An Chomhairle Náisiúnta Eacnamaíoch agus Shóisialta
National Economic & Social Council

Interface between Income Support and Services

Background Paper

(151/8)

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(151/8)

Dr Helen Johnston

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This background paper provided additional empirical and analytical material on the issues discussed in the main Council report on *The Future of the Irish Social Welfare State: Participation and Protection.* It was considered by the Council in June 2019.

A list of the full set of NESC publications is available at www.nesc.ie

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Executive Summary

NESC is undertaking a project on welfare and employment at the behest of the Department of Social Protection (DSP). DSP has requested NESC to explore how to move towards a more sustainable and integrated social welfare system, with a particular focus on emerging challenges for the social welfare system. This paper examines the interface between income support and service provision. This reflects one of the central findings of the project: that several of the social protection and social inclusion challenges facing Ireland require more policy development in the area of services than adjustment of the social insurance system—though there can be significant links between these two.

The paper restates the core structure of the *Developmental Welfare State*, advocated by NESC in 2005 and widely accepted as the framework for discussion and enhancement of Ireland's system of social protection. This structure comprises three overlapping areas of welfare state activity – services, income supports and activist or innovative measures (including community supports). Thus, within the broader social welfare system there are interdependencies between income support, service provision across a wide range of sectors such as education, health, childcare, eldercare, housing, transport, employment services, training, as well as with community supports and local area-based initiatives. These interdependencies require 'network management' to facilitate the delivery of services by diverse regimes. In addition, a particular dimension of the *Developmental Welfare State* approach is the idea of 'tailored universalism'; *universalism* in that, so far as possible, all of the population should use a single service provision system (in health, education, care, etc.), and *tailored* in that mainstream services need to be tailored to meet the diversity and complexity of individual needs and local conditions.

In general, countries spend more on cash benefits than on social services and Ireland is no different in this regard, though the overall level of spending tends to be lower. Nevertheless, Ireland is one of the best performing countries in reducing poverty through social transfers. While the effect of social transfers in reducing poverty is important, a central argument of the *Developmental Welfare State* was that greater attention to providing supportive capacitating services is critical in making the overall welfare system more effective in protecting against risks, preventing poverty and promoting social inclusion.

These points are illustrated here using the examples of the development of childcare and early education, and employment supports for people with disability. Early learning and care has been demonstrated to be an important intervention in tackling disadvantage among children, as well as being a key service in supporting people, especially women, moving from welfare to work. The evolution of childcare in Ireland illustrates the interdependent relationship between income support and service provision. The introduction of an income support payment – the Early Childcare Supplement – on its own did little to improve the availability and quality of early childhood care and education. This was addressed through its replacement with free pre-school provision under the Early Childhood Care and Education Scheme (ECCE).

Nevertheless, the cost of childcare, without a government subsidy, remained high and is now being moderated for children in regulated childcare services by the National Childcare Scheme (NCS). The NCS encapsulates the hallmarks of a tailored universal scheme as there is a payment available to all parents with young children in a registered childcare facility, with additional financial support available for lower income parents. In addition, there are schemes and area-based initiatives available at community level for those experiencing particular disadvantages.

Thus, through the development of childcare services in Ireland the importance of service provision (ECCE), reinforced by income support (the National Childcare Scheme), and complemented by community measures (such as the ABC programme)[1] demonstrates the *Developmental Welfare State* approach. While it is still too early to comment on the effectiveness of this approach in Ireland, in terms of child development and parental employment, the international evidence suggests that collaborative investment of this nature results in positive outcomes.

A range of income supports and services provide support to people with disabilities. Despite a number of schemes to help support people with disabilities into employment only 36 per cent of adults with a disability are in employment compared to 73 per cent for the rest of the population. While Ireland meets international norms in relation to income supports it is somewhat of a laggard in supporting people with disabilities to fulfil their employment ambitions. Many barriers have been identified which limit people's potential to take up work, and these barriers are often created by the interaction of different policy areas. In an overall system where departmental responsibilities and budgets are allocated vertically it can be challenging to coordinate and streamline initiatives across organisational boundaries. Thus, to address these barriers cooperation is required across government departments and agencies, including the community and voluntary sector, to support a developmental and progressive social welfare system.

These two examples provide illustrations of 'tailored universalism' (the National Childcare Scheme) and the need for 'network management' (across government departments, agencies and the community and voluntary sector) to facilitate the delivery of services by diverse regimes. As argued in the *Developmental Welfare State*, the radical development of services is the single most important route to improving social protection in Ireland in future.

The two examples discussed in this paper are only two of many examples which could be used but are illustrative of some of the issues to be considered in this overall project on welfare and employment. That is, building on the *Developmental Welfare State* approach, the need to consider the interface between income supports and service provision in moving towards a more sustainable and integrated social welfare system.

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1 The Area Based Childhood (ABC) programme is a prevention and early intervention initiative which targets investment in services in a number of disadvantaged areas. These interventions are led by community and voluntary organisations and are aimed at testing and evaluating approaches to improving outcomes for children and families at risk of poverty.

