy Framework for Children and Young People 2014-2020</i> sets a child specific target to lift over 70,000 children out of consistent poverty by 2020. Translating these commitments into action, however, will require a multifaceted approach that ensures income adequacy and access to quality affordable public services. The austerity measures taken in previous Budgets have exacerbated the levels of poverty and this is evident by the increase in the child consistent poverty rate from 6.3% in 2008 to 9.9% in 2012. Budget 2015 must redress some of these past failings.</p> <p>Addressing poverty traps and ensuring that work pays must be achieved if low income families are to escape from living in entrenched poverty. Already children living in low income families have suffered adversely throughout the recession with households with children the worst affected by the cuts made in Budget 2013, particularly lone parent households. The cuts to Child Benefit rates, plus other cuts in social welfare payments, loss of working hours and tax increases have hit the most vulnerable the hardest. Insufficient efforts have been made to tackle the real obstacles that exist (such as high childcare costs, rent supplement and medical cards) prevent people taking up low paid jobs. .</p> <p>The reliance on social welfare means families are living below a minimum acceptable standard of living as is evident from the increasing scale of food poverty, fuel poverty, poor housing conditions, homelessness and greater ill-health. Some families, particularly migrants, Roma and some Travellers, fare even worse as they do not satisfy the Habitual Residence Conditions for eligibility for social welfare and experience even greater poverty and hardship.</p> <p>By implementation the following proposals, Budget 2015 must universally support families with the costs associated with rearing children to ensure they can sufficiently provide for them and ensure the take up of a low paid job will yield a real financial gain for them.</p>
<b>Cost</b>	<b>No Costings Available</b>
<b>Responsibility</b>	<b>Department of Social Protection</b>