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Briefing Paper

Means-testing

Background, context and implications

A briefing paper commissioned by the Oireachtas Joint Committee on Social Protection, Community and Rural Development and the Islands

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Abstract

The focus of the paper is on means-testing as it has developed in, and is applied to, the Irish social welfare space. The paper - given the varied application of different means-testing standards across different social welfare schemes in Ireland - does not seek to explore the minutiae of each and every application of mean-testing of social assistance schemes in the Irish system. Rather, the paper is focused on probing the development, principles and application (and consequences) of means-testing in the social welfare system. The paper seeks therefore to function as a starting point, or contextual framework, for the Committee's ongoing and future scrutiny of the application of means-testing across the various payment schemes respectively.

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Summary and key 'takeaways'

The paper is focused on probing the development, principles and application (and consequences) of means-testing in the social welfare system. The paper seeks therefore to act as a starting point, or contextual framework, for the Committee's ongoing and future scrutiny of the application of means-testing across the various payment schemes respectively.

To begin with, a means-test is an assessment of all of a claimant's household income, savings, shares, investments or property owned, aside from the individual's home. The means-test also includes, where relevant, any income of the spouse, civil partners or co-habitant. The means-test sums a claimant's income from all sources to establish the relevant social assistance sum a claimant should receive. Means-tests only apply to social assistance payments. As such, they are where a claimant does not have the required amount of social insurance contributions to qualify for a relevant benefit.

The following are some key points made in the body of the paper:

- Given the variety of social welfare assistance schemes, taken together with the variability in the financial circumstances of individual claimants, the application of a means-test can vary from scheme to scheme (within general principles).
- One of the issues the paper highlights is that means-testing is complex, variegated and has evolved incrementally. Within the Irish social welfare system, the application of means-testing is differentiated and not identical in operational terms, and there is no one defining approach or principle.
- Means-testing does not, following social welfare assistance rates, systematically take into consideration other factors such as cost of living, liquidity of assets, 'cliff edges', life circumstances, and individual biographical trajectories.
- The demonstrable benefits that means-tested social assistance payments have in offsetting poverty in Ireland is crucial. While means-tested social assistance payments are successful in moving many persons from being officially at risk of poverty (that is with incomes less than 60% of the median income), Ireland remains the EU Member State with the highest proportion of its population being at risk of poverty prior to social transfers.
- NESC (2021:22), in its working paper on the future of the social welfare system, noted the increasing nature of the split between social insurance and social assistance in terms of beneficiaries of social welfare expenditure, that is where most are beneficiaries of social assistance payments

Overall, it could be argued, based on the analysis and evidence, that the use of means-testing, while having some clear benefits in terms of targeting those most in need, is *out of step* with contemporary work, living and family patterns. This could form part of a broader debate about the adequacy of social protection and social security in the State. Such a debate might consider the following: challenges relating to changes in demographics; labour market participation and trajectories; the strategic direction of social investment; and long-term cost benefit analysis budgeting on the part of the State.

Nevertheless, it is important to note that there is no 'quick fix' to the complexities posed for individuals and households who undergo means-testing. This relates to the extent of scrutiny that mean-testing brings to individuals and associated stigma which may be caused when applying for means-tested payments.

Each of these issues are discussed to some extent in the body of the paper. From its analysis, the final part of the paper makes a number of suggestions for further scrutiny by the Committee, the headings of these are as follows:

- Monitoring of means-testing anomalies by the Department
- Consolidating and streamlining means-testing
- Expanding the thresholds and easing the eligibility criteria on means-tested payments
- Greater integration of tax and welfare systems
- Targeting within universalism
- Gauging the cost and benefits of universal / citizens payment
- Transformation strategy
- Gauging the cost of private welfare benefits
- Rationalising and consolidating working age payments

Introduction

This briefing paper was commissioned by Oireachtas Joint Committee on Social Protection, Community and Rural Development and the Islands ('the Committee'). The paper follows on from an earlier scoping note, which was agreed with the Joint Committee, following initial discussions between the Committee and the Library & Research Service (L&RS). The focus of the paper is on means-testing as it has developed in, and is applied to, the Irish social welfare space. The paper - given the varied application of different means-testing standards across different social welfare schemes in Ireland - does not seek to explore the minutiae of each and every application of means-testing of social assistance schemes in the Irish system.[1] Rather, the paper is focused on probing the development, principles and application (and consequences) of means-testing in the social welfare system. The paper seeks therefore to function as a starting point, or contextual framework, for the Committee's ongoing and future scrutiny of the application of means-testing across the various payment schemes respectively, and the lived experience of means-testing for cohorts in receipt of, or eligible to receive, the relevant social welfare payments.

What is a means-test:

A means-test is an assessment of all of a claimant's household income, savings, shares, investments or property owned, aside from the individual's home. The means-test also includes, where relevant, any income of the spouse, civil partners or co-habitant. The means-test sums a claimant's income from all sources to establish the relevant social assistance sum a claimant should receive.[1]

As the foregoing points to, there is a historical or developmental facet to means-testing that is crucial to any understanding of its application in the present day. In this regard, in respect of social protection/social welfare it is helpful - if not essential - to go back over the historical evolution of means-testing to properly understand how it is framed and operated at the present, its stated precepts, as well as a number of unstated assumptions on which it operates.[2] In other words, any exploration or analysis of means-testing should go beyond a narrow, technical examination of current means-testing processes to look at the wider social, economic and political context in which it takes place and its role in this wider context.

Further, means-testing and its relationship to social welfare systems is complex, varied and changing. For this reason, the briefing paper does not set out to be comprehensive or conclusive. As part of its analysis, the paper identifies a number of 'key issues' arising from the assessment. In that regard, it should be noted that the paper and the key issues identified below are not intended to be prescriptive and serve no other purpose than as an aid to assist the Committee in its scrutiny and deliberations.

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[1] As is set out later in the paper, different means-testing 'thresholds' apply in respect of different social welfare assistance payments, which differ again from those seen in respect of the Medical Card and Legal Aid etc. It should be noted however that this paper is focused solely on means-testing as it applies to the social welfare system.

[2] Johnston, H & McGuaran, A.M., (2021) "Social insurance and the welfare system: Towards a sustainable developmental welfare state", NESC: Dublin

Structure of the paper

The broad structure/content of the briefing paper on means-testing for the Committee is the following:

- **Firstly,** overview of the development of the social welfare systems/state and therein the rationale for means-testing in the context of social welfare and social protection services.
- **Secondly,** provision and operation of means-testing in the Irish social welfare system.
- **Third,** summary of some of the issues that have arisen in respect of the application of means-testing in Irish system as recorded by the Citizens Information Board and the Social Welfare Appeals Tribunal, among others.
- **Four**, overview of advantages and disadvantages of means-testing and some recent debates on the future direction of means-testing.

The development of social welfare/protection systems

As noted in the introduction, there is a history and legacy that helps us better understand the introduction, evolution and operation of means-testing that relates intrinsically to the broader regimes and specific systems of social welfare. For this reason, the following sections provide some key context on that broader frame in which means-testing is located. This includes, firstly, an overview of some of the key historical influences on the modern system of social welfare seen in Ireland and other states. This is followed by a brief section exploring what we mean when we refer to social welfare/social protection.[3] The next section outlines some definitions of modern social welfare systems. The follow-on section explores different types of 'welfare regimes' and the main characteristics of each. The penultimate sub-section outlines some of the challenges facing contemporary social welfare systems. The final sub-section briefly provides an overview of the Irish social welfare system, including its history, broad influences, characteristics, and expenditure in a comparative context.

The Poor Law reforms and other influences on the development of social welfare

To understand the beginning of the modern welfare state and the corresponding genesis of means-testing, it is of value to examine Britian's Poor Laws (which were also applied in Ireland for a period). The first English 'Poor Law' ran from the Tudor dynasty/Elizabethan times to the end of the enactment of the 1834 *Poor Law Amendment Act*. Before 1834, the 'Old Poor Law' provided for a regular compulsory tax in every English (and Welsh) parish, the proceeds of which were to be spent on that parish's neediest poor. The system's uniqueness, at least in its earlier years, lay in the fact that it was a national system (Healey, 2014).[4] Laybourn (1995) notes that the 'Old Poor

[3] Following Dukelow and Considine (2017: 176) in their overview of social policy in Ireland, the terms social welfare, social security, social protection and income maintenance are similarly used interchangeably in the text of this briefing paper.

[4] Healey, J. (2014) 'Introduction: The First Century of Welfare', in *The First Century of Welfare: Poverty and Poor Relief in Lancashire, 1620–1730*. Boydell & Brewer (People, Markets, Goods: Economies and Societies in History), pp. 4–26.

Law' had been criticised for its cost and its ineffectiveness at reducing poverty, which in turn led to rising pressure for a "deterrent poor law" (Ibid: 20). The *Poor Law Amendment Act* operated from 1834 until 1929.[5] The amended Poor Law was to be based on indoor relief in a workhouse, which would reduce costs to the rate payer and encourage the poor to seek honest work" (Ibid). The Poor Law Report 1843, produced by a Royal Commission, which informed the *1834 Poor Law Amendment Act*, laid out the principles for the operation of the new system as:

- Less eligibility
- Workhouse test
- Bureaucratically run, centralised and uniform

The workhouse test sought to establish a poor person's need for relief and ability to provide labour in the workhouse for which they would receive shelter and food. Laybourn (1995) observes that the workhouse test served to act as a mechanism to establish 'less eligibility', the central principle of the 1834 Poor Law. Less eligibility was a policy of the Poor Law which deemed the conditions within the workhouse had to be worse than conditions available outside. In short, the "harshness of the approach of the Workhouses was derived from a sense that the fear of the workhouse would force workers to find employment and improve themselves" (Laybourn, 1995: 23). Moreover, Laybourn (1995) observes, using the language of the 1834 Poor Law Report's authors, the following:

> "the standard relief offered by the poor law, had to be below, not above the wages of the industrious worker. This would encourage self-help and social improvement. Those applying for poor relief had to be less eligible in order to combat the desire of human nature of idleness."
>
> "...the aged, ill, orphans and widows need institutional care. These indigent and destitute people had to be looked after. But it was felt that there was no need for the able-bodied poor, those with low wages, to be looked after. The 1834 Poor Law Report was concerned to deter pauperism, not to reduce poverty."

There are a number of things to take away from the operation of the Poor Law which have been in part reflected in developments of social welfare since:

- the first is the operation of a universal workhouse test (a means-test of sorts) to gauge eligibility for relief;
- the second is that the system of workhouses were operated nationwide uniformly in each poor law union area (a cluster of parishes) run by elected guardians and salaried officials, and;
- the third, was the formal differentiation between a 'deserving' and 'underserving' poor, the latter classed as 'paupers'.

[5] Laybourn, K. (1995) The evolution of British Social Policy and the Welfare State, Ryeburn Publishing: Keele University Press.

The post-war origins of the modern welfare state

The current social welfare state can be said to derive from post-world-war II efforts to better the welfare of citizens and especially, in the war's aftermath, the need for physical, economic, and social reconstruction at the end of the war were paramount in political and public debate across Europe and beyond. In response, a number of developments post-war served to create the basis for the extension of what became known as the welfare state. In this regard, the *1948 Universal Declaration on Human Rights* states in Article 22 that every member of society "has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his [sic] dignity and the free development of his [sic] personality."[6] Article 23 in the same Declaration states that "[e]veryone who works has the right to just and favourable remuneration ensuring for himself and his [sic] family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection."[7] Article 25 states, among other things:

> "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control."[8]

The UK Beveridge Report and the beginnings of the 'classic' welfare state

Of relevance to developments in Ireland set out later, the Beveridge report (1942)[9] was the forerunner of the welfare state in the UK and identified what it termed the 'five giants to be slain' of:

- Want (poverty)
- Disease (ill health)
- Squalor (poor housing)
- Idleness (unemployment)
- Ignorance (lack of education) [10] [11]

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[6] Universal Declaration of Human Rights | United Nations

[7] Ibid.

[8] Universal Declaration of Human Rights | United Nations

[9] Sir William Beveridge was a British parliamentarian who had been drawn to the idea of remedying social inequality while working for the Toynbee Hall charitable organisation in East London. He saw that philanthropy was not sufficient and a coherent government plan was required. By the outbreak of the second war, Beveridge, then working in Whitehall, was commissioned to lead an inquiry into social services. His vision was to battle against what he called the five giants; idleness, ignorance, disease, squalor and want. His 'cradle to the grave' social programme, amongst other proposals called for a free national health service, alienated some politicians but it struck a chord with the public and this would influence Clement Atlee's Labour Government to implement these ideas. Source: 1942 Beveridge Report - UK Parliament

[10] Young, P. (2000) *Mastering social welfare*, Basingstoke: MacMillan.