Introduction

1.1. Introduction

NESC is undertaking this project on welfare and employment at the behest of the Department of Social Protection (DSP). DSP has requested NESC to explore how to move towards a more sustainable and integrated social welfare system, with a particular focus on emerging challenges for the social welfare system. In advance of the preparation of this paper a number of papers have been prepared and discussed by the Council:

i. Social Insurance and the Welfare System;

ii. The Position of the Self-employed;

iii. Issues of Platform Working;

iv. Gender, Family and Class Issues;

v. Towards a More Integrated Income Support System; and

vi. Income, wealth, redistribution and their implications for the welfare system.

This paper builds on the analysis in these papers, along with previous NESC reports. It draws on the *Developmental Welfare State* report (2005), in particular, but is also relevant to work addressing supports for the long-term unemployed, standards in human services and how the system engages with low work intensity households.

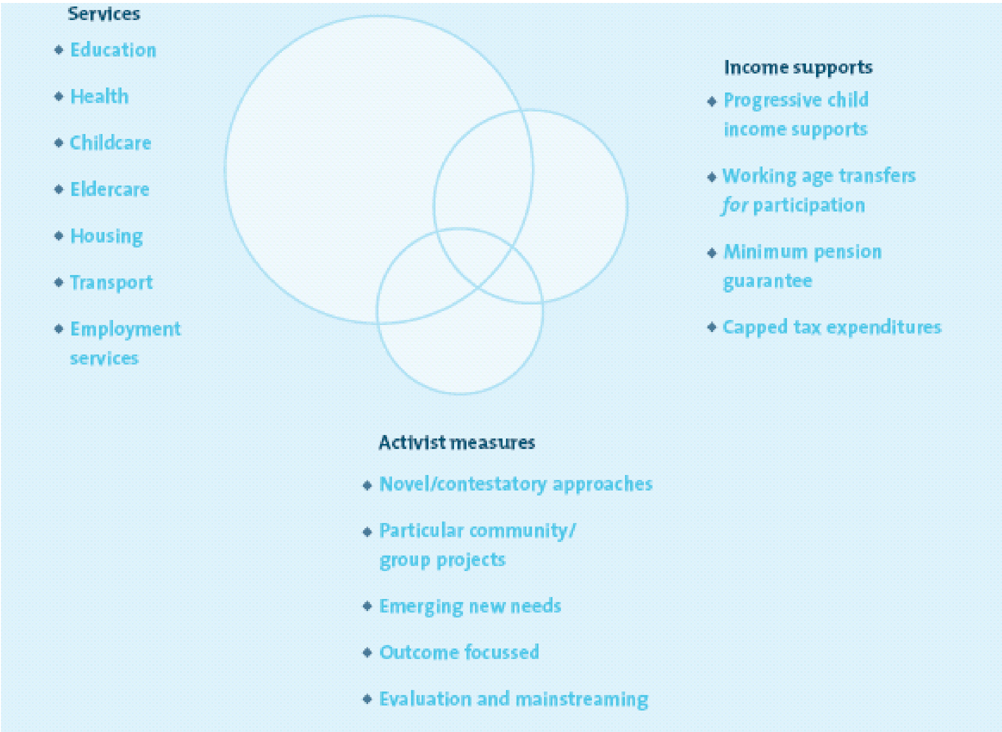
This short paper restates some of the main arguments on the important interface between income, services and community supports in the *Developmental Welfare State* (NESC, 2005). It then goes on to examine how Ireland fares in relation to the provision of services vis-à-vis income supports in an international context. Thirdly, it takes two examples – childcare and disability - to discuss the interfaces between income, services and community supports. Finally, the paper draws some conclusions.

1.2. Core Elements of the Developmental Welfare State (DWS)

Income support is important for the alleviation of poverty and to provide support for people facing various contingencies such as unemployment, illness or disability, retirement, etc. Also important in addressing these issues is the provision of services, such as employment supports, childcare, health and social care, education, housing, transport, as well as support at a local and community level. The interface between income support and services is an important one in the overall provision of a social protection and support system. This relationship between income, services and activist measures at local and community level was a central focus of the *Developmental Welfare State* (NESC, 2005) and is an important context for the consideration of the future of the social welfare system.

In an international context Ireland's welfare system has been described as a 'hybrid' welfare model, given its mix of means-tested, insurance-based and universalist income support and service arrangements. The *Developmental Welfare State* proposed that this system be understood and enhanced using a core structure consisting of three overlapping areas of welfare state activity – services, income supports and activist or innovative measures (including community supports), see figure 1. Its essential character derives from approaches taken within each sphere and the integration of the three in ways that are developmental for individuals, families, communities and the economy (NESC, 2005: xviii).

Figure 1: The Developmental Welfare State Core Structure



In the *Developmental Welfare State* the Council argued that 'a radical development of services' was 'the single most important route to improving social protection for Ireland's population in the years ahead' (NESC, 2005: 159). However, a number of challenges were highlighted in working to achieve this ambition, including that every member of Irish society has access to the level and quality of service they require from the system. A related challenge is identifying the appropriate scale, nature and quality of direct public service provision. Relevant here is the fact that a broad array of organisations provide public services and the Government faces a 'challenge in activating, orchestrating and modulating the activities of a wide variety of actors to ensure that services of different types are delivered comprehensively and fairly to the Irish population' (NESC, 2005: 159).

