



Rialtas na hÉireann
Government of Ireland

Green Paper on Disability Reform – A Public Consultation to Reform Disability Payments in Ireland

Closing date: 15 December 2023

Department of Social Protection

**Plain
English**
Approved by NALA

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Terms we use

What is a Green Paper?

A Green Paper is a Government proposal on how to improve something or solve a problem. It doesn't claim to be the best way or the only way – its real purpose is to encourage thinking and discussion, and to prompt suggestions. It is, therefore, a useful tool in a public consultation as it provides focus and ensures that everyone is working with the same information.

We ask you, therefore, not to take the key features proposed in this document as definite. They are proposals designed to help interested parties think about what **might** work, and to encourage a focused debate around key design issues to reform disability payments in Ireland.

We want your feedback, which we will analyse and build into a final proposal to present to Government. This means that your feedback can really influence the design of the reforms. The final proposal may closely resemble this Green Paper, or it might need to be redesigned and rebuilt.

What is a tiered system?

Under the proposals in this document, a tiered income support system would replace the current flat system. Currently, everyone who qualifies for a disability payment gets the same amount of money. The proposal is to change this and to have three levels (called 'tiers') of payments depending on a person's ability to work.

Foreword from the Minister

For some time now it has been clear that, while individual circumstances differ, people with disabilities are, in general, at a higher risk of poverty and deprivation than most other people. Central Statistics Office data shows that the 'consistent poverty' rate of people unable to work due to long-standing health problems is just under 20%. This is about nine times that of people who can work.

The experience of poverty and deprivation among people with disabilities in Ireland is strongly linked to the difficulties they face in securing and holding down employment. EU data, for example, shows that about 4 in 10 people in Ireland with disabilities are at risk of poverty or social exclusion compared to about 3 in 10 for the EU as a whole. This reflects what the EU and the Organisation for Economic Co-operation and Development (OECD) have pointed out to be a high employment gap between disabled and non-disabled people in Ireland in comparison with other European countries.¹

We may celebrate the successes of people with disabilities in the arts and in sport and believe ourselves to be more advanced than previous generations. However, as data shows, we still have a long way to go. People with disabilities face disadvantage in fully participating in society. This translates into low levels of employment and higher and more entrenched levels of poverty compared to other people in Ireland, and compared to disabled people in other developed countries. It also means that, as a society, we are missing out on the full talents and potential of many of our fellow citizens.

It is against this background that this consultation paper is published.

Addressing the challenge of improving outcomes for people with disabilities is complex. Compared to fully able people, disabled people have different and varying needs and challenges related to education, training, occupational supports, transport, and assistive technologies to name just a few.

The recent Cost of Disability research commissioned by this Department indicated that disabled people face higher costs than other people, and that these costs vary depending on a range of factors, including the level of disability. Responding to the challenge requires

¹ Please see the [European Commission's Country Report on Ireland, 2022](#) and [OECD](#)

a policy mix extending across a number of policy areas and government departments. Income and employment supports form part of the policy response to addressing this gap.

This consultation paper does not address all of these issues, as they are dealt with in a number of other Government-led initiatives. It is, instead, specifically concerned with how our system of welfare and income supports can be changed to improve outcomes for people with disabilities.

It is concerned with improving how the income and employment supports provided by the Department of Social Protection can act as a stepping-stone towards employment for those people who have a capacity to work.

It is also concerned with recognising that some people with disabilities will not, despite significant help, be able to find and sustain paid employment in an open labour market. For these people it is important that the welfare payment, which is more than likely their only source of income, is sufficient to not just cover their extra costs but to protect them from poverty.

This Green Paper seeks to respond to these twin challenges.