[11] Beveridge Report (1942) *Social insurance and allied services*, Cmd 6404, London: HMSO.

Beveridge was initially commissioned to lead an enquiry into social services during the war years. His resulting report recommended state social support for citizens from 'cradle to the grave'. Although Beveridge did not use the term 'welfare state', it came to encapsulate the kind of social changes his report argued for and his recommendations were the bedrock of the nascent UK welfare state (Spicker, 2014: 160). The Beveridge Report thus provided the blueprint for the introduction by the Atlee-led Labour Government in 1945 of what is now considered to be a 'classic' welfare state.[12]

The details of the Beveridge report are concerned in the main with National Insurance, which Beveridge planned to cover people 'from cradle to grave'. The scheme was based on six 'principles' of insurance:

- comprehensiveness
- classes of insurance
- flat rate benefits
- flat rate contributions
- adequacy
- unified administration[13]

The Beveridge welfare state introduced by the Labour government was based on three distinct kinds of benefits, differentiated by method of funding and the main conditions for their receipt:

1. Social insurance or contributing benefits, funded by contributions from workers, employers, and governments to cover interruptions or loss of earnings for specific reasons such as retirement, unemployment, sickness, and for women in the case of widowhood.
2. Universal or categorical benefits, e.g., child benefit, that is benefits for those who fit into a designated category.
3. Social assistance or means-tested benefits, funded by general taxation, and paid to people on low incomes without contributions, taking account of the particular circumstances and family situation.[14] This also included benefits for people without other sources of income, and other benefits designed to meet specific needs (housing costs) or circumstances (large families etc.)[15]

Beveridge believed that individuals could build their own 'extension ladder' of private and voluntary welfare above the state minimum.[16] For Beveridge's scheme to work, it assumed full male employment, their ongoing social insurance contributions through such employment, the full operation of a comprehensive National Health Service and family allowances to be in place.[17] It should be noted that this welfare provision was based on a *male breadwinner* model – which

[12] Powell, F. W. (2001). *The politics of social work*. SAGE Publications, Limited.
[13] Spicker, P (2024), *Welfare and Society, An introduction to Social Policy*, http://spicker.uk/social-policy/society.htm,
[14] Millar, J. (2009) *Understanding Social Security: Issues for policy and practice*, Bristol: Bristol University Press.
[15] Ibid.
[16] Hewitt and Powell.
[17] Ibid.

will be returned to later. Overall, the eventual social welfare model introduced by the government was a minimalist rather than the maximalist version outlined in Beveridge's Report. The limited notion of citizenship rights constituted an important, albeit incomplete, break with the pre-classic welfare states (such as Poor Law systems). Nevertheless, the 1940s Beveridge welfare state marks the start of universal national income outside of the poor laws in the UK.[18]

Origins of the welfare state outside of the UK

Beyond the UK, Europeans tend to view the welfare state as a European project, reflecting the continent's Enlightenment values, especially during the post-war reconstruction period of 1945-75 (known as the 'golden age' of the welfare state). In this European narrative, the German Chancellor, Otto von Bismarck (1815-98) is represented as the historical architect of the first welfare state. The origins of the welfare state ('first wave') came during the period 1880-1945, when pensions, social insurance, child protection and industrial regulatory legislation were introduced (Powell, 2017).[19]

Likewise in the US, President Franklin D. Roosevelt's (1882-1942) 'New Deal' welfare policies were seeking to combat the effects of economic depression and restore national unity.[20]

UN global development initiatives from the 1950s put human rights, social development, and poverty alleviation at the centre of its agenda (Powell, 2017).

The 'second wave' of the welfare state, in the form of the Keynesian welfare state (1945-75),[21] reflected an ethos of social citizenship rights and the 'decommodification' of labour in the form of the recognition of economic rights (Esping-Andersen, 1990).[22] Within the broad coherence in the development of the welfare state in Western countries in the post-war period, each state's welfare system tended to develop differently, following varying precepts and motivations (Kohler 2014: 3).[23]

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[18] Ibid.

[19] As Powell (2017) notes: "In political reality, Bismarck was no idealist. He viewed the welfare state as a form of social pacification while he suppressed the trade union movement and social democrats. Bismarck was driven by the cause of national unity (his real political movement) and German economic development."

[20] Powell (2017).

[21] Powell (2017) observes it is important to acknowledge that Keynes was primarily driven by the goal of post-war economic recovery. His macro-economic strategy complemented the welfare state as a pact between capital and labour. The British model of the welfare state became influential because of the international influence of John Maynard Keynes (1833-1946), who put social policy at the core of economic development, the Keynesian welfare state. Keynesianism was built around three goals: to sustain full employment; to achieve greater distributional justice through progressive taxation; and to provide state funded social services for housing, health and education.

[22] Esping-Andersen, G. (1990) *The Three Worlds of Welfare Capitalism*. Cambridge: Polity Press

[23] Kohler, G. (2014), "*Is there an Asian Tiger Welfare State?",* Paper published by Friedrich Ebert Stiftung. Office for Regional Cooperation in Asia.

Social welfare

This section moves on from the historical development of social welfare and the welfare state to focus on more contemporary developments. This seeks to set the context for the modern operation of means-testing across different welfare regimes.

In this regard, when we refer to social welfare we are in general referring to what is sometimes termed the 'welfare state'.[24] However, the concept of the welfare state is ambiguous (Spicker, 2014).[25] [26] It can be referred to as something as narrow as minimum or basic needs welfare provided by the state, or a more developed notion of a comprehensive system of welfare programmes delivered to high standards and with wide coverage to the public.[27]

This variance between welfare states is evident too in definitions of social welfare and/or the welfare state. For instance, Cochrane et al (2001), cite Dominelli's (1991: 9) broad definition:[28]

> "The welfare state comprises those public and domestic relationships which take as their primary objective the objective well being of people while reasonable so would apply to each and every sphere of activity".

In contrast, Powell and Hewitt (2002: 6) note that the following Briggs (2000: 18) definition has been widely used:[29]

> "A welfare state is state in which organised power is deliberately used in an effort to modify the play of market forces in at least their directions; first by guaranteeing individuals and families a minimum income irrespective of market value of their work or property; second, by narrowing the extent of insecurity by enabling individuals and families to meet certain social contingencies (for example sickness, old age and unemployment) which lead otherwise to individual and family crisis; third, by ensuring that all citizens without distinction of status or class are afforded the best standards available in related to a certain agreed range of social services."

Models of welfare regimes

This section explores the main types of social welfare regimes seen across countries, typically OECD Members, with comparatively developed social welfare functions. It should be noted that this type of analysis uses 'ideal types', seeking to cluster states into welfare regimes with certain aspects in common. This type of analysis has been shown to be beneficial in explaining the

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[24] This relates to the role of the state, to differing degrees and with different emphases, for the welfare of its citizens.

[25] Spicker, P., (2014) *Social policy: Theory and practice*, 3rd Ed., Bristol: Policy Press. See more on William Beveridge and the Beveridge Report here.

[26] This is one rationale why in the next section the concept of welfare regime is discussed.

[27] Ibid.

[28] Cochrane, A., Clarke, J. & Gewirtz, S. (2001) *Comparing welfare states*, 2nd edn, Calif; London: Sage Publications in association with the Open University, Newbury Park,

[29] For instance by Spicker (1988), Flora and Heidenmore (1991), Goodin (1988) and Brown (1995

trajectory of individual State's social welfare system as well as accounting for their founding and operational assumptions.

Comparison of welfare states is now commonly done by using ideal-type analysis of their central characteristics and operations. This is because, in general, it has been found to be extremely difficult to compare the minutiae of welfare states in one country with another. This difficulty arises from the differing public administration legacy, social policy trajectory, political and social culture, level of coverage, legislative framework, per capita income, currency, tax/welfare indexation and thereafter levels of public expenditure in each.

In this regard, Midgley and Livermore (2009: 557) note that social policy making, which includes social welfare, "is subject not only to the forces of economics, demography, cultural change and electoral politics, but also to beliefs and ideologies that offer different prescriptions" for the future of social welfare.[30] Notwithstanding their commonalities, Europe's respective social welfare systems also differ significantly, making 'like for like' comparisons problematic.[31]

Therefore, welfare states in Europe and globally come in different shapes and sizes and vary substantially in their political orientations and distributional outcomes (Arts and Gielesen, 2010). The various social welfare systems in operation across EU (and former) Member States do have a number of commonalities (emphasised to differing degree across States), including:[32]

- Emphasis on social protection[33]
- Ex-post benefits for traditional risks/needs
- Large role for 'passive' cash transfers during periods of non-employment (pensions, unemployment, disability, sickness, maternity, family dependants etc.)
- Residual "safety nets" (against poverty)
- Targeting of some cash-based transfers: e.g. households with various family members (female carers), single parent families etc.
- Education and training: outside social protection

Individual country's social welfare/protection systems are better viewed as having developed in large part due to their respective cultures, values, traditions, institutions, and political structures

[30] Midgeley, J. and Livermore, M. (2009) "The future of social policy" in *The Handbook of Social Policy,* London: Sage.

[31] Schmitt et al, 2020, "Funding social protection: Mapping and explaining welfare state financing in a global perspective", Global Social Policy, in Castles, F.G., 2010, *The Oxford handbook of the welfare state*, Oxford University Press, Oxford

[32] Sensage Project, (2014) Social welfare systems across Europe, Sensage Advocacy Reports, Sensage. https://www.easpd.eu/sites/default/files/sites/default/files/SensAge/d4-social_welfare_systems_across_europe.pdf

[33] Social protection - along with 'social welfare' - itself is subject to numerous definitions that vary by country but also among international organisations such as the International Labour Organisation (ILO), the Organisation of Economic Co-operation Development (OECD), European Union and so forth (OECD 2018).

(Bonilla-Garcia and Gruat 2003).[34] Since the early 1990s, there has been ongoing debate about how best to categorise welfare states in Europe (Gielesen 2000; Payne & McCashin 2005).[35]

Esping-Andersen (1990) undertook a ground-breaking study which analysed 18 welfare state regimes, which he divided into the following:

1. Liberal (Anglo-Saxon) welfare states characterised by selectivity and residual social provision designed to promote the work ethic, in which rules of entitlement in the form of means-tests are enforced strictly and are often associated with social stigma, minimising decommodification.
2. Corporatist (European) welfare states, while relatively generous in terms of social expenditure are conservative in ethos, protecting class and status social divisions and upholding traditional values in the form of church, family and charity, informed by the principle of subsidiarity – thus relegating the state to 'last resort' and minimising decommodification.
3. Social democratic (Nordic) welfare states characterised by the principle of universalism (that is, benefits are available to all citizens as social rights on the basis of need) maximising decommodification.

Since Esping-Andersen (1990), a number of scholars have sought to build on his original framing looking at other aspects of welfare provision including attitudes to welfare provision. In this regard, Larsen (2006) shows that particular types of welfare state models tend to lead to distinct attitudes among the public, some of which are negative for those in receipt of social assistance for instance, creating a stigma.[36]

As will be discussed further on in the paper, there are differing views as to where Ireland fits in on Esping-Andersen's scheme. As Powell (2017) notes, there is not a shared set of traits that are common to all welfare states. Different political cultures shape welfare formations in diverse ways that crucially shape decommodification, that is "extent to which individuals and families can maintain a normal and socially acceptable standard of living regardless of market performance" (Esping-Anderson, 1990: 86). However, the realisation that there are commonalities between at a minimum clusters of systems is of value in providing context for how they treat income and/or means-testing. In this regard, Dukelow and Considine (2017: 195) observe "[w]hile social

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[34] This variability of social protection systems across EU Member States was acknowledged in the most recent official policy 'whitepaper' on social protection policy in Ireland, National Economic and Social Council's (NESC) (2005) The Development Welfare State. In that publication, NESC - following academic work done by Esping-Anderson (1990) among others - observe that EU Member states (at the time) were typically seen as constituting a number main welfare state clusters: "Systems differ significantly in the degree of responsibility they take for — respectively — replacing income (a characteristic concern of Bismarckian [German], insurance-based systems), restricting inequality in the distribution of income (characteristic of the citizen-oriented, Nordic systems), and raising the lowest incomes by setting a floor to income (the principal concern of Anglo-Saxon systems)."

[35] It has been shown that many countries can fit into a number of categories simultaneously (Arts & Gelissen 2010). In this regard, NESC (2005) suggested that Ireland for instance has a 'hybrid' welfare state, fitting into a number of categorisations concurrently.

[36] Larsen, C. A. (2006) *The institutional logic of welfare attitudes: How welfare regimes influence public support.* Alderhot: Ashgate.

security may be represented as quite a technical system of finance, it is underpinned by competing ideological traditions and values, which have different views of the system and its purpose".

Table 1 below provides a more detailed picture of the ideal-types of the main cohorts of welfare regimes and some of their defining characteristics.