This focus on the critical role of quality services leads to the consideration of 'network management' to facilitate the delivery of services by diverse regimes where the state retains responsibility for ensuring comprehensive coverage, equity and the maintenance of standards (NESC, 2005: 160). In this context, a combination of the public service, private and not-for-profit organisations is most likely to achieve the best balance between accountability, innovation and efficiency. In relation to the interface between income support and service provision it is envisaged that income support would continue to be mainly provided by the Department of Social Protection but that public services, which also contribute to meeting people's needs and supporting their wellbeing, would be provided through other departments, such as health, education, children, housing, transport, etc. To ensure comprehensive and efficient coverage of income support and service provision a collaborative approach is required, with the relevant departments and service providers working closely together at a number of levels.

This collaborative approach should also include the community and voluntary sector, which has a particular relevance in the third, innovation and activist, sphere of the developmental welfare state approach. This third area is made up of new proactive measures through which organisations – in the community and voluntary, public or private sector – are responding to unmet and new social needs in a particular manner (NESC, 2005: 157). Here, the initiative often lies with NGOs in the community and voluntary sector that focus on identifying unmet needs, creating innovative services approaches to support and empower population sub-groups at local and community level where they are able to address their particular characteristics and needs. This requires giving greater recognition to community and voluntary groups who pioneer ways of addressing the marginalised position of individuals, families and communities. A truly *developmental* welfare state would foster the willingness and ability of government departments and public agencies to work flexibly with NGOs as well as to plan and implement pilot projects that experiment with new approaches and procedures. It would be proactive in extending a radically greater degree of autonomy to local actors and developing new forms of public-voluntary and public-private partnerships. These should feature a strong emphasis on performance and accountability, provision for systematic learning and evaluation, and new forms of centre-local relationships (NESC, 2005: xxi).

A particular dimension of the developmental welfare state approach is 'tailored universalism'. By *universalism* the Council meant that, so far as possible, all of the population should use a single service provision system (in health, education, care, etc.), rather than relying on extension of tax reliefs to those on higher incomes for purchase of separate private services; tailored refers to the critical idea that mainstream services need to be tailored to meet the diversity and complexity of individual needs and local conditions. Such tailoring often occurs at the front line or local level where community organisations can have an important role in supporting state organisations and/or exploring innovative solutions. For example, see the Dolly Parton Imagination Library outlined in Box 1.

Box 1: The Dolly Parton Imagination Library

The Dolly Parton Imagination Library provides a good example of an innovative approach. Through this pilot programme registered children in Dublin 24 receive a book a month addressed to them from birth through to age five (60 books), at no cost to the family. The programme is designed to promote literacy and an interest in books. Dolly Parton's Imagination Library is a US-based charity which works with local partners to gift books to children across the world. In Dublin 24 the scheme is being co-ordinated by the Child Development Initiative (a community based organisation which supports children, families and communities in the area), with partners An Post, South Dublin County Council Library, the Dublin Rotary Club and Shamrock Rovers Football Club.

Source: https://www.cdi.ie/2021/02/100000th-free-childrens-book-delivered-in-dublin-24/ .

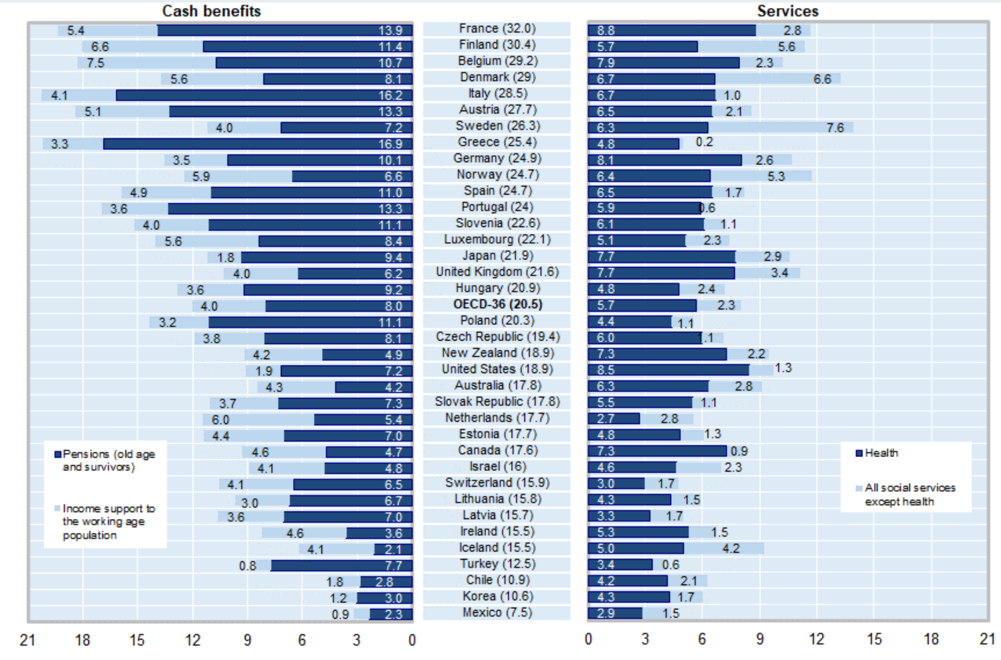
Community organisations often hold personal development classes which enable people to engage in state-provided education and training schemes, or provide parenting supports so that parents are better able to assist their young children in early education.