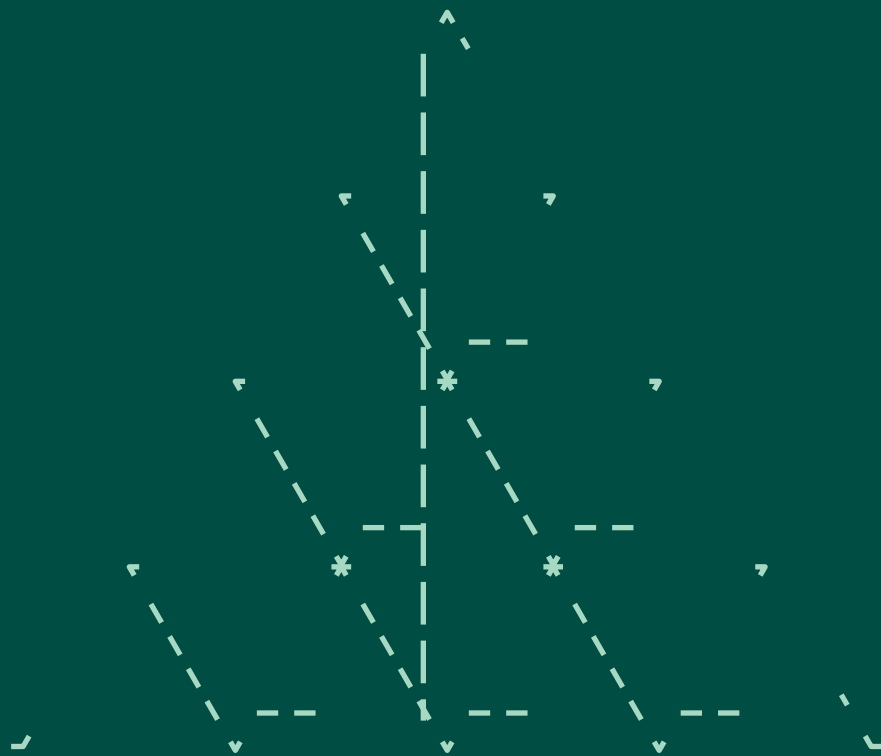
It does this by suggesting, as one possible approach, a new model of long-term disability payments in which the level of payment made to a person with a disability is calculated based on the nature and impact of their disability. People with a profound disability or incapacity to work will be paid more. People with a capacity to work will be supported and incentivised through the Intreo public employment service to pursue and take up employment opportunities.

In setting out this Green Paper, we recognise that there are multiple potential alternatives and that there is not just one 'right answer'. Neither I nor the Department are wedded to the approach put forward for consideration. The purpose of the Green Paper is simply to provide one possible answer to help focus the debate and provide a basis for concrete suggestions.

We would like to hear your views – not just for the option set out, but in relation to other approaches that you believe might work better. In this way, we can develop a system that works.

Section 1

Our approach to this Green Paper



Our approach to this Green Paper

In this section, we set out our approach to our Green Paper proposal. We discuss the main parts of the proposal and the structure of this paper. We also tell you how you can share your views with us through the public consultation process.

1.1 About our approach

The Government is publishing this Green Paper proposal to help reform disability payments in response to national and international analyses of the position of disabled people in Ireland. This proposal is also intended to prompt discussion and debate, which will inform the final design of changes. The final design will respond to consultation feedback and further research will feed into it to help us meet key public policy commitments.

In particular, the Green Paper reforms set out in this paper are intended to address two specific aims. These are:

1. to encourage a higher level of employment for people with disabilities, which will enhance their participation in society and reduce the risk of poverty and deprivation; and
2. to better insulate (protect) disabled people who cannot work from poverty and deprivation.

The Green Paper contains two main elements for debate:

1. **Reforms to the structure of long-term disability payments to establish a three-tiered system.** This is to recognise that disability is ongoing but different for each person, with disabled people having differing capacities to work at different times in their lives. It also recognises that the additional costs of disability can vary depending on the severity and impact of disability, and can change over time.
2. **Reforms to standardise the approach to supporting people with disabilities.** This is to address inconsistencies and anomalies² that existed between different schemes with regard to access, assessment, payment rates and employment supports.

² Anomalies refer to things that deviate (differ) from the common rule.

This document has six sections - this section and:

Section 2 details the context for change;

Section 3 summarises the Green Paper's proposals;

Section 4 gives further detail of the proposed changes to long-term disability payments;

Section 5 sets out the proposal to introduce new in-work income supports;

Section 6 details the proposed changes to eligibility for our disability-related payments.

Each of these sections starts with a summary, more detail and then some suggested consultation questions.

Consultation questions

There are some suggested consultation questions at the end of sections 2, 3, 4, 5 and 6. These questions aim to generate discussion, comments, and your feedback.

We invite you to respond to these questions or at least the ones that are important to you, but please do not feel confined – we welcome any comments you want to make.

Preferred terminology

In this document, we use the terms 'disabled people' and 'people with disabilities' interchangeably to recognise both the 'person-first' and the 'identity-first' approaches to disability and the evolving nature of language. This is in line with the National Disability Authority's Advice Paper on Disability Language and Terminology 2022.

1.2. Consultation and how to share your views with us

The Department of Social Protection is launching both this Green Paper and a public consultation on the proposed reforms. The consultation planning was informed by discussions with stakeholders.