Table 1: Comparison of ideal-typical welfare regimes

	Social democratic welfare regime	Corporatist/Christian democratic welfare regime	Liberal welfare regime	Conservative welfare regime
Dominant social policy instruments	Universal social security Public social services Public employment Social transfers (redistribution by way of subsidies, social assistance and taxation)	Occupation social security Preferential treatment of special interest groups Corporatism in social service provision (especially non-governmental organisations and the Church) Social transfers (redistribution by way of subsidies, social assistance and taxation)	Means-tested welfare benefits Private savings and insurance Tax programmes (mostly tax cuts benefitting the rich)	Occupational social security Preferential treatment of special interest groups Emphasis on employment-based welfare provision Social investment (investment in education, health and housing)
Focus in social welfare policy on	Individual State	Family State	Individual Market	Family Market
Degree of decommodification	Strong	Medium	Weak	Weak
Degree of redistribution (effect on stratification)	Strong	Medium	Weak	Weak to medium
Examples	Sweden	Germany	US, UK, Ireland	Japan

Source: Cited from Whelan (2022: 31), adapted from Aspalter (2011: 738-739)[37]

Aspalter (2011) adds some detail and ideal-typical characteristics to each of the four welfare regimes displayed:

[37] Aspalter, C. (2011) "The development of ideal-typical welfare regime theory', *International Social Work*, 54(6), 735-750.

Social democratic welfare regime

Welfare state produces its own welfare state trajectory, leading to the establishment of a comprehensive welfare state, with universal social security provision, comprehensive full-employment policies (e.g. public employment for women), and a strong network of public social services. The government takes care of the individual 'from the cradle to death' (Aspalter, 2011: 736).

Corporatist/Christian democratic welfare regime

The Christian democratic welfare model includes particularly occupationally-divided social insurance systems. Christian democratic welfare regimes are marked by 'corporatist systems of social service provision'. That is, non-government organisations (NGOs) and especially church organisations conduct much social service provision. This regime is shaped by the principles of subsidiarity and of solidarity from Christian social teachings. There is a strong emphasis on the principle of solidarity, which to a large extent, explains the high levels of social expenditure and the comprehensiveness of government welfare provision (ibid: 740).

Liberal welfare regime

Welfare states in the liberal welfare regime limit the government's role in providing and regulating welfare, as the individual is expected to care for him or herself. The state's engagement in public housing, education, and health care is either non-existent, or it plays a marginal role. Social assistance programs are highly targeted using the method 'economic targeting'; that is, applying asset- and means-testing, which generate a savings trap and a welfare trap – hence, leading to an increase in welfare recipients (Ibid: 740).

Conservative welfare regime

Welfare states in this cohort follow occupational social insurance systems, provident fund systems, or a combination of both. They also provide systems of social support and social insurance. Some occupational groups fare better than others; special interest groups (civil servants, military personnel, and private school teachers and employees) in particular. In this welfare regime, there has been an increasing shift to universalism in health care provision, and low levels of direct redistribution (Ibid: 740-741).

In terms of changes to these welfare regimes in recent decades, Aspalter (2011: 742) makes the following comment:

> "From the 1990s onwards, these four welfare state systems experienced major paradigmatic changes, indicating a system transition away from full-fledged universal, flat-rate welfare systems, now concentrating on contribution-based insurance systems, as well as asset- and means-tested social assistance. In addition, governments also set up new programs of family allowances and systems of guaranteed minimum income"[38]

[38] Cited in turn from Busilacchi, 2008; Cerami, 2006, 2007; Orenstein, 1995; and, Standing, 1997.

Contemporary challenges to social welfare provision

The context in which the classic social welfare state emerged has changed considerably. This section examines in broad terms some of these challenges such as: fluctuations in employment, changes in gendered labour market participation, financial shocks, etc. All of which impacted on the increase claims for social assistance and thus also the use of means-testing.

Developments away from universalism towards means-testing

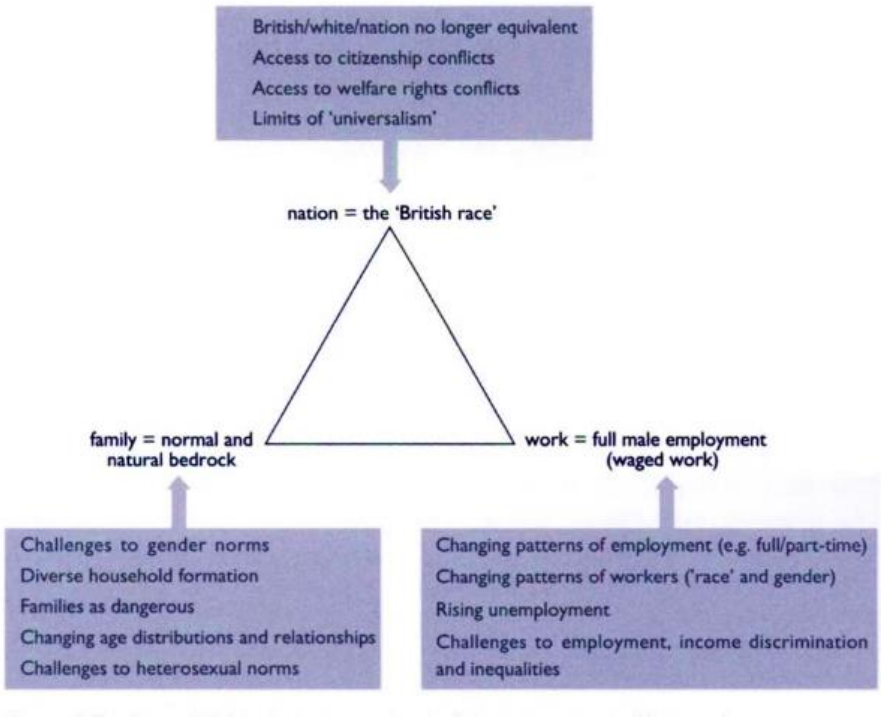
The Beveridge report's recommendations in the 1940's and subsequent introduction of a benefits system based on social insurance was premised on the assumption that income was normally derived from the labour market or its linked contributory substitute insurance benefits. Social (known as 'National') assistance was only ever planned to play a residual role. That is, it was planned as a final safety net left to fill in the gaps left where employment income and insured benefits were not available and was to be firmly means-tested. In the UK therefore, national assistance worked on the basis of assumptions about gender relations and the family. The liable relative rule in public assistance assumed men were financially responsible ('breadwinner') for the women – and children - with whom they lived (Cochrane et al, 2001).

Moreover, the welfare state (especially in the UK) was based on the premise of ongoing economic growth and full employment: the period from 1945 to 1975 has become known as 'the golden age of the welfare state' (Laybourn, 1995). In tandem with the contributory social security system, National Assistance was provided to those that could not work (e.g., disability) and functioned as a safety net (Young, 2000). Young (2000) also points out that only in the 1990's was there for the first time cohorts of workers who had contributed to the social security system for all of their working lives; up to this point, benefits being paid were not funded by contributions. Young also points out that the estimated average rate of a maximum unemployment rate of 8% underpinning the assumptions of the system proved too low, especially in the context of the unemployment crises beginning in the 1970s.

Given that these objectives were never achieved; the inadequacy and poor coverage of the benefits meant that other benefits had to be filled in, and these systems were administered under different rules by different agencies. For most of the period since 1948 in the UK, a 'safety net' was provided by means-tested benefits: National Assistance. Despite the deficiencies, National Insurance (as opposed to assistance) still accounts for over half of the expenditure on social security in the UK. But the failure of the scheme to cover the population led to *increasing dependency on means-tested benefits*, and in particular the basic benefit - National Assistance, later renamed Supplementary Benefit and then Income Support.[39]

[39] Spicker, 2014.

Figure 1: Destabilising the assumptions of the post-war welfare regime in the UK



Source: Cochrane et al, 2014.

Figure 1 above shows the contrast between the assumptions on which the welfare state in the UK was built and the changed context of the social and economic (and political) environment that it faced in the 1970s into the 1980s.

As such, the full employment 'pillar' of the welfare state was abandoned in the UK in the mid - 1970s.[40] It was in the 1980s that the 'safety-net' provided by the welfare state for those out of work or otherwise unable to support themselves "was significantly tightened by reducing the value of benefits) and shrunk (by reducing eligibility)" (Clarke et al, 2014: 79).[41]

Clarke et al. (2014: 79-80) expands on these developments further:

> "Together with a series of measures to deregulate the labour market (the abolition of wages councils, anti-union legislation, significant reductions in protection against unfair dismissal, etc.), these policies resulted in a sharp deterioration in the welfare rights of a substantial selection of the population."

Moreover, these authors also add that given:

> "the new right's view of the disincentive and demoralising effects of the welfare state, it is hardly surprising that the benefits system was a major focus of Conservative policy-making during the 1980s and 1990s. They pursued a number of objectives in order to:

[40] Official unemployment in the UK over the 1970s and 1980s: 1973 (3.4%);1976 (5.4%); 1979 (5.7%); 1982 (11.2%); 1985 (11.3%); 1988 (8.6%); 1991 (9.3%); 1994 (9.1%). Source: Unemployment rate (aged 16 and over, seasonally adjusted): % - Office for National Statistics (ons.gov.uk)

[41] Clarke et al. (2014) in Cochrane and Clarke (eds).

- Reduce the disincentives and dependency-creating effects of benefits;
- Create a more efficient benefits system by 'targeting' benefits at the most needy; and,
- Encourage moves away from the state as the primary agency of social insurance."[42]

Bennett and Millar (2009) note that from the 1970s on there have also been fundamental changes in people's life course patterns, among these are the following:

- Increased divorce, leading to divided households
- An increase in cohabitation
- Increase in female-headed single parent families
- The age at which women give birth has increased
- Blended households including 'stepfamilies'
- Ageing, including an increase in life expectancy and care needs
- Increase in people living alone

Along with the above changes in life course, there have been significant alterations to the make-up of the labour markets and thus people's working lives:

- Increase in male unemployment
- Increase in male economic activity (formerly treated as the 'breadwinner' in social welfare systems)
- Increase in low paid and insecure employments
- Increased of women's participation rate in the work force, including an overrepresentation in insecure and/or part time jobs
- Increase risk of inability to save for retirement[43]

Along with the above factors, additional structural, economic, and political factors also posed a threat to the manner in which the 'classic' welfare system had functioned. This includes the impacts of globalisation, the knowledge economy, and the wholesale adoption of information technologies. This brought with it challenges to investment, new competitive pressures, deindustrialisation, rise in the service economy and unemployment at levels not seen since before the second world war. There was also an emerging political consensus/ emphasis on deregulating the labour market, reducing labour costs, and pulling back on social policy expenditure, which in turn led to a retrenchment in the provisions of the welfare functions within states.

Bennett and Millar (2009) therefore note that the vision of the late 20th century social welfare state differed from that originally conceived as part of the post war consensus. The newer vision, which has rolled over into the 21st Century, is one that sees social security as not providing social protection along the lines originally envisaged but rather providing support solely to individuals. Bennett and Millar in this regard state (2009: 97):

[42] Ibid.

[43] Millar, 2009.

> "[i]n this vision, social security is not about protection from failure of socio-economic conditions that the state can alter. Rather, it is a 'helping hand' so that individuals can alter their own behaviours to match the demands arising from those conditions."

Powell (2017) has characterised the contemporary approach as one that offers a "hand up not a handout".

In terms of social security contributory systems, this changed approach (encouraged by supranational bodies such as the EU, OECD, IMF etc.) suggests that the right to social protection is the end of the process where the claimant 'demonstrates' their responsible behaviour by making contributions when employed (Bennett and Millar, 2009). However, Bennett and Millar (2009) also state in contrast, that under a means-tested social assistance system, the claim for support marks the beginning of a process whereby conditions are attached after the initial claim. This they argue increases the right of the State to steer and monitor a claimant's behaviour; as such, the state may establish the right to require specific behavioural change in return for being provided with social assistance support.

Thus, the welfare state has undergone a range of transitions, including a shift away from social rights to individual rights, which have reshaped welfare state policy (Warren and Wistow, 2017).[44] This has resulted in an emphasis on increasing means-testing of social assistance claims. This in turn comes with strict eligibility criteria and after that conditionality (e.g. labour market activation and sanctioning) in terms of what the claimant is expected to do to fulfil their responsibility in return for the support that they may receive from the state in the form of a social welfare payment.

In summary, from the early 1990s welfare state development switched from a focus on the nature of welfare state expansion to prioritise the long-term implications of the social, political, and economic changes of the 1970s and 1980s. These changes included the rise of neoliberal thinking, the repercussions of economic crisis, economic globalisation, changing labour markets, changing gender and family relations, the ageing of populations and the attendant changes in the nature of social risks as well as the increasing role of technologies in society (Dukelow and Murphy, 2016: 15).