In order to explore the landscape of service provision in Ireland, NESC followed the *Developmental Welfare State* work with a series of nine reports on quality and standards in human services, including education, disability, policing, home care for older people and end-of-life care (NESC, 2011, 2012a, 2012b, 2012c, 2012d, 2012e, 2012f). The balance between services, income supports and innovative measures is considered in the next section, which examines Irish social spending in a comparative context.

1.3. Irish Social Spending in an International Context

Comparisons of social spending across countries provide a useful illustration of the relative emphasis on cash benefits and service provision within public social expenditure. The OECD provides such comparative information, as shown in Figure 2.

Figure 2: Public social expenditure by broad social policy area, in percentage of GDP, 2015/17 or latest year available



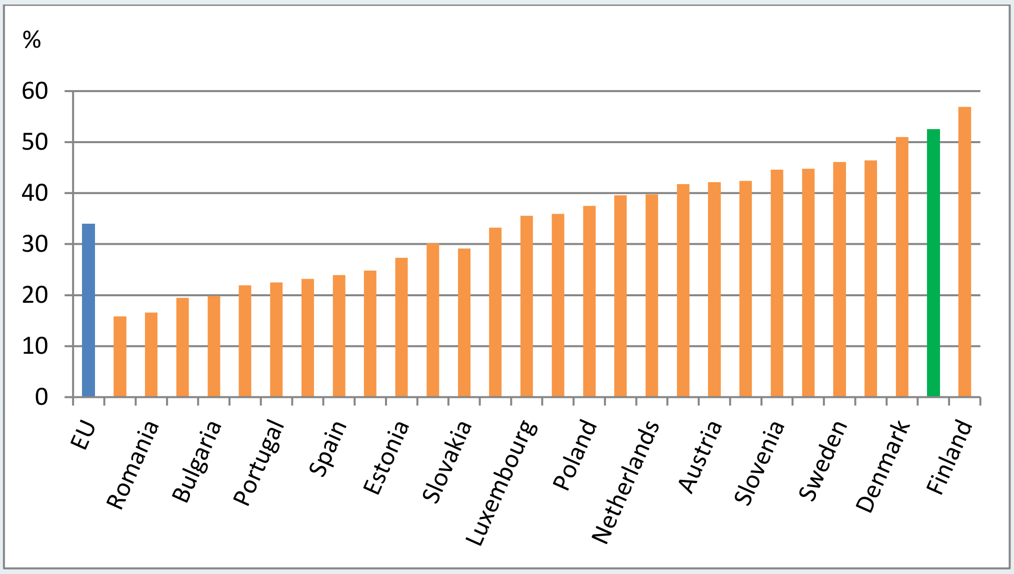
Source: (OECD, 2019, https://www.oecd.org/els/soc/OECD2020-Social-Expenditure-SOCX-Update.pdf).

The graph shows that, on average, OECD countries spend more on cash benefits (12 per cent of GDP) than on health and social services (8 per cent of GDP). Ireland also spends more on cash benefits than services, but at a lower level (8.2 per cent on cash benefits vis-à-vis 6.8 per cent on health and social services). Within the cash benefits figure, Ireland spends 3.6 per cent on pensions and 4.6 per cent on income support to the working age population, compared to an average of 8 per cent on pensions and 4 per cent on working age income supports for OECD countries in general. This reflects Ireland's younger population, but also points to the comparative spend on cash benefits for the working age population. On the services side, Ireland spends a similar amount on health services as compared to the OECD average (5.3 per cent in Ireland compared to 5.7 per cent across the OECD), but somewhat less on all social services except health, at 1.5 per cent compared to 2.3 per cent at OECD level.

In considering these comparisons, account needs to be taken of the profile of the population as well as the components of GDP. For example, Irish GDP can be unduly influenced by multinational enterprises leading to volatility in GDP measurement. Ireland also has a relatively young population compared to many other countries.

The poverty reduction effect of social transfers across the EU is shown in Figure 3.

Figure 3



Source: Eurostat EU-SILC, 2017

This graph shows that Ireland is one of the best performing EU countries in reducing poverty through social transfers (excluding pensions). Ireland's performance in reducing poverty at 53 per cent was far in excess of the EU-28 norm of 34 per cent (DEASP, 2018a).

While the effect of social transfers in reducing poverty is important, the *Developmental Welfare State* report (2005) contended that several forms of social spending require higher priority, and arguably, some of these premises still apply today. For example, to encourage higher employment rates, particularly among women, spending on key services such as childcare and eldercare will need to increase. In order to improve skill levels there needs to be a greater emphasis on resourcing second-chance and further education and training. There needs to be greater attention paid to providing opportunities for people with disabilities to get paid work. With the increased cost and limited supply of accommodation, the lack of affordable housing is impacting on the social welfare system. In addition, many services which are provided free or at low cost in some other countries are more expensive in Ireland.