The Department of Social Protection invites stakeholder organisations and members of the public to share their views on the proposed reforms with us. You can do this through written submissions. You can also take part in a consultation event.

Public Consultation event

An in-person public consultation event will take place in the last quarter of 2023. We will publish further details, including its time and date, on gov.ie

To facilitate participation, the consultation event will also be live-streamed.

We encourage people with disabilities, disabled persons organisations, stakeholder organisations, families of children with disabilities, and adults with disabilities to attend –

particularly people whose disabilities prevent them from taking part in the submission process.

Submissions

You can submit your feedback in hard (paper) copy or in electronic format by **15 December 2023**.

- If you would like to email your submission, email it to:
DCPolicyConsultation@welfare.ie
- If you would like to submit a paper copy of your submission, please post it to:

Disability and Carers Policy Unit
Department of Social Protection
Áras Mhic Dhiarmada
1 Store Street
Dublin 1
D01 WY03

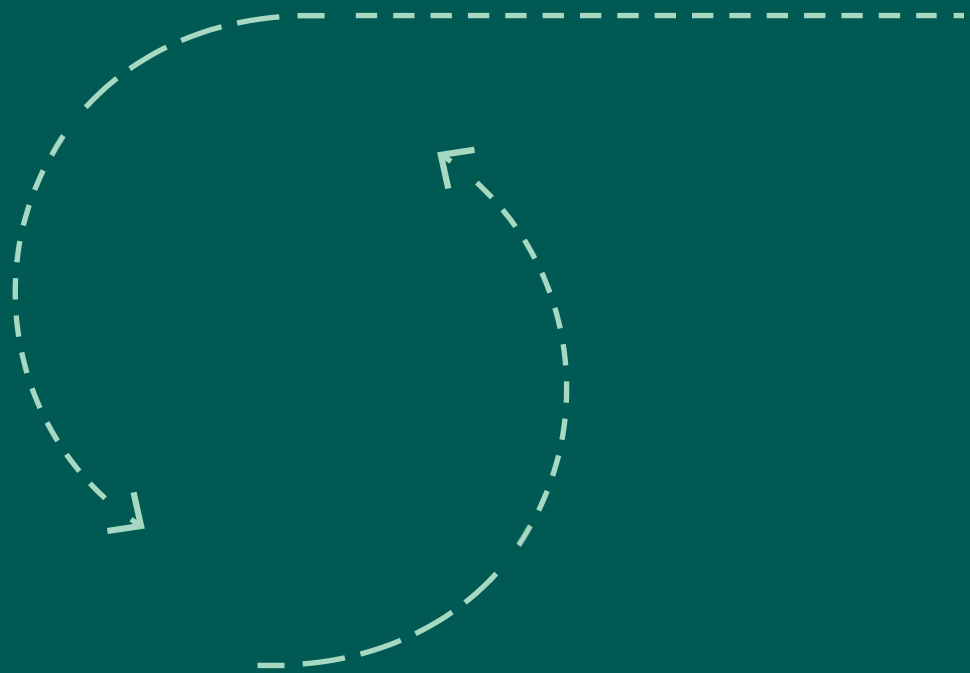
A summary of this Green Paper is available in Easy to Read format and in Irish Sign Language (ISL) online at gov.ie/DisabilityPaymentsReform and is available in Braille upon request.

We would like to thank you for reading this consultation paper.

We welcome your feedback on the questions included under sections 2-6, and any other feedback you may have. A final proposal for disability reform will be prepared for the Minister taking your feedback into account.

Section 2

Context for change and
the focus of this
Green Paper



Context for change and focus of the Green Paper

These are the main points against which we set out in this Green Paper. We discuss each point in more detail further down.

- There is an increasing prevalence of disability in Ireland, in part linked to an aging population.
- Employment rates for disabled people in Ireland are lower than in other countries.
- Linked to this lower level of employment, poverty and deprivation rates for people with disabilities are significantly higher than for the general population.
- Recent research indicates that disabled people face higher costs than non-disabled people, and that these costs vary depending on a range of factors, including the level of disability.
- The Government has committed to developing and consulting on a proposal that addresses these issues. This Green Paper does this by suggesting new measures to improve employment outcomes, and by reviewing the structure of disability payments and income supports.
- The current system of income supports does not properly recognise the different levels of ability or disability or the changes that occur over time. Instead, it assesses people in a one-size-fits-all way.
- The existing system does not target payments or employment services to those who might benefit most from higher payments or more intensive employment supports.
- The system has evolved over a very long time and there are some differences and inconsistencies between schemes. These inconsistencies affect how disability is defined, whether the payment is taxed or not, how their work capacity is assessed, how much they are paid, and the different benefits disabled people who work can get.