Social welfare in Ireland

The Irish Social Welfare system,[45] as it currently is structured, is considered a mixed or hybrid system. That is a system which combines universal, contributory social insurance-based and non-contributory means-tested payments. Each of these types of payments in turn relates respectively to:

- Universal: e.g., child benefit (and ancillary benefits such as 'Free Travel'), which is universal (by category) for all children;

[44] Warren, J. and Wistow, J (2017) "Policy, practice and difference within welfare regimes: evidenced from the UK" in Greve, B (ed) *Handbook of social policy evaluation*, Elgar publishing: Cheltenham

[45] When references are made to social welfare system it is generally referring to income support. Where this is not the case, reference will be made to the specifics of the issue.

- Contributory social insurance-based: e.g., Pay Related Social Insurance (PRSI) benefits linked to insurable employment; and,
- Non-contributory, means-tested: social assistance payments, the rate of payment of which is based on a means-test. Means-tested social assistance payments are social transfers of cash from general taxation rather than from social insurance contributions on the part of the relevant person.

In other words, the current Irish system of social protection[46] is funded through social insurance contributions from employees and their employers and the self-employed and thereafter general taxation revenue, which is paid from general Exchequer revenue. In 2022, for instance, just over €24.6bn was spent by the Department of Social Protection, with 52% of social welfare payments being spent on social assistance payments and the remaining 48% on social insurance payments.[47]

Historically, unlike most European Countries, Ireland (and the UK) has relied on flat-rated benefits that seek to prevent poverty rather than provide wage-related compensation to people who are out of work due to unemployment or other life circumstances. In contrast to some other welfare systems seen in Europe, it has been observed that the Irish system has historically relied on cash transfers as opposed to provision of social services. As such, the Irish system operates as a comparatively comprehensive cash benefit regime combined with underdeveloped and fragmented services for social integration.[48]

History and development of the Irish Welfare System

In keeping with the earlier maxim, of unpicking the legacy and assumptions which have informed contemporary social welfare regimes, this section looks at the development of the Irish system of social protection. This section also acts as a context and background for the discussion on means-testing in the Irish system set out below.

As indicated above, the origin of the Irish system is dominated by the poor-law provision, itself originating in Victorian era Britain.[49] As will be discussed below, the poor laws of 1834 gave rise to the earliest origins of the means test for the poor (known as "paupers" at the time). They are also the forerunner of early efforts at social welfare. The *English Poor Law Amendment Act* of 1834 established a national system of administration under the authority of Poor Law Commissioners.[50] Below this, the new regime was to reorganise the old system based on the civil

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[46] As noted in the introductory part of the briefing paper, the terms 'social protection' and 'social welfare' are used interchangeably in this paper unless otherwise stated in specific instances. This in view of the social welfare functions have been for the most part of recent decades carried under the auspices of one Government Department which has changed its name over the years: e.g. *social welfare*; *social, community and family affairs*; *employment affairs and social protection*; and *social protection*.

[47] Department of Social Protection *Statistical Information on Social Welfare Services 2022*

[48] OECD (2015), *Breaking the Barriers*, 2 vols, Paris: OECD Publishing, referenced in NESC (2020) Future of Social Welfare.

[49] Dukelow, F., and Considine, M. (2017) *Irish Social Policy: A critical introduction*, 2nd Ed., Bristol: Polity Press

[50] Ryan, K. (2007) *Social exclusion and the politics of order*, Manchester University Press: Manchester.

parishes so that clusters of parishes would be grouped into Poor Law Unions, each with its own workhouse governed by an elected boards of Guardians.[51] With its test of less eligibility (means-test), the workhouse of the Poor Law Unions was a deterrent which in practice sought to "ensure that the poor travelled to avail themselves of work rather than surrender their liberty and dignity" through labour and confinement in the workhouse (Ryan, 2007: 59). As such, Ryan (2007) argues that these reformed poor laws "was predicated on the invention of the pauper and the distinction between the pauper and the poor" (2007: 59). The key point is that this poor law system was transferred to Ireland in 1838 through the *Irish Poor Law Act*. As in Britain, a penal workhouse system based on the principle of deterrence was established. Powell (2017: 43) notes that "those who were in receipt of poor relief were called paupers – an excluded class of outcasts without rights".[52]

There were subsequent social welfare developments transferred to Ireland from Britain, including the first means-tested old-age pension, introduced in 1908, followed by social insurance in 1911, with unemployment and sickness benefit schemes (NESC, 2020; Dukelow and Considine, 2017).[53] These reflected a mix of social assistance (Old Age Pensions) and social insurance (Workmen's Pension and National Insurance). In addition, up to 1921, there was a Blind Pension introduced for people over 50, and the inclusion of dependant's allowance for wives and children in national insurance payments (Dukelow and Considine, 2017). Despite these changes, Dukelow and Considine (2017: 186) point out that "the overall thrust of the social protection system [in Ireland] remained one of poverty alleviation through minimal payments levels" or what is referred to as a *residual* welfare state.

On establishment of the Free State, there were few notable developments in Irish social welfare payments until the early 1930s, with the introduction of unemployment assistance, in response to the economic shock caused by world economic depression (NESC, 2020).

There was, however, significant Irish state involvement in measures to redistribute property, beginning with the sale of estates to tenant farmers, and continuing in various forms for a large part of the 20th century. This occurred to a greater extent than redistributing income or providing social services. Norris (2016) has argued that this led to the Irish welfare system developing differently to the systems in other north-western European countries (NESC, 2022).

During the 1930s and 1940s therefore, social welfare provision extended to provide support for the costs for children and families, as well as employees and older people. The Department of Social Welfare (the forerunner of the current Department of Social Protection) was established in 1947 to co-ordinate the various social welfare schemes which until that point had been managed by a number of different government departments and the Revenue Commissioners. Following in the footsteps of the British Beveridge-based system, the social insurance fund was established in 1952 (NESC, 2020).

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[51] Ibid

[52] Powell, F. 2017, *The Political Economy of the Irish Welfare State: Church, State and Capital*, 1st edn, Policy Press, Bristol, UK.

[53] National Economic and Social Council (2020) *The Future of the Irish Social Welfare System: Participation and protection*, NESDO: Dublin.

Whelan among others (Whelan, 2022; Millar, 2008; Ryan, 2007; Powell, 2017; Dukelow and Considine, 2017: NESC, 2020, and Murphy and Dukelow, 2016)[54] has shown how the role of the Catholic Church and Catholic social teaching is immensely important in considering the development of the Irish Welfare State. McCashin (2019) and Powell (2017) suggest that Catholicism was both one of the original features, and major obstacles, to the expansion of social welfare in Ireland.[55] Whelan (drawing on Dukelow and Considine, 2017 and Powell, 2017) observes that it can be argued that Ireland was influenced by Catholic social teaching as well as Christian democratic and conservative welfare regimes, given strong historical ties to corporatism, which favoured the family as the vehicle through which welfare should be administered. Whelan (2022) argues further that this has resulted in a largely non-interventionist social policy as opposed to any attempt of preventative social policy.

Powell (1992) and Whelan (2022) comment that although Ireland and its system of social policy was legally secular, there existed an informal consensus between the State and Church to the extent that social policy was considerably influenced by that consensus until the last decades of the 20th Century. This resulted in limited investment, due to a belief among others in subsidiarity and self-sufficiency, in the social policy sectors such as housing, social services, health and social care and on social security, with the state trailing the comparative expenditure to the extent seen in other European states.

O'Sullivan (2005) argues that part of the difficulty in assessing the composition of the Irish welfare state lies in the historical trajectory of each area of policy that collectively made-up the welfare state in the post-independence: different areas have different influences and pathways. This is in part, it is argued, due to the absence of an overarching comprehensive plan or policy for welfare in Ireland since the foundation of the state (O'Sullivan, 2005). Kirby and Murphy (2008: 135) have noted that the high dependency on means-tested payments might not matter if payments were adequate. However, they argue Irish policy has always stressed work incentives with low replacement rates (rates that are characterised by minimum subsistence type of support, and which were often allowed to decline relative to average earnings).

Officially, the 1986 Report of the Commission on Social Welfare[56] and the 1996 review Social Insurance in Ireland[57] identified the key principles underlying the social welfare system as adequacy, redistribution, comprehensiveness, consistency, and simplicity.

Current Irish social welfare system

Turning to the current system, the social insurance aspects of Irish social welfare was imported from Britain and was effectively overlain on the existing social assistance system. As this mixed

[54] Whelan, Joe (2022) *Hidden Voices: Lived experience in the Irish Welfare Space*, Bristol: Policy Press
[55] McCashin, A. (2019) *Continuity and change in the Welfare State: Social Security in the Republic of Ireland*. Springer.
[56] Department of Social Welfare, 1986
[57] Department of Social Welfare, 1996

system evolved, it gave rise to confused messages and understandings of these principles and the purpose of the system tended to get lost (McGauran and Johnston, 2021).

There are currently over 70 different cash payments to people in varying situations in the Irish social protection system. While generous compared to say for example the UK, as will be shown below, social assistance is residual but is nevertheless successful in moving a large number of the population out of being 'at risk of poverty'. It remains minimalistic in terms of living costs in the context of the large numbers that depend on social assistance. The increased conditionality attached to the receipt of social assistance payments will be discussed also below.

In the Irish system, eligibility for social assistance is decided according to strict criteria and on the basis of need (Dukelow and Considine, 2017). As with social insurance, the needs recognised under social assistance has grown along with the complexity of societies, its families, and individuals – these include needs related to old age, caring, widowhood, disability and so forth. Means-testing of income and assets arriving at a set threshold determines one's qualification for a social assistance payment. As well as ostensibly targeting resources to those most in need, it also, as Spicker (2011: 15) notes, 'stops benefits going to others'.[58]

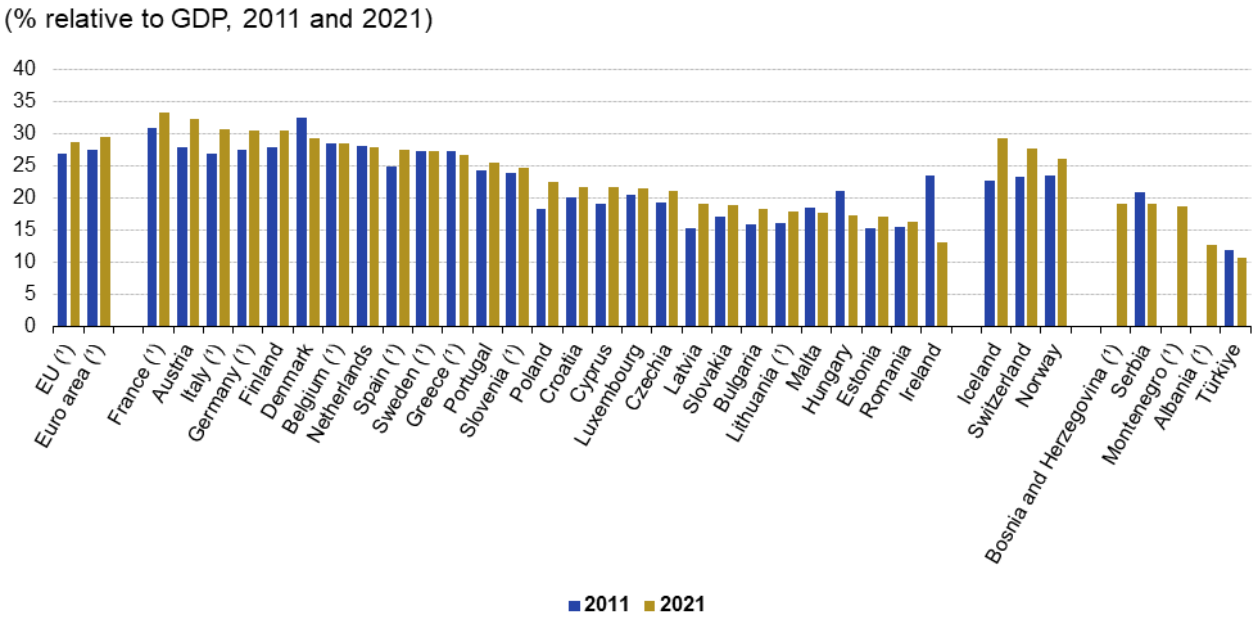
Comparative expenditure

It has been noted by Cousins (2017), Millar (2009), Whelan (2022), Dukelow and Murphy (2016) and Powell (2017), that Irish expenditure on social welfare is limited in comparison to our European neighbours. To underscore this point, Figure 2 below is taken from Eurostat and shows the national expenditure on social protection benefits as a proportion of GDP for the years 2011 and 2021.[59] This shows that Ireland's proportionate expenditure decreased over that decade on social protection, which by 2021 was one of the lowest among EU Member States. This differs to the situation seen in 2011, where Ireland's comparative expenditure on social protection as a proportion of GDP, while within the spread of EU Members states at the time, was less than most of the States of Western Europe. It was below the EU average at both points in time. In this regard, it is worth restating here that there are differences in comprehensiveness of social welfare systems across states; such as between universal and targeted payments, and from public and private sources etc.