The next section considers two examples of these income/service interfaces in more detail.

1.4. Two Examples of the Interface between Income and Services

In *Developmental Welfare State* approach, provision of quality services should be given a high priority and should complement income support and community/voluntary provision to support people to have an adequate standard of living.[2] This section examines two service areas – early childhood learning and care, and employment supports for people with disability – to explore the income/service interface with a view to learning lessons from their development and to make suggestions relevant to the overall welfare and employment project.

1.4.1 Early Childhood Learning and Care

Childcare has been demonstrated to be an important intervention in tackling disadvantage among children and is also a key service in supporting people, especially women, moving from welfare to work. National and international evidence demonstrates that the antenatal to age five period is critical for a child's development and can influence their capacities and wellbeing throughout life. Conversely, adverse childhood experiences can have a detrimental and enduring impact (Government of Ireland, 2018: 23). Because of these well-established links between early childhood experiences and later outcomes, there is a strong economic rationale for investment in the early years of life. Such investment has both short-term and long-term benefits. In the short-term, such investment can provide children with positive experiences in their childhood. For example, through an accessible and affordable early learning and care system, along with the availability of parental leave and flexible working arrangements, parents can have the opportunity to take up employment with positive consequences for their households and the overall economy. In the longer term, investment in early childhood development can pay dividends for both individuals and the economy by improving long-term education, employment and health prospects and preventing damaging outcomes. Putting children at the centre of such investment and associated interventions maximises this impact as enshrined in the United Nations Convention on the Rights of the Child and in Irish law, and as advocated in the *Developmental Welfare State*.

There was little focus on childcare in Ireland until the late 1980s and 1990s, as previous to that relatively few mothers worked outside the home, and for those mothers who did their childcare was usually provided by family members or childminders in the community. As early childhood care and education developed services were, by and large, provided by the private, community and voluntary sectors and remained mainly unregulated until 1997.

In 1999 the government prepared a National Strategy for Childcare and published a White Paper on Early Childhood Education. The National Strategy for Childcare focused on working parents and their children, aged 0 to 12. The White Paper on

[2] The argument is also made in the recent book by Coote, A. & Percy, A. (2020), *The Case for Universal Basic Services,* Cambridge: Polity Press.

Early Childhood Education addressed the educational needs of children from 0 to 6, but the policy actions of the two strategies were not aligned (Hayes & Bradley, 2006).

European funding contributed to the development of childcare provision in Ireland through the Equal Opportunities Childcare Scheme from 2000-2006 and subsequently through its successor the National Childcare Investment Plan 2006-2014. Under these programmes private providers were incentivised to apply for funding, with an emphasis on providing childcare in areas of disadvantage. These foundations reflect how childcare is provided in Ireland with approximately 70 per cent of childcare offered by private providers and 30 per cent through community provision.

The cost of childcare in Ireland has been an ongoing issue, with childcare costs in Ireland among the highest in the OECD, leading to a disincentive for women to return to the workforce. In many other countries childcare costs are heavily subsidised by the State but this has not been the case in Ireland. Parents often have to pay the full costs of privately provided childcare, though there have been some subsidised childcare programmes available in disadvantaged communities. Without state subsidies childcare providers have also been working to tight margins so that the sector is one with low paid workers and, until recently, little regulation or standards.

To help ease the costs of childcare the government introduced the Early Childcare Supplement in 2006. The Early Childcare Supplement was a €1,000 yearly payment to parents for each child up to the age of six. However, it did nothing to improve the availability or quality of childcare provision. The Supplement was withdrawn at the end of 2009 without much ado, and the government introduced the Early Childhood Care and Education Scheme (ECCE).

The ECCE scheme initially involved the government paying for one year's pre-schooling for all children aged between 3 years and 3 months and 4 years and 6 months. The provision comprises 3 hours per day, five days a week for 38 weeks of the year. The scheme was extended in 2018 so that children can now start ECCE when they are 2 years and 8 months and continue until they transfer to primary school.[3] Attention has been paid to the quality of early years' care and education provision under ECCE with providers having to offer an appropriate pre-school education programme which adheres to the principles of Síolta, the national framework for early years care and education. The government pays a capitation grant to service providers and parents are not charged for ECCE.

Childcare in Ireland is still expensive for the times children are not in ECCE, unless they can avail of one of the existing Community Childcare Schemes.[4] In addition, the

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[3] Provided they are not older than 5 years and 6 months at the end of the pre-school year.