- This Green Paper is concerned with how the structure of disability payments might be changed to:
 - Protect disabled people who cannot work from poverty.
 - Recognise the different work capacities of people, depending on the nature of their disability.
 - Encourage and support the take-up of work by people with disabilities who have the capacity to work.
 - Achieve greater consistency in how people with similar capacity to work are provided with disability income and employment supports.

2.1 Disability prevalence, employment, cost of living and income supports

The incidence of disability is growing

According to the 2016 census, there are about 645,000 disabled people living in Ireland. Of these, about 354,000 (almost 55%) are between 18 and 66 years of age.

Data from the census, labour force surveys, and the Department of Social Protection indicates that about 130,000 working-age people with a disability are in employment, and a further 218,000 are in receipt of a long-term disability income support payment from the Department. This costs about €2.6 billion a year. The number of people receiving long-term income supports related to disability has increased by over 60,000 since 2012. Expenditure increased by €1 billion over the same period.

This increased reliance on disability income supports partly reflects our aging population – the disability rate for people in the 60+ age group is about 1 in 5; it is closer to 1 in 10 for people in their 30s. The increased reliance on supports is also linked to a relatively low employment rate for people with disabilities.

Summary figures for the 2022 Census were released in May 2023. This census asked different questions about disability than the 2016 census, so the results of the two reports are not comparable. However, the 2022 census shows that:

- 8 in 100 people reported at least one long-lasting condition that affected them to a great extent, and
- 14 in 100 people reported a long-lasting condition that affected them a little.

Employment rates of people with disability are low, contributing to higher levels of poverty

In Ireland, the employment rate for disabled people is about half that of people without disabilities.³ The Organisation for Economic Co-operation and Development (OECD) reports an employment rate of 37% for disabled people and a rate of 73% for people without disabilities. This gap is much larger here than in most other EU and OECD countries. For example, the employment rate of people with disabilities across the EU was around 50% in 2020.⁴

These differences in employment levels may be partly due to differences in definitions and differences in how data is measured in other countries.⁵ Even allowing for that, it is still a concern that the employment rate of people with disabilities is so low here. It may suggest that people with disabilities who have a capacity to work have fewer opportunities to gain and to sustain employment. This is reflected in the very low take-up of disability employment incentives.

This is also reflected in data showing that, while Ireland has high levels of educational attainment for the population generally, disabled people tend to drop out of education earlier in Ireland than in other countries. As a result, the level of educational attainment of people with disabilities is lower than the OECD average.

Participation in employment is closely linked to participation in education, and it is also a key factor in determining whether a person will experience being at risk of poverty and deprivation.

The 2022 Survey on Income and Living Conditions (SILC)⁶ showed that the risk of poverty for people who were not at work due to illness or disability was over six times greater than the poverty risk of people who were employed. What's more, the 'consistent poverty' rate for people not at work due to disability and illness was nearly nine times greater than that of people in employment. 'Consistent poverty' is the official measure of poverty in Ireland. A person is considered to live in consistent poverty if their household income is less than 60% of the median (middle) income in the country and they cannot afford two or more items from the list of 11 necessities. This latter is also called 'basic deprivation'.⁷

³ OECD [Disability, Work and Inclusion in Ireland](#), 2021

⁴ [Employment and disability in the European Union \(europa.eu\)](#) May 2020

⁵ Statistics on disability prevalence are largely based on self-reported responses to census or survey questionnaires. Ireland has a lower reported disability prevalence rate than many other countries. This may mean that some people in employment may be classified as disabled in these countries but not so classified in Ireland.

⁶ CSO (2022) Survey on Income and Living Conditions, Poverty and Deprivation [Poverty and Deprivation - CSO - Central Statistics Office](#)

⁷ Read more on the Central Statistics Office's website at [Poverty - CSO - Central Statistics Office](#)

The basic rate of disability income supports is not linked to work capacity or cost of living

In 2020, the Government commissioned a study on the cost of disability. Indecon, an independent firm of economic consultants, carried out this study. It produced an estimated range of costs related to the degree of a person's disability. The range of costs started at €11,579 and went up to €16,284, or between €9,282 and €14,513 using an econometric/equivalent standard of living approach. This was based on a survey of direct costs reported by people with disabilities.

The study also showed that the costs incurred by a person with a severe disability are estimated to be about **€5,000 a year more** than faced by an unemployed person without a disability. The extra cost of disability applies across the provision of services and supports provided by the Government including:

- access to residential and respite services,
- personal assistants,
- grants,
- medical card and
- the free travel card.