[58] Spicker, P. (2011) *How social security works*, Bristol: Policy Press.

[59] It must be kept in mind that given the influence of transnational corporations domiciling income in Ireland, GDP is no longer considered a reliable indication of economic outputs in Ireland. For this reason, Modified Gross National Income (GNI) is an indicator designed specifically to measure the size of the Irish economy by excluding Globalisation effects.

Figure 2: Comparative expenditure on social protection benefits



Note: Data for Bosnia and Herzegovina, Montenegro and Albania not available for 2011.
(1) 2021 Provisional.
Source: Eurostat (online data code: spr_exp_sum)

eurostat

Table 2 below shows the percentage of total social protection expenditure allocated to means-tested benefits across EU and some other European States for 2021. This shows that the percentage for the full EU is 10.9% and for the Eurozone Member States is 11.2%. Among the States listed, Ireland ranks second, spending 21.3% of the social protection expenditure on mean-tested benefits, or social assistance payments of one type or another. Denmark's expenditure on means-tested social protection benefits was 35.3% of social protection expenditure in 2021. Apart from Denmark, which has a more comprehensive and universal social welfare system to Ireland, Ireland's expenditure is well above, by multiples in some cases, the corresponding measure seen in other European Member States. This highlights the significant role that means-tested social assistance plays in the Irish system, and also how this differs considerably from other EU Member States, and other European States.

Table 2: Expenditure on means-tested social protection benefits

% of total expenditure on social protection benefits, 2021	
	(%)
EU (1)	10.9
Euro area (1)	11.2
Denmark	35.5
Ireland	**21.3**
Netherlands	15.0
Germany (1)	12.4
Spain (1)	11.3
France (1)	11.2
Cyprus	11.1
Italy (1)	10.3
Austria	8.7

% of total expenditure on social protection benefits, 2021	
Portugal	8.0
Slovenia (1)	7.5
Malta	6.8
Finland	6.6
Luxembourg	6.4
Greece (1)	6.3
Croatia	5.6
Belgium (1)	5.4
Hungary	4.2
Slovakia	3.8
Romania	3.4
Lithuania (1)	2.7
Bulgaria	2.4
Sweden (1)	2.3
Poland	1.9
Czechia	1.1
Latvia	0.6
Estonia	0.6
(1) Provisional.	

Source: Eurostat (online data code: spr_exp_fto)

Tables 3 and 4 below, taken from the Europeans Survey on Income and Living Conditions (SILC), shows the at risk of poverty rate EU-wide and for each Member State before and after social transfers. The at-risk-of-poverty rate is the share of people with an equivalised disposable income below the at-risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income after social transfers.[60]

What is particularly interesting about the data presented in Table 3 and 4 is that while Ireland exhibits the highest proportion of people being at risk of poverty before social transfers each year from 2014 to 2022 (Table 3), there is no correlation to data presented in Table 4, showing the at risk of poverty rate after social transfers. In Table 4, Ireland moves from the highest to the lower half of the distribution, including lower than the measure for all EU Member States combined.

Following Hussain (2017: 478), this shows the effectiveness of the Irish system of social protection in reducing poverty, as there is tendency shown in the data that "States with lower post tax-benefit levels have a much lower reduction in poverty rates".[61] However, it also shows that in Ireland's case, pre-social transfers, what NESC (2005: xiii) had previously described as "the deep rooted social disadvantage of a section of the population that is showing little mobility off means-tested social assistance".[62]

[60] Glossary:At-risk-of-poverty rate - Statistics Explained (europa.eu)
[61] Hussain, A. (2017) "Poverty interventions" in Greve, B, *Handbook of social policy evaluation*, Cheltenham: Elgar Publishing.
[62] NESC (2005) *The Development Welfare State*, Dublin: NESDO

Table 3: At risk of poverty rate BEFORE social transfers (pensions excluded from social transfers) (cut-off point: 60% of median equivalised income after social transfers)

TIME	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	*Avg 2014 - 2032*
GEO (Labels)	%	%	%	%	%	%	%	%	%	%	%
Ireland	37.0	36.4	34.6	32.9	30.9	31.0	30.0	32.8	32.1		**33.1**
Lithuania	27.5	28.6	27.9	29.8	29.7	30.1	29.6	30.9	30.0		**29.3**
Sweden	30.0	29.8	29.9	29.3	28.9	28.9	28.1	28.3	26.6	25.5	**28.5**
Bulgaria	27.3	28.4	27.9	29.2	29.5	29.6	29.9	31.5	30.3	28.5	**29.2**
Estonia	28.4	27.8	28.9	28.9	29.9	30.2	30.3	29.7	31.7	31.1	**29.7**
Spain	31.1	30.1	29.5	28.4	27.9	26.9	27.4	31.2	28.1	26.2	**28.7**
Latvia	27.0	27.3	27.8	28.3	28.8	29.9	28.2	30.6	30.0	29.4	**28.7**
Romania	28.8	29.3	29.5	28.3	28.0	28.1	27.8	27.4	25.4		**28.1**
Finland	27.6	26.8	27.0	26.7	25.9	25.2	25.1	25.5	25.3	23.8	**25.9**
Croatia	29.9	31.0	27.3	26.6	25.7	24.3	23.8	24.2	22.6		**26.2**
Luxembourg	27.6	27.2	26.1	26.6	28.0	26.5	28.7	27.5	26.1		**27.1**
Belgium	27.5	26.7	26.5	26.5	25.3	25.4	25.6	27.2	25.8	25.0	**26.2**
Denmark	26.9	25.8	24.9	25.3	24.1	23.7	25.4	26.7	25.0	24.3	**25.2**
Italy	24.7	25.4	26.2	25.2	25.9	25.2	25.3	28.5	27.1		**25.9**
European Union - 27 countries (from 2020)	25.7	25.6	25.6	25.0	25.0	24.4	25.0	26.7	25.4		**25.4**
Euro area – 20 countries (from 2023)	25.8	25.8	25.7	25.0	24.9	24.4	25.2	27.3	26.0		**25.6**
Hungary	26.6	25.7	25.8	25.0	25.0	20.0	22.0	25.5	19.1		**23.9**
Austria	25.4	25.6	26.3	24.9	25.2	26.2	23.6	26.3	25.5		**25.4**
Cyprus	24.6	25.4	25.0	24.5	24.2	22.7	21.9	22.1	20.1		**23.4**
Germany	25.0	25.1	25.3	24.1	24.0	23.2	24.6	26.8	25.6	24.6	**24.8**
Greece	26.0	25.5	25.2	24.0	23.2	23.2	23.5	24.7	23.6		**24.3**
France	24.0	23.9	23.6	24.0	24.1	23.5	26.4	26.7	26.9		**24.8**
Poland	23.1	22.9	22.9	24.0	24.8	24.4	23.4	23.0	22.3		**23.4**
Slovenia	25.1	24.8	24.3	24.0	23.4	22.0	22.4	21.2	19.3	19.7	**22.6**
Malta	23.7	23.8	23.8	23.9	24.2	23.2	21.4	22.9	22.7		**23.3**
Portugal	26.7	26.4	25.0	23.6	22.7	22.7	21.9	23.0	21.5		**23.7**
Netherlands	21.3	22.3	22.1	21.9	21.8	21.4	21.2	22.7	21.9		**21.8**
Slovakia	19.6	19.0	18.4	17.5	17.7	19.2	19.0	21.6	20.7	22.5	**19.5**
Czechia	17.2	16.8	16.3	15.8	15.6	16.6	16.0	16.1	17.0	16.2	**16.4**

Source: Eurostat, adapted by L&RS, see also Background Notes Survey on Income and Living Conditions (SILC) 2023 - Central Statistics Office

Table 4: At risk of poverty rate AFTER social transfers (pensions excluded from social transfers) (cut-off point: 60% of median equivalised income after social transfers)

TIME	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	*Avg. 2014 - 2023*
GEO (Labels)	%	%	%	%	%	%	%	%	%	%	%
Romania	25.1	25.4	25.3	23.6	23.5	23.8	23.4	22.5	21.2		**23.8**
Bulgaria	21.8	21.8	22.9	23.4	22.0	22.6	23.8	22.1	22.9	20.6	**22.4**
Latvia	21.2	22.5	21.8	22.1	23.3	22.9	21.6	23.4	22.5	22.5	**22.4**
Estonia	21.8	21.6	21.7	21.0	21.9	21.7	20.7	20.6	22.8	22.5	**21.6**
Spain	22.2	22.2	21.7	21.0	21.9	21.7	20.7	20.6	22.8	20.2	**21.5**
Lithuania	19.1	22.2	21.9	22.9	22.9	20.6	20.9	20.0	20.9		**21.3**
Italy	19.4	19.9	20.6	20.3	20.1	20.1	20.0	20.1	20.1		**20.1**
Greece	22.1	21.4	21.2	20.2	18.5	17.9	17.7	19.6	18.8		**19.7**
Croatia	19.4	20.	19.5	20.0	19.3	18.3	18.3	19.2	18.0		**19.1**
Portugal	19.5	19.5	19.0	18.3	17.3	17.2	16.2	18.4	16.4		**18.0**
Euro area – 20 countries (from 2023)	17.2	17.3	17.4	17.1	17.0	16.4	16.8	17.0	16.8		**17.0**
European Union - 27 countries (from 2020)	17.3	17.4	17.5	16.9	16.8	16.5	16.7	16.8	16.5		**16.9**
Luxembourg	16.4	15.3	15.8	16.4	16.7	17.5	17.4	18.1	17.3		**16.8**
Malta	15.8	16.6	16.5	16.7	16.8	17.1	16.9	16.9	16.7		**16.7**
Sweden	15.6	16.3	16.2	15.8	16.4	17.1	16.1	15.7	16.0	16.1	**16.1**
Germany	16.7	16.7	16.5	16.1	16.0	14.8	16.1	16.0	14.8	14.3	**15.8**
Poland	17.0	17.6	17.3	15.0	14.8	15.4	14.8	14.8	13.7		**15.6**
Cyprus	14.4	16.2	16.1	15.7	15.4	14.7	14.3	13.8	13.9		**14.9**
Ireland	16.8	16.2	16.8	15.6	14.9	13.1	13.8	12.9	14.0		**14.9**
Belgium	15.5	14.9	15.5	15.9	16.4	14.8	14.1	12.7	13.2	12.3	**14.5**
Austria	14.1	13.9	14.1	14.4	14.3	13.3	13.9	14.7	14.8		**14.2**
France	13.3	13.6	13.6	13.2	13.4	13.6	14.2	14.3	15.6		**13.9**
Hungary	15.0	14.9	14.5	13.4	12.8	12.3	12.3	12.6	12.1		**13.3**
Netherlands	11.6	11.6	12.7	13.2	13.3	13.2	13.4	14.4	14.5		**13.1**
Slovenia	14.5	14.3	13.9	13.3	13.3	12.0	12.4	11.7	12.1	12.7	**13.0**
Slovakia	12.6	12.3	12.7	12.4	12.2	11.9	11.4	12.3	13.7	14.3	**12.6**
Denmark	12.1	12.2	11.9	12.4	12.7	12.5	12.1	12.3	12.4	11.8	**12.2**
Finland	12.4	12.8	11.6	11.5	12.0	11.6	12.2	10.8	12.7	12.2	**12.0**
Czechia	9.7	9.7	9.7	9.1	9.6	10.1	9.5	8.6	10.2	9.8	**9.6**

Source: Eurostat, adapted by L&RS, see also Background Notes Survey on Income and Living Conditions (SILC) 2023 - Central Statistics Office

Location of the Irish social welfare system in the context of welfare regimes

Turning to the location of Ireland in Esping-Andersen's (1990) scheme of welfare regimes (as outlined in Table 1 above), although Ireland has been conceived as falling under the Anglo-Saxon model, a consensus is growing that Ireland is something of an outlier, a hybrid, that has attributes of a number of models (McCashin, 2019; NESC, 2005; Murphy and Dukelow, 2016; Antoniades, 2009).[63] Indeed, some commentators had previously placed Ireland with the liberal welfare regime, and others in corporatist/Christian democratic regime due to the affinity of aspects of our social welfare practices and culture with some of the countries of Mediterranean, southern Europe. Further, Cousins (2016) suggests that while the Irish social welfare system has been characterised by ad-hoc and incremental change, it remains segmented into a three sector model of the labour force: the public sector, the foreign transnational sector, and indigenous industry and services. This author sees a striking complementarity between the preferences of these sectors and the structuration of the Irish welfare system, with the latter group most likely to be in receipt of flat-rate public welfare benefits. Cousins does however state that the Irish welfare system has in recent decades followed OECD countries in pursuing active labour market strategies and welfare conditionality for welfare recipients.