[4] The Community Childcare Schemes have now all been subsumed under the National Childcare Scheme (NCS) since 2019/2020. The Community Childcare Subvention Scheme (CCS) was a childcare programme targeted to support parents on a low income to avail of reduced childcare costs at participating community childcare services. The Department of Children and Youth Affairs (DCYA, now the Department of Children, Equality, Disability, Integration and Youth, DCEDIY) paid for a portion of the childcare costs for eligible children, with the parent paying the remainder. The CCS was only available through participating community non-for-profit childcare services. The Community Childcare Subvention Plus (CCSP) provided support for certain parents to

nationally supported Area Based Childhood (ABC) programme, which is a prevention and early intervention initiative, targets investment in services in a number of disadvantaged areas. These interventions are led by community and voluntary organisations and are aimed at testing and evaluating approaches to improving outcomes for children and families at risk of poverty.

Childcare costs in Ireland remained amongst the highest in the world in 2018 according to the OECD, with an estimated weekly cost of €155.60 (€622.40 per month), up from €123.50 per week in 2007.[5] To help address this, the government has introduced a National Childcare Scheme (NCS) to assist with the cost of childcare. Under the National Childcare Scheme parents are supported to meet the cost of childcare through a system of universal and income-related subsidies.[6] The National Childcare Scheme has replaced the targeted childcare programmes with a single scheme. Under the NCS family supports are available for families with children aged between 24 weeks and 15 years who are attending any participating Tulsa registered childcare service.

The National Childcare Scheme (NCS) is intended to 'wrap-around' the free pre-school programme ECCE, providing financial support towards the cost of care for hours spent outside of preschool or school. The hours of childcare support available each week depends on whether the parent(s) are working or studying. Parents who are working, studying or training are entitled to up to 40 hours of subsidised childcare each week, while parents who are not working, studying or training are entitled to 15 hours of subsidised childcare per week. Parents apply for the subsidies, which are then be paid to the providers.

Childminders, however, are not included in the NCS unless they are registered with Tulsa, and very few are. Childminders are less expensive than centre-based care (CSO, 2017), and are more able to provide care in the evenings and at weekends to cover atypical work patterns than crèches, which typically operate from 8 to 6, Monday to Friday. Therefore, low earners are more likely to use childminders. Approximately one quarter of the children in formal care in Ireland are minded by a child minder

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avail of reduced childcare costs at privately owned childcare services and also at community not-for-profit childcare services. As with the CCS the DCYA paid a portion of the childcare costs for eligible children, with the parent paying the remainder. The Training and Employment Childcare Scheme (TEC) supported parents on eligible training courses and eligible categories of parents returning to work, by providing subsidised childcare places. The Childcare Education and Training Support Scheme (CETS) provided childcare on behalf of the local Education and Training Boards and secondary schools. The After-School Child Care Scheme (ASCC), administered on behalf of the Department of Employment Affairs and Social Protection (DEASP, now the Department of Social Protection, DSP), provided after-school care for primary school children for certain categories of working parents and parents on DEASP programmes (not including Community Employment). The Community Employment Childcare Scheme (CEC) was administered on behalf of the DEASP and provided childcare for children of parents who are participating on Community Employment Schemes.

5 See https://data.oecd.org/benwage/net-childcare-costs.htm

6 All families with children under three in registered childcare can apply for the Universal subsidy. Families with children who are over three and have not yet qualified for the free preschool programme (ECCE) can also apply. This subsidy is not means-tested, and provides up to €20 per week (€1,040 per year) off the cost of a registered childcare place. Families with children aged between 24 weeks and 15 years who are attending registered childcare and who have a reckonable income of less than €60,000 can apply for an Income Assessed subsidy. Subsidy rates are tailored based on individual circumstances, such as reckonable family income, child's age, educational stage and the number of children in the family.

(Russell *et al..*, 2018). *First Five—a Whole-of-Government Strategy for Babies, Young Children and their Families 2019-2028* (Government of Ireland, 2018) commits to extending regulation to all other paid, non-relative childminders on a phased basis.[7]

The evolution of childcare provision in Ireland illustrates the symbiotic relationship between income support and service provision. The introduction of an income support payment – the Early Childcare Supplement – did little to improve the availability and quality of early childhood care and education. This was addressed through its replacement with the introduction of the free pre-school year under the Early Childhood Care and Education Scheme (ECCE). Nevertheless, the cost of childcare, without a government subsidy, remains high and which is now being moderated for children in regulated childcare services by the National Childcare Scheme. Higher subsidies for low income families (in work or studying), and targeted community provision in disadvantaged areas, helps to address some of the difficulties faced by children at risk of poverty.

Thus, through the development of childcare services in Ireland the importance of service provision (ECCE), reinforced by income support (the National Childcare Scheme), and complemented by community measures (such as the ABC programme) demonstrates the Developmental Welfare State approach. While it is still too early to comment on the effectiveness of this approach in Ireland in terms of child development and parental employment, the international evidence suggests that collaborative investment of this nature results in positive outcomes (Government of Ireland, 2018).