Income supports are only one element of the supports needed to address the additional cost of disability.

The rate does not take the different levels of disability into account

Despite the fact that the cost of disability is, to some extent, related to the level of a person's disability, social welfare payments do not take the different levels of disability into account.

The basic flat rate disability payment is paid at broadly the same level as the jobseeker rate for unemployed people. As a result, this is not sufficient to prevent poverty and deprivation among people with a limited capacity to earn additional income to supplement their income supports. The Cost of Disability report noted:

“...costs are likely to vary across several dimensions, including the age of the individual, household type, the ‘severity’ of disability, as well as ‘nature’ of disability. With this in mind, we would emphasise that there is not a single typical ‘cost of disability’ nor just two typical levels of cost (at moderate and severe levels of restrictions on activities), rather that there is a spectrum from low additional costs to extremely high extra costs of disability, depending on individual circumstances.”⁸

⁸ [Cost of Disability Report](#), Indecon, 2021 p ii

This issue is also noted by the OECD:

“Despite and because of the large number of people receiving disability payments, low income and a high risk of poverty are frequent realities for persons with disabilities in Ireland, affecting around one in four of them, again significantly more than the OECD average. Many persons with disabilities in Ireland live from social benefits which, unless for the very young, are not sufficient to prevent poverty.”⁹

In this context, the OECD notes that the only way out of poverty is employment. However, while employment can provide a route out of poverty for disabled people who have a capacity to work, it doesn't really help those people who have a low capacity to work. It is important therefore that basic social welfare rates are set to provide protection from poverty for people with a low capacity to engage in employment. As noted by the OECD, this is not the case at present.

Accordingly, the **priorities** should be, in equal part, to:

- increase employment opportunities for those who have the capacity to work, and
- adjust social welfare rates to provide protection from poverty for people with a low capacity to work.

2.2 Policy responses

Commitments and recommendations

The analysis set out above suggests that a two-fold approach is needed to address the high rates of poverty and low employment participation among disabled people.

- First, we need to expand employment opportunities for disabled people and support them in accessing these opportunities to enhance their participation in society through, for example, education and employment supports.
- Second, we need to ensure welfare payments to disabled people who cannot work are adjusted to better protect them from poverty and deprivation.

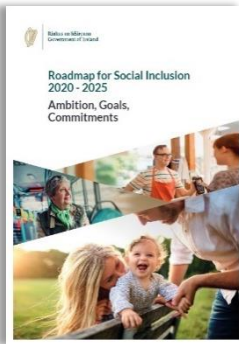
In recent years, the Government has published papers and reports examining and setting out a series of actions to address the first issue of increasing employment rates. These include the Roadmap for Social Inclusion (2020-2025)¹⁰, the Pathways to Work (2021-

⁹ OECD [1. Assessment and recommendations | Disability, Work and Inclusion in Ireland: Engaging and Supporting Employers | OECD iLibrary \(oecd-ilibrary.org\)](#), 2021

¹⁰ [Roadmap for Social Inclusion \(2020-2025\)](#)

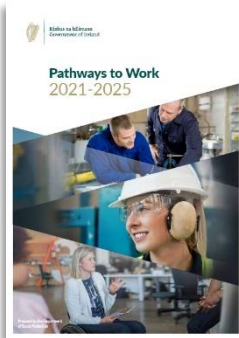
2025)¹¹, the Make Work Pay report (2017),¹² the National Disability Inclusion Strategy,¹³ and the Comprehensive Employment Strategy for People with Disabilities.¹⁴

This consultation paper does **not** address all of the issues dealt with in these reports. Instead, it focuses on the specific issue of how income supports can best be designed to protect people with disabilities against poverty, while at the same time maintaining incentives to take up and remain in employment. In doing this the Green Paper is informed by the relevant commitments and recommendations set out in the reports including:



ROADMAP FOR SOCIAL INCLUSION

“Develop and consult on a ‘strawman’ proposal for the restructuring of long-term disability payments to simplify the system and take account of the concerns expressed in the make work pay report.” (p.84)



PATHWAYS TO WORK STRATEGY

“Review the current long-term disability payment schemes with a view to removing inconsistencies/anomalies and ensure that they recognise the continuum of disabilities and support employment.” (p.68)



MAKE WORK PAY REPORT

“Reconfigure the Disability Allowance scheme for new entrants to give effect to the principle of early intervention, as follows:

- a. Support for 16–18-year-olds with significant support