In common with other jurisdictions, the Irish social welfare system will have to deal with a number of challenges in the coming decades, these include:[64]

- Demographic changes, in particular ageing
- Changes in family forms
- Changes in the labour market and work patterns
- Increased skills required for employment
- Increasing digitalisation
- Pressures from international investment in respect of social security contribution rates
- Increased proportion of women in the workforce
- Increase in the provision of care

Finally, a number of commentators have argued that the Irish social welfare system is characterised by the lack of clarity as to its ultimate goal, strategic path, followed principles, etc. (Cousins, 2016; Millar, 2009), or that it is the product of a series of development models geared toward the promotion of economic growth often at the expense of social justice (Powell, 2017: 252). Others, such as NESC (2005), have characterised the Irish welfare system as a developmental welfare state, which revolves around three core strands of welfare state activity: services, income supports, and activist or innovative measures.[65]

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[63] Antoniades, A. (2009) *Producing globalisation: Politics of discourse and institutions in Greece and Ireland*. Manchester: Manchester University Press.

[64] Adapted from Johnston and MacGauran, 2021.

[65] NESC (2005) *The Developmental Welfare State*, Dublin: NESDO

Provision and operation of Means-testing in the Irish Social Welfare System

This section provides a brief overview of the operation of means-testing as it is applied in the Irish social welfare system.

Definitions

Firstly, in the briefing paper prepared for the Commission on Taxation and Welfare,[66] the means-test was defined as follows:

> "a set of rules that are used to assess the weekly value of any income savings, assets or cash a claimant may have. The means-test may not include certain sources of income, known as income disregards. In the case of social assistance schemes, income and capital (e.g. savings, investments and property other than the family home) of the claimant and his/her spouse or partner are taken into account for means assessment purposes. The purpose of a means assessment is to ensure social welfare expenditure is targeted. The assessment of capital reflects an expectation that people with reasonable amounts of capital and property are in a position to use that capital, or to realise its value, to support themselves without having to rely solely on a means-tested welfare payment.
>
> As noted above, social assistance payments are means-tested. Receipt of a means-tested payment is conditional upon an individual's or family's financial resources. The means-test is a way of assessing whether an individual or family is eligible for a payment from the state, based upon whether the individual or family possess the means to do without that help."[67]

"Means" may include all types of income as well as accumulated savings.[68] It is important to note also that means-testing rules are applied in diverse ways to the various social welfare schemes. This point is made by Johnston for NESC (2021: 10):

> "How a person's means are calculated and the amount of means a person can have which qualifies them for a payment varies from payment to payment. In some circumstances a certain amount of income, or income from a particular source, is not taken into account and this is referred to as an income disregard. There are also exemptions where some cash income is not taken into account, for example, income from a charity, mobility allowance, for some payments. For people living as a couple (married, in a civil

[66] The Commission on Taxation and Welfare (the Commission) was established by the Minister for Finance on 6 April 2021, pursuant to a decision of the Government and a commitment in the Programme for Government. The Commission on Taxation and Welfare has been tasked by government to independently consider how best the taxation and welfare systems can support economic activity and promote increased employment and prosperity in Ireland. Its report is available here: gov - Report of the Commission on Taxation and Welfare (www.gov.ie).

[67] Commission on Taxation and Welfare (2021), *Introduction to the Irish Social Protection System*

[68] Means-test - MISSOC

> partnership or co-habiting) the means of a person's spouse, civil partner or cohabitant are also taken into account in the means-test".

At present, a means-test is applicable to a wide range of Irish social welfare schemes and payments. Means-testing, as noted, sits outside social insurance based payments and only applies to what is referred to as (non-contributory) social assistance payments.

Law, operations and guidelines

Given the variety of social welfare assistance schemes, taken together with the variability in the financial circumstances of individual claimants, and as noted above, the application of a means-test can vary from case to case. For example, the following provides links to the guidelines setting out how a claimant's means are assessed for specific means-tested schemes:[69]

- Jobseeker's Allowance
- Jobseeker's Transitional Payment
- Disability Allowance
- Farm Assist
- State Pension (Non-contributory)
- Blind Pension
- Widow's, Widower's and Surviving Civil Partner's (Non-contributory) Pension
- Guardian's Payment (Non-Contributory)
- One-Parent Family Payment
- Carer's Allowance

In addition, there are separate guidelines on means assessment for Supplementary Welfare Allowance, Working Family Payment and Rent Supplement.

Moreover, the rules used to calculate means for all other means-tested schemes referred to in these guidelines are set out in:

- Parts 1, 2, 3 and 5 of the Third Schedule of the *Social Welfare Consolidation Act 2005* (as amended);[70]
- Chapter 6 of Part 3 of the Social Welfare (Consolidated Claims, Payments and Control) Regulations 2007 (SI 142 of 2007) (as amended).[71]

The Department of Social Protection's webpage consolidating in one location the operational guidelines for means-tests states: "The rules are applied in different ways to the various

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[69] Department of Social Protection, Operational Guidelines: *Means Assessment*

[70] This Act is hyperlinked to the 'running version' of text of the Act, that is the version is an administrative consolidation of *Social Welfare Consolidation Act 2005.* It has been prepared by the Department of Social Protection. All Acts and Instruments up to and including the *Social Welfare Act 2022* were considered in the preparation of this revised Act.

[71] Social Welfare (Consolidated Claims, Payments and Control) Regulations 2007 to (lawreform.ie) refers to the version of this Statutory Instrument as updated and maintained by the Law Reform Commission as of 4 May 2023. To illustrate the complexity of the means-testing across schemes, this Statutory Instrument with amendments is currently 303 pages in length.

schemes. Details of how the rules apply to each scheme will be given under the various headings in the document".[72]

There are also separate guidelines on the following in respect of particular circumstances:

- Farm Means – Assessment of Income from Farming
- Jobseeker's Allowance – Income from Insurable Employment
- Jobseeker's Allowance – Benefit and Privilege
- Jobseeker's Allowance – Assessment of Spouse/Civil Partner/Cohabitant's Earnings

The means-test in practice can vary considerably based on a claimant's individual (and family/household) circumstances and its unique interactions with the relevant social welfare scheme. The text box below provides in summary form an overview of the means-test in respect of some social assistance payments.

[72] gov - Operational Guidelines: Means Assessment (www.gov.ie)

Figure 3: Means-test Summary

Applicants for social assistance payments are means-tested. A means-test is a way of checking if a claimant has enough financial resources to support themselves and determine what amount of social assistance payment, if any, they may qualify for.

Social welfare legislation provides that, for social assistance schemes, income and capital (such as savings, investments and property other than the family home) belonging to the claimant and his or her partner, where applicable, is assessable for means assessment purposes. The purpose of the means assessment is to maintain the policy of ensuring that social welfare expenditure is targeted to those who need it most.

All the claimant's sources of income are added together and taken into account when deciding whether they qualify for a means-tested payment or the level at which they are paid. Decisions on means assessments are made by Deciding Officers. If a person is not satisfied with the decision, they may ask for a review of the decision or make an appeal to the Social Welfare Appeals Office.

The assessment of means can vary from scheme to scheme depending on the nature and purpose of the scheme. Sometimes a certain amount of income, or income from particular sources, is not taken into account for a particular scheme and these are usually referred to as income disregards.

Income
Cash income that is assessed includes any income from employment or self-employment, income from a social security pension from another country and maintenance payments. When assessing income from employment, the following items are deducted from gross earnings: PRSI; Union Dues; Superannuation or contribution to pension fund; and, in the case of self-employment income all expenses directly related to self-employment are deducted.

In the assessment of Working Family Payment and in the assessment of parents' income for the Jobseeker's Allowance and Supplementary Welfare Allowance means-tests for young applicants living at home ('benefit and privilege') Income tax and the Universal Social Charge are also deducted form income form employment.

Capital
Capital, which includes property and savings in a bank account, is assessed. Property personally used (a claimant's home) is not included in the means assessment. The formula for assessing the value of capital for most social welfare schemes is as follows:

Capital	Weekly means assessed
First €20,000	Nil
Next €10,000	€1 per €1,000
Next €10,000	€2 per €1,000
Balance	€4 per €1,000

There are of course exceptions to the formula above. For Disability Allowance and Carer's Allowance, the first €50,000 of capital is not taken into account. For Supplementary Welfare Allowance the first €5,000 of capital is not taken into account. Capital is not assessed in the means-test for Working Family Payment. For more see: Means-test (citizensinformation.ie)

Source: L&RS adapted from Citizensinformation.ie and EASPdoclaid27082019_121135.pdf (oireachtas.ie)

Expenditure and beneficiaries

Table 6 below provides an overview of the expenditure and numbers of beneficiaries of the main social welfare insurance and assistance payments in 2022.

The highest level of expenditure (€6.5bn) and beneficiaries (537,222) relates to the social insurance-based contributory state pension, followed by the social assistance disability allowance (€2bn, 217,149) and in fourth by jobseekers' allowance (€1.6bn, 263,000). Widowers' and surviving civil partners' contributory pension revealed the third highest levels of expenditure and beneficiaries (€1.7bn, 135,767). Overall, just over half (52 per cent) of expenditure is on social assistance payments (€12.8bn), while three quarters of welfare benefits' beneficiaries (75 per cent, 2.8m) are in receipt of social assistance payments.

As table 5 below shows, social assistance payments had 2,823,739 beneficiaries in 2022. This number of beneficiaries alludes to a very significant number of means-tests administered by the Department of Social Protection,[73] although it should be noted that some of that number may be in receipt of more than one payment and may have been formerly assessed in an earlier year.[74]

NESC (2021:22), in its working paper on the future of social welfare system, noted the increasing nature of the split between social insurance and social assistance in terms of beneficiaries of social welfare expenditure, which is where most are beneficiaries of social assistance payments (see Table 5 below) and suggested:[75]

> "that the option of addressing the funding pressures by strengthening the individual aspects of the social insurance system—strengthening the link between those who pay and those who benefit—should not be one of the general lines of development."

Table 5: Expenditure and Beneficiaries of main social insurance and social assistance schemes, 2022

Payment	Expenditure (€m)	Beneficiaries
State Pension (Contributory)	6,564.40	537,722
State Pension (Non-Contributory)	1,136.46	101,369
Jobseekers Benefit[76]	485.80	49,124
Jobseekers Allowance	1,641.49	215,315
Maternity/Adoptive/Paternity/Parent's Benefit	341.93	26421
Widow(er)s' and Surviving Civil Partners' Contributory Pension	1,725.28	135,767
Widow(ers)s' and Surviving Civil Partners' Non-Contributory Pension	12.25	1,095
Invalidity Pension	765.99	71,514

[73] During the course of the research leading to this briefing paper, it was not possible to find out how many means-tests are carried each year by the Department of Social Protection, and thereafter, the duration of each in administrative time terms. However, from work produced by the Irish Government Economic and Evaluation Service reviewing Disability Allowance Scheme Trends, there were 73,482 Means Test Reviews carried out in respect of Disability Allowance between 2015 and 2021. See here

[74] This number is derived from Table B1 (Number of Recipients of Main Periodic Benefits by Programme and Insurance or Assistance, 2013-2022) for year 2022 in the Department of Social Protection (2022) Statistical Information on Social Welfare Services, Annual Report 2022.

[75] NESC (2021) Social insurance and the welfare system: Towards a sustainable developmental welfare state, background paper 151/1, Dublin:

[76] Includes Jobseeker's Benefit (Self-Employed)

Payment	Expenditure (€m)	Beneficiaries
Illness Benefit	614.07	74,597
Disability Allowance	2,015.92	217,149
Carers' Benefit	49.17	4,215
Carers' Allowance	993.16	145,051
One Parent Family Payment	613.98	124,578
Supplementary Welfare Allowance	121.60	18,536
Working Family Payment	361.09	149,017
Total Social Assistance (%)	12,817.19 *(52%)*	2,823,739 *(75%)*
Total Social Insurance (%)	11,811.99 *(48%)*	927,538 *(25%)*
GRAND TOTAL	**24,629.18**	**3,751,277**

Source: Department of Social Protection (2023) *Statistical information on social welfare services, Annual report 2022*

Note: Figures in the table do not add to the totals, as only the main insurance and assistance schemes are presented, while the totals include all the relevant payments.

The remaining sub-sections in this section explore difficulties which have been identified with the operation of means-testing both by Citizens Information Services and by claimants engaging with Social Welfare Appeals Office.