1.4.2 Employment Supports for People with Disabilities

A range of income supports and services provide support to people with disabilities. There are over a quarter of a million people with disabilities receiving a social welfare or disability weekly payment in Ireland. Specific income supports from the Department of Social Protection for people with disabilities include: Disability Allowance, Illness Benefit, Invalidity Pension, Partial Capacity Benefit, Blind Pension and benefits under the Occupational Injuries Benefit Scheme. Just over half of people in receipt of a disability payment receive Disability Allowance (54 per cent; 147,000 in 2019), just over one fifth receive Invalidity Pension (21 per cent; 58,000 in 2019), just under one fifth receive Illness Benefit (18 per cent; 49,000 in 2019), with much smaller numbers in receipt of other disability payments (Department of Social Protection, 2020). Across all the disability and illness schemes, almost 80 per cent do not claim for dependent spouses or children (Make Work Pay Interdepartmental Group, 2017).

Disability Allowance is the largest of the income support schemes for people with disabilities, with an annual government expenditure of almost 1.7 billion in 2016. It is a long-term weekly social assistance payment for people aged 16-65 based on a

[7] A *National Action Plan for Childminding 2021-2028* (Department of Children, Equality, Disability, Integration and Youth, 2021) has now been published which sets out the steps towards regulation, supports and subsidies, for all paid, non-relative childminders.

means-test. The numbers on this scheme have increased by almost 50 per cent over the last ten years, explained in part by a significant increase in older people (aged 45-64) in receipt of this payment. Illness Benefit is a short-term payment to people under 66 who are unable to work because of illness, and is based on social insurance contributions.[8] The numbers on Illness Benefit fluctuate because of the short-term nature of the payment. Estimated expenditure in 2019 was €607 million (down from €943 million in 2010, explained by changes in conditionality and the introduction of a time limit). Invalidity Pension is a weekly payment for people who cannot work because of a long-term illness or disability and who are covered by social insurance contributions. Recipients are generally on the payment long-term with an average duration of 8 years. Numbers on the payment have been gradually increasing and total expenditure in 2019 was €728 million (Department of Social Protection, 2020).

Supporting people with disabilities to achieve their employment ambitions is 'one of the most significant labour market and social policy challenges for policy today' (Make Work Pay Interdepartmental Group: 10). It is possible to undertake some work under some of the schemes. For example, people in receipt of Disability Allowance can work while in receipt of the allowance and certain earnings disregards apply; persons in receipt of Illness Benefit for at least six months can work while in receipt of benefit by applying for Partial Capacity Benefit; and likewise people in receipt of Invalidity Pension can work and continue to receive a payment by applying for Partial Capacity Benefit, though there is no requirement to be on Invalidity Pensions for a period prior to applying for Partial Capacity Benefit. Nevertheless, there were only 2,956 recipients of Partial Capacity Benefit in 2019 (Department of Social Protection, 2020).

The Department of Social Protection provides a number of schemes to support people with disabilities into employment.[9] In addition, there are a number of health and transport supports. Health supports include a medical card or GP visit card, which are awarded on the basis of an assessment of means, although there is provision for the award of discretionary medical cards if a person's circumstances would result in hardship without one, as well as schemes to reduce the costs of medications, aids and appliances, along with some other medical expenses. Transport supports include a free travel pass, as well as some grants and allowances.

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[8] A Covid-19 Enhanced Illness Benefit was introduced in 2020. If a worker is told to self-isolate, restrict their movements or are diagnosed with Covid-19, they can apply for a Covid-19 Enhanced Illness Benefit. Covid-19 Enhanced Illness Benefit will remain in place until the end of June 2021 (at the time of writing), https://www.citizensinformation.ie/en/social_welfare/social_welfare_payments/disability_and_illness/covid19_enhanced_illness_benefit.html, 28/04/21.

[9] These support schemes include: the EmployAbility Service which is a national employment and recruitment service to assist people with disabilities to get and maintain a job in the open labour market. Job coaches, working with employers and people with disabilities, provide supports such as career planning, job sourcing and job matching, plus on the job support and coaching; the Wage Subsidy Scheme provides financial incentives to employers to employ disabled people who work more than 20 hours per week; the Reasonable Accommodation Fund which comprises the Workplace Equipment Adaptation Grant, the Personal Reader Grant, the Job Interview Interpreter Grant and the Employment Retention Grant; and the Disability Awareness Support Scheme so that private sector employers can provide Disability Awareness Training for staff.

Despite these supports only 36 per cent of adults with a disability are in employment compared to 73 per cent for the rest of the population (NDA, 2018: based on the 2016 Census). A Comprehensive Employment Strategy for People with Disabilities 2015-2024 sets out a ten year approach to facilitate people with disabilities, who are able and want to work, to be supported to do so (Government of Ireland, 2015). This strategy seeks to address the under-representation of people with disabilities in the labour force, setting out a cross-government agenda to address the barriers facing people with disabilities getting into the labour force. The strategy has six priorities: to build skills, capacity and independence; to provide bridges and supports into work; to make work pay; to promote job retention and re-entry to work; to provide co-ordinated and seamless support; and to engage with employers.

An interdepartmental group was established to address the third strategic priority of 'making work pay'. Its subsequent report, *Make Work Pay* (Make Work Pay Interdepartmental Group, 2017), specifically examined the issue of how to improve employment for people with disabilities with the capacity to work in the open labour market. In particular, the report considered the interaction between social welfare income supports (including secondary benefits), the tax system and other supports (including the provision of a medical card) and net income from employment. A number of key findings emerged from this work: that raising the employment rates of people with disabilities is an international policy goal; that Ireland's incentives to work are generally in line with other countries; and that there is a positive interest in work among people with disabilities in Ireland.