Citizens Information Board queries

The Citizen's Information Board (CIB), under the auspices of the Department of Social Protection, is the national agency responsible for supporting the provision of information, advice and advocacy on social services, and for the provision of the Money Advice and Budgeting Service (MABS). It oversees a nationwide network the Citizen's Information Services (CIS) as well as the Citizen's Information Phone Service. The CIB keeps detailed information on the various queries it receives from the public each year, just under half of which tend to relate to social welfare services.[77]

The social policy and research function of the CIB maintains the Data Hub, which provides an insight into the anonymised data collected by the national network of CISs. It also analyses high level trends, which in 2022 amounted to over three quarters of a million queries on all aspects of rights and entitlements.

The Citizen's Information Services publishes a breakdown to varied queries they receive in each year. While the queries are related to specific payment categories, the 'miscellaneous' category has a direct entry for queries relating to means-testing under social welfare. Table 6 below shows the number of queries they received in respect of the means-test under social welfare queries received from 2021 to 2023.

Table 6: Specific means-test queries received by CIB 2021-2023

Means-test queries	2021	2022	2023
Number	3,798	3,694	3,866
% of social welfare miscellaneous queries	21.9%	18.1%	18.4%

Source: L&RS adapted from CIB data on queries received.

[77] CIB submission to the Commission on Taxation and Social Welfare

Thus, in its submission to the Commission on Taxation and Welfare, CIB, based on its extensive evidence/case base, was able to recommend the following:

> "measures for reducing complexity in the social welfare system, including the development of a single, streamlined means-test for all DSP-administered schemes, to allow for a single point of access for applicants, which should be an integral part of the on-line delivery of services."[78]

The background rationale for the recommendation was the following:

> "Different means-tests and income disregards apply to different payments which can be confusing and frustrating for citizens and difficult to compare payments. At a minimum, income thresholds should reflect increases in social welfare entitlements. If allowable working hours increase, there should be a corresponding increase in income disregards. In addition, allowable working hours may need to be reduced for certain groups, such as lone parents, to facilitate access to and retention of part-time work. In summary, there is a need to streamline means-tests and income disregards and ensure they reflect social welfare increases. Specifically, there is a need to develop a single, streamlined means-test for all DSP-administered schemes, to allow for a single point of access for applicants – this should be an integral part of the on-line delivery of services."[79]

Moreover, CIB pulls together what it refers to as *Social Policy Returns* (8,800 in 2022) from CISs. These policy returns are analysed and contribute to CIB social policy publications, research and various submissions, including pre-budget submissions to Government each year.

CIB's pre-budget submissions identify, among other things, policy issues in respect of means-testing. The following sections provide some excerpts from the pre-budget submissions for 2023 and 2024 which refer to anomalies in respect of means-testing:[80]

1. CIB highlight the difficulties caused due to the disparity between the tax treatment of cohabiting couples, who are jointly assessed for social welfare purposes but as separate, unconnected individuals in the context of tax assessment, which is considered anomalous and unfair. This includes in respect of the use of the means-test for cohabiting couples:

   > "Non-marital couples can be treated in different ways by the welfare and tax systems. For welfare purposes they might be treated jointly, for example in assessing means for Carer's Allowance, while the tax system treats them separately. Although treated usually as a family unit for social welfare purposes, where a partner in a cohabiting couple/unmarried parent dies, the surviving partner is ineligible for Widow's/Widower's or Surviving Civil Partners."[81]

2. Childcare issues highlighted by CISs included the different treatment of means for the income-assessed subsidy under the National Childcare Scheme, e.g. Invalidity Pension is

[78] CIB submission to the Commission on Taxation and Social Welfare
[79] Ibid
[80] Ibid
[81] Ibid

not disregarded as income and Child Benefit is classed as income, which can push low-income couples over the threshold. The inability to return to work, or to take up job offers, due to lack of local childcare or the cost involved was a recurring issue.[82]

3. Self-employed workers can experience financial precarity because of the nature of their work, low pay, and the interlinked nature of private and business debt. Because personal debt and business debt are often intertwined this can complicate establishing income levels for *eligibility for relevant social assistance and assessing means*.[83]
4. Income disregards for means-tested payments (which apply for Carers' Allowance and Disability Allowance for self-employed) do not apply to the self-employed for a non-contributory State pension.
5. Debt, rent and maintenance costs are not taken into consideration in the assessment for Working Family Payment (WFP). WFP is included as means for the Medical Card.
6. Sole traders re-entering the workforce are means-tested for Jobseeker's Assistance on a 'euro by euro' basis which acts as a disincentive to take up short term contracts.
7. Rent a Room Relief: There is no disregard for rental income in the means-test for Disability Allowance (DA) for those who wished to avail of the Rent a Room Relief scheme, and retain their DA payment. This was seen as a disincentive for claimants wishing to supplement their income from DA by renting out a room in their home, thus providing accommodation during a housing crisis. Revenue permits an individual to earn up to €14,000 tax free from the 'Rent a Room' scheme. However, there is no similar allowance under social welfare provisions. This situation was contrasted with a person in receipt of Invalidity Pension who could claim a Rent a Room relief with no penalty.
8. Some clients are unaware that Increase for a Qualified Adults on social insurance payments are means-tested. When property is sold off and the capital banked the DSP often go un-notified and a potential debt builds up based on overpayment. Older people seem particularly vulnerable to this.
9. Difficulties for clients in domestic violence situations in providing proof of separation, whose ex-partners' means are taken into account in the means-test for Supplementary Welfare Allowance.[84]
10. Assessment of all of self-employment income for State Pension (Non-Contributory) claimants wishing to do part-time work, in contrast to employees who can avail of a €200 earnings disregard.[85]
11. Elderly people on State Pension (Contributory) or Widow's, Widower's Pension Contributory and a half rate Carer's Allowance being over the means for eligibility for Fuel Allowance.[86]

In its pre-budget submissions, the CIB also made a number of recommendations relating to means-testing as follows:

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[82] Ibid
[83] Ibid
[84] ibid
[85] Ibid
[86] CIB-Pre-Budget-Submission-2023.pdf (citizensinformationboard.ie)

1. "We would also recommend the indexing of means-test limits for Working Family Payment in line with inflation increases, for example, 10% in 2022 and 5% expected in 2023. Such indexing would be beneficial if applied across all means-tested social welfare payments, providing targeted social protection for those at the lower end of the income spectrum.[87]
2. MABS [a part of the Citizen's Information Board] strongly endorses relaxing and expanding the eligibility criteria for means-tested social welfare payments [88]
3. Ensure that income thresholds, means-test criteria, earnings disregards are changed accordingly to reflect increases in for example, the national minimum wage, adjustments in core social welfare rates, and earnings.[89]
4. In the DSP's review of the means-tests across different payments, consider providing flexibility in the means-test for qualified adult payments with respect to a primary payment of State Pension (Contributory), given that this cohort of 'qualified adults', mainly women may have not been able to access a social welfare payment in their own right in the past."[90]

Social Welfare Appeals

The Social Welfare Appeals Office (SWAO) (formerly the Social Welfare Tribunal) was set up to provide an independent appeals service. It is for those persons who are, for whatever reason, dissatisfied with decisions made by Department of Social Protection Deciding Officers or Designated Persons on questions relating to entitlement to social welfare payments and insurability of employment.

The legal framework for social welfare appeals is set out in Part 10 of the *Social Welfare Consolidation Act 2005* and in Regulations made under that Act. These set out the schemes that can be appealed and what role of the Appeals Office is.[91]

Table 7 below shows the number of appeals relating to 'means' in respect of Jobseeker's Allowance on the part of the SWAO from 2015 to 2022. This is the only part of the SWAO's Annual Reports that make a direct reference in statistics to 'means'. Nevertheless, it shows that over the 8-year period the Office dealt with 11,062 appeals related to means-tests for Jobseeker's Allowance claims alone.

Table 7: SWAO Appeals received 2015-2022

	2015	2016	2017	2018	2019	2020	2021	2022
Jobseeker's Allowance - Means	2174	2050	1504	1380	1188	1256	905	605

Source: Social Welfare Appeals Office, Annual Report 2022.

[87] Ibid
[88] CIB-Pre-Budget-Submission-2023.pdf (citizensinformationboard.ie)
[89] Ibid
[90] CIB (2023) Pre-budget submission 2024
[91] gov - About the Social Welfare Appeals Office (www.gov.ie)

In the body of the SWAO's annual reports, they also outline anonymous case studies of appeals, relating to range of different schemes and payments, decided in the year in question. Some of these relating to 'means' from 2020 are included here in the three text boxes below.

Figure 4: Carer's Allowance and means

Carer's Allowance Summary Decision

Question under appeal: Eligibility (means)

Background: The appellant's claim for Carer's Allowance was disallowed on the basis that his means, assessed as being over €2,000 per week, were in excess of the statutory limit applicable in his case. The means derived from property, investments and an occupational pension. In appealing the decision, the appellant submitted that he had no family support and was not receiving any state support to reflect the reality of their situation. He stated that he wanted to care for his wife at home for as long as possible and that the Carer's Allowance would make a great difference. The appellant acknowledged that his income exceeded the means-test limit and he did not contest the assessment of means but stated that he has been advised by many to make the application.

Consideration: The Appeals Officer outlined that, in accordance with Section 179(3) of the 2005 Act, a person's means for the purposes of Carer's Allowance must be calculated in accordance with the Rules contained in Part 5 of Schedule of that Act. The Appeals Officer outlined that under the governing legislation all cash income, investments, and the yearly advantage of any property other than a domestic dwelling are taken into account. The Appeals Officer also outlined that in assessing the means of a couple for the purposes of Carer's Allowance, Article 144(b) of the 2007 Regulations provides for a weekly income disregard of €665. The Appeals Officer was satisfied that the appellant's means were assessed correctly in accordance with the legislative provisions and that there was no discretion to deviate from these provisions.

Outcome: Appeal disallowed

Source: Annual Report 2020, Social Welfare Appeals Office, p. 68-69

Figure 5: Jobseeker's Allowance and Means

Jobseeker's Allowance Summary Decision

Question at issue: Eligibility (means)

Background: The appellant's application for Jobseeker's Allowance was refused on the grounds that his means were in excess of the rate of Jobseeker's Allowance that would be payable based on the appellant's family circumstances. His means were derived from self-employment.

Consideration: Jobseeker's Allowance is a means-tested payment calculated in accordance with the Rules contained in Part 2 of Schedule 3 of the 2005 Act. In his letter of appeal the appellant indicated that he found the calculation of his means puzzling and that he would like a further breakdown. He also indicated that he had lost his biggest client in 2019, had paid tax on some of his income in another State and he also outlined his family circumstances. The Department subsequently provided a detailed breakdown of the means assessment and the appellant was afforded the opportunity to comment. No reply was received from the appellant. In its reply to the appellant, the Department outlined that the gross income was taken from the 2019 accounts which the appellant had submitted and that income from the lost client was disregarded in the calculation of means. The Department also provided a breakdown of the expenses allowed. The Appeals Officer, having examined the calculations, was satisfied that the expenses allowed by the Department in respect of landline/broadband, heating and other utility expenses, car insurance, fuel, An Post, travel and car repairs were reasonable. The Appeals Officer also noted that while it was accepted that the appellant had expenditure on other outgoings, the legislation did not provide for the exclusion of domestic or personal expenses. The Appeals Officer found that the appellant's means from self-employment were correctly calculated by the Department in accordance with the governing legislation

Outcome: Appeal disallowed

Source: Annual Report 2020, Social Welfare Appeals Office, p. 81

Figure 6: Transitional Payment and Means

Jobseeker's Transitional Payment Summary Decision

Question at issue: Eligibility (means)

Background: The appellant was assessed by the Department as having weekly means of €11. The appellant was provided with a breakdown of the means assessment calculation.

Consideration: The Appeals Officer outlined that the relevant legislation was Sections 141, 142, 148A and Part 2 of Schedule 3 of the 2005 Act. The means assessed were derived from a monthly maintenance payment received by the appellant from her son's father of approximately €200 monthly. The appellant submitted in her appeal that she paid weekly rent of a specified amount and that her son's father used the monthly maintenance payment to fund activities with his son during access visits. She said the father considered the maintenance payment to be his son's money. Jobseeker's Transitional Payment is a means-tested payment and the manner in which a means assessment is to be carried out is prescribed in the governing legislation. The disregards to be applied are also set out in the legislation. The Appeals Officer outlined that payments made in respect of rent or a mortgage may be deducted from a maintenance payment up to a maximum value of €95.23. Thereafter, 50% of the maintenance payment may be assessed as means. The Appeals Officer reviewed the Department's calculations in this case and concluded that the appellant's means were correctly assessed having regard to the governing legislation.

Outcome: Appeal disallowed

Source: Annual Report 2020, Social Welfare Appeals Office, p. 86

To give one further example of the complexity of the means-testing system and the difficulties with making changes, one case is evidenced below in a response to a Parliamentary Question from Minister for Social Protection, Heather Humphreys TD. This particular response is in respect of the circumstances of one person's eligibility for certain payments, including the State pension non-contributory and disability allowance, based entirely on their spouse's income in cases where the person has no income or assets outside of that marriage. Minister Humphrey's responded as follows:

> "Introducing changes to the means-test for Pension (Non-Contributory) or Disability Allowance would have significant budgetary implications and would give rise to inconsistencies in how means-tests are applied across schemes. As the means-tests for social assistance payments are based on the income and assets of the household, it would significantly increase the complexity of the means assessment to assign individual incomes or assets to only one individual in that household. It may also lead to inconsistency and unfairness as to how means are assessed across households in general.
>
> Any changes in this regard would have to be considered in the overall policy context.[92]

As in the text of the case studies presented above, this parliamentary answer points to the legislation-based regulations relating to means-testing across schemes, and the limits of these, as well as the broader policy and budgetary architecture, of which means-testing forms just one of many facets.

Overview of advantages, disadvantages and experience of means-testing

This section draws on a range of sources to look at benefits and drawbacks of the current system of means-testing in the Irish as well as other social welfare systems.[93]

Means-testing in social welfare and social protection systems

As noted earlier in respect of social welfare systems, given the diversity across countries, it is important to examine the particular trajectory of the development of specific systems. This reality also therefore applies to the concepts and structures that embody modern welfare systems. Means-testing is one such concept.

[92] Social Welfare Eligibility – Tuesday, 18 Oct 2022 – Parliamentary Questions (33rd Dáil) – Houses of the Oireachtas

[93] It should be noted that there are forms of means-testing applied to be eligible for receipt of benefits and services in Ireland outside of the social welfare system. These include the Housing Assistance Payment, Free Legal Aid, SUSI grants, Childcare and Medical Cards.

To reiterate means-testing for the most part takes place in the context of targeted, non-contributory, social assistance payments. The next two sub-sections provide, in paraphrased and summary form, the main advantages and disadvantages of means-testing.[94]

Advantages of means-testing

1. The main argument for means-tested social welfare payments is that they can be **targeted at those most in need**, especially in a context of limited resources for redistribution. This has been shown to be the case in respect of the Survey on Living and Income Conditions, European Wide, and carried out in Ireland annually by the CSO.

   This issue is apparent in the briefing paper prepared for the Commission on Taxation and Welfare by its secretariat as part of their deliberations:

   > "Compared to EU-27 member states and OECD countries, Ireland spends less money on pensions and relies more heavily on means-tested social assistance, rather than social insurance, payments. While Ireland has a comparatively high level of market income inequality, Ireland's tax and social welfare systems function together to ensure a significant redistribution of income"[95]

2. Thus, the second point to make is that means-testing of social assistance payments are **progressive and redistribute/transfer resources** vertically from the rich to the poor. Nevertheless, this must be seen with the caveat of the significant proportion of the Irish population at risk of poverty (income below 60% of the national median) in the first instance. There may be also a mismatch between the levels at which social assistance is set and its relationship to a Minimum Essential Standard of Living (MESL), referred to above by CIB.[96] The Vincentian Partnership has undertaken the MESL research to identify the cost of what is required to enable a life with dignity, at a minimum but acceptable level. It provides therefore a minimum essential standard of living (MESL) for different household types, which provides a tangible benchmark to measure the adequacy of social welfare supports.[97]
3. Mean-tested social assistance, its rate of payment and the process of making a claim and being means-assessed, has **the potential to encourage more people to seek paid work.** Such work should provide a higher income than that provided for under a social assistance payment, and thus promoting self-sufficiency and financial independence.
4. Means-testing of social assistance payments **maximises the use and minimises the misuse of public funds** through ensuring that recipients meet set eligibility criteria and demonstrate a specific need.

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[94] This section draws on various points made in the body of the report, the relevant literature and Johnston and McGuaran (2021) and Gugushvili, D. and Hirsch, D. (2014) *Means-testing or Universalism: What strategies best address poverty? A review contribution to Joseph Rowntree Foundation's development of anti-poverty strategy*, Loughborough University: Centre for research in social policy.

[95] Commission on Taxation and Welfare (2021) Introduction to the Irish Social Protection System

[96] mesl_2023_-_annual_update_report.pdf (budgeting.ie)

[97] Minimum Essentials Budget for Ireland | Home Page (budgeting.ie)

Disadvantages of means-testing

While popular in many countries as a way of targeting support payments at those most in need, means-tested payments are also seen as having a number of disadvantages as follows:

1. They are **complex, difficult and costly to administer**. There are demands for exact, specific personal information for a social welfare payment - household composition, nationality, employment status, details about relationships, disability and so forth.
2. Means-tested social assistance often **fails to reach those in need**. The reasons commonly given for low take up are lack of awareness of entitlement, complexity, the effect of changing circumstances, fear and stigma.
3. **People's income changes rapidly**, and effective means-testing calls for constant reporting and **frequent adjustment in the level of benefit**.
4. Means-testing is **resource intensive to the State in terms of administration**, assessment and review.
5. Means testing is sometimes associated with a potential sharp effect, called the "**cliff edge**". This is where claimants with income or assets above a cut-off level are not eligible for support, whereas those whose income or assets below the cut-off level receive the full package. Consequently, persons whose income is slightly above a threshold are denied the benefit whereas those whose income is just below the same ceiling take full advantage of the benefit. Only two categories of claimants exist: those who are eligible to the benefit and those who are not, and these categories fall on either side of an income ceiling. One problem raised here relates to fairness. Two claimants in a comparable situation, except that their income slightly differs, will be treated very differently since one will receive the benefit and the other will not.
6. The means-testing process may be experienced by some claimants **as overly intrusive and can be seen to be stigmatising**, sometimes referred to as payments for "poor people". This stigma effect, (Whelan, 2022), can exacerbate the hardship some claimants, for economic or social reason, may be experiencing. In respect of social stigma, people do not want to be seen as dependent and there can be a low take up of means-tested payments because people are reluctant to be seen to be dependent on benefits.
7. In similarity to 'cliff edges', one of the complexities of means-tested payments is their withdrawal as a person or family's income increases, whether this is a sudden or tapered withdrawal. The **withdrawal of means-tested payments can create unemployment and poverty traps**, where a person and or their family are better off unemployed or below a certain income threshold. Thus, the withdrawal of means-tested payments can create a disincentive to work, as discussed in the introduction to this paper.
8. The current strict structures (e.g. eligibility criteria) can be seen to be 'out of step' with contemporary working patterns and the lives of individuals and families due to its emphasis on household rather than the individual, its inability to provide a secure floor to the flexible labour market, changing family and work patterns etc.

Conclusion, and points for further discussion

This paper has considered the background, operation and some advantages and disadvantages of means-testing in the context of the Irish social welfare system. The origins of the means-test, which is still practiced widely in some social welfare systems to establish eligibility of need and ensure prudent management of public resources, has its origins in the poor law reforms of the 19th century.

Nevertheless, means-testing in the Irish context of the progressive tax and social welfare system has been very successful in providing a barrier to more persons experiencing poverty. With this in mind, the next sub-section identifies a number of areas the Committee may wish to consider in the context of suggesting changes to means-testing in the future.

Issue for consideration in respect of the future of means-testing

Monitoring of means-testing anomalies by the Department

It is noted in the body of the briefing paper that there exist distinct cases where a person's, or household's, specific employment or caring responsibilities leave them above or outside of the thresholds of the particular means-testing applying to a social assistance payment. We note too the case history data that is collected by both the Citizen's Information Services (including MABS) and the Social Welfare Appeals Office. In order to respond rapidly to anomalies that have and will continue to occur, there is merit in the Committee enquiring if the Department of Social Protection might examine establishment of a means-testing monitoring unit. This unit could draw on the information on cases provided by the CISs, SWAO and internal Departmental data and systems to accelerate the response to anomalies. This monitoring unit could also potentially provide more structured feedback and data so that the Minister may have the evidence to make, by regulation, changes to the relevant means-testing criteria. The data collected would also add to the Department's knowledge base for future reforms of social assistance payments and means-testing.

Consolidating and streamlining means-testing

Without prejudice to the other issues for discussion set out in this briefing paper, there would be seem merit for consideration to be given to consolidating and streamlining the current means-testing regime. It was noted in the body of the paper that the current system has evolved on an ad-hoc basis and incrementally. It contains anomalies which reflect the different means-testing thresholds and criteria applying to different social assistance schemes. In addition, a number of anomalies apply to the 'disregards' across the various social assistance schemes. It was also reported by CIB, among others, that the means-testing process as it currently functions is complex and can often be confusing to the citizen. Further to this, the administration of means-testing is resource intensive from the perspective of the Department. With all of the above taken together, there would appear to be merit in combining and simplifying the means-test into one consolidated test or a smaller set of tests. Such a change, in order to be successful, should be planned and then evaluated as it is implemented. The input of the earlier noted means-testing monitoring unit in the Department would add value to this proposed process.

Expanding the thresholds and easing the eligibility criteria on means-tested payments

This is an action that could be considered in the short term. It would involve linking means-tested payments closer to the MESL benchmark and some indexation with inflation and labour market pay rates. This process has begun over recent budgets in terms of carers and maintenance payments, but there is value in such a process being examined across all relevant means-tested social assistance schemes.

Greater integration of tax and welfare systems

As noted by CIB and NESC, there is scope for a greater integration and interoperability between the tax and social welfare systems. This was seen to some extent in the case of the various payments made by both systems during government's response to the Covid-19 pandemic, which included on the social protection side the Pandemic Unemployment Payment. The aim here would be to ensure a smooth, seamless overlap between social assistance and increasing working hours to avoid cliff edges, 'poverty traps' and loss of benefits - if income minimally exceeds relevant thresholds. Focus on greater integration here would also facilitate inclusion of those at particular life-stages and circumstances such as maybe the case with carers and disabled people.

Targeting within universalism

Targeting within universalism is one of a number of suggestions made by a range of stakeholders for alternatives or changes to means testing in the context of social assistance payments.[98] The ESRI's recent report "Poverty, income inequality and Living Standards in Ireland" recommended consideration be given to a Child Income Support payment. This is an example of where in effect child benefit might be subject to changes so that it becomes taxable for those with higher incomes and would continue to provide benefits to those on lower incomes. The key part of such payments is that they are universal, would not carry the stigma associated with means-tested payments, and would benefit from targeting those most in need.

Gauging the cost and benefits of universal / citizens payments

In respect of the suggestion above about 'targeting within universalism', there may be merit in the Committee considering commissioning the Parliamentary Budget Office to undertake research on such a process. This might look at a citizen's benefit, not dissimilar to the suggestion above in respect of the Child Income Support Payment, payable to all, but which is subject to taxation, so that those in the middle and upper quintiles of income earners would have a neutral or more limited benefit, but those on the lowest incomes would benefit disproportionately. There is merit in undertaking a cost-benefit analysis of such an idea, with a clear focus on the extent of taxation that would be recouped by those not in need, and therefore limiting the overall cost to the State.

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[98] See for example: Skocpol, T. (1991) 'Targeting within Universalism: Politically Viable Policies to Combat Poverty in the United States', in C. Jencks and P. E. Peterson (eds) *The Urban Underclass*, pp. 411–36. Washington, DC: The Brookings Institution; Jacques, O., & Noël, A. (2021). Targeting within universalism. Journal of European Social Policy, 31(1), 15-29.

Transformation strategy

As may be discerned from the research explored in this paper, as well as the various sources consulted, there is no clear alternative to means-testing that could be implemented in the short term without significant, and perhaps, unfeasible cost and tax raising implications for the state. Therefore, there is merit in any major reforms of the current means-testing system to be undertaken in a strategic, planned incremental fashion. This would be with a view towards the long-term sustainability of whatever changes may be chosen. This would guard against the need for retrenchments at times of increased economic/fiscal pressure.

Gauging the cost of private welfare benefits

An area that is often not considered when referring to social welfare expenditure and its response to needs is the cost to the state of tax incentives associated with occupational and other private pension arrangements. While it is a priority for the state, in view of the current and forthcoming demographic pressure for sustainable pension arrangements in the future, there is value in more attention being given to gauging the extent and cost of tax incentives and factoring such thinking into wider debates about social protection expenditure.

Rationalising and consolidating working age payments

There is merit in focusing further attention on how the array of current means-tested social assistance working-age payments could be reduced, rationalised and consolidated. This would simplify the system for the citizen and for the state. An example of this is the Universal Credit in the UK, which in principle, as opposed to its design and implementation, has merit. The implementation lessons learned in that jurisdiction might be evaluated to see how such an endeavour may be of benefit, if planned and implemented appropriately.

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