However, on international comparisons, while Ireland compares favourably in relation to measures of 'compensation' it does less well on measures of 'integration'. Compensation refers to the generosity of the benefit system, and integration refers to the system's focus on pathways to work.[10] Table 1 shows how Ireland compares with the OECD average on these dimensions. The table shows that Ireland's score of 26 on compensation in 2007 was at the OECD average, but the score of 17 on integration was significantly below the OECD average of 24.9. The gap between the compensation and integration scores was the fourth widest of the 28 OECD countries, highlighting the relatively weak focus on employment in the Irish system (Make Work Pay Interdepartmental Group, 2017: 65).

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[10] Indicators for both compensation and integration are scored on a scale from 0 to 5, with a maximum score for a country of 50.

Table 1: OECD Disability Policy Typology: the OECD and Ireland, 2007

	Compensation	Integration
OECD average	25.8	24.9
Ireland	26	17

Source: (OECD, 2010)[11]

A number of barriers to employment were identified in the *Making Work Pay* Report. The risk of losing the medical card was seen as the most important disincentive to taking up employment. Ireland appears to be unusual among most OECD countries in that taking up work may trigger a loss to medical entitlement at relatively low levels of income, and reinforces the point about the interrelated nature of income support and service provision. Since the report was published in 2017, the medical card earnings disregard for people in receipt of Disability Allowance has been substantially increased to facilitate more people on this payment the opportunity to take up paid work.

Other barriers to employment which were identified relate to loss of entitlement to transport supports, confounded by the fact that responsibility for administering these supports is spread across a number of government department and agencies with differing qualification criteria. Overall, the complexity of the current system can make it difficult for people to know whether or not they would be better off in a paid job and what secondary benefits they might lose if they take up a job. A 'ready reckoner' has been developed to enable people with disabilities to independently estimate the net benefits and financial implications of working. There is also a perception that it takes time to get benefits restored if a job does not work out, and a fast-track return to payment for people with disabilities on Disability Allowance, who take up a job but may subsequently need to leave it, is now being implemented.

It is clear from this brief overview of disability payments that the aim of supporting people with disabilities to fulfil their employment ambitions requires consideration of the interaction between the income support system and the provision of the various services which are also necessary across a number of government departments and agencies, including the community and voluntary sector (NESC, 2012d). In an overall system where departmental responsibilities and budgets are allocated vertically it can be challenging to coordinate and streamline initiatives across organisational boundaries. Yet, the barriers identified are mainly organisational in nature in making the transition from welfare to work, highlighting the need for a network management approach as outlined in the *Developmental Welfare State*.

11 Cited in Department of (Make Work Pay Interdepartmental Group, 2017: 65).

1.5. Conclusions

This paper has discussed the inter-relationships between income support and service provision in moving towards a more integrated and sustainable social welfare system. This is very much in line with the core structure proposed in the *Developmental Welfare State* with three overlapping areas of welfare state activity – services, income supports and activist or innovative measures, including community supports.

While income supports are important they can only do so much, and need to be complemented by service provision and community supports, in areas as wide-ranging as education, health, childcare, eldercare, housing, transport, employment services, and training. This can be challenging as these services are delivered by diverse regimes so that cross departmental and agency co-operation is required within a framework of network management.

In general, countries spend more on cash benefits than on health and social services, and Ireland is no different in this regard, though the overall level of spending tends to be lower. While the Irish system of social transfers is seen to be effective in reducing poverty greater attention on providing supportive capacitating services, as argued in a *Developmental Welfare State* approach, would make the overall welfare system more effective.

These points are illustrated using the examples of the development of childcare and early education, and employment supports for people with disability. The introduction of a cash based payment in the Early Childcare Supplement did little to improve the availability, affordability or quality of early learning and care. These issues are now being addressed through free pre-school provision which covers children from the age of 2 years and 8 months through to primary school, along with the introduction of financial support through the National Childcare Scheme (NCS). The NCS encapsulates the hallmarks of a tailored universal scheme as there is a payment available to all parents with young children in a registered childcare facility, with additional financial support available for lower income parents. In addition, there are schemes and area-based initiatives available at community level for those experiencing particular disadvantages.

In terms of supporting people with disabilities into employment, Ireland meets international norms in relation to income supports but is somewhat of a laggard in supporting people with disabilities to fulfil their employment ambitions. Many barriers have been identified which limit people's potential to take up work, and these barriers are often created by the interaction of different policy areas. Thus, to address these barriers cooperation is required across government departments and agencies, including the community and voluntary sector, to support a developmental and progressive social welfare system.

These are only two of the many examples which could be used but are illustrative of some of the issues which are considered further in the overall report, *The Future of the Irish Social Welfare System: Participation and Protection*. That is, building on the *Developmental Welfare State* approach, the need to consider the interface between income supports and service provision in moving towards a more sustainable and integrated social welfare system.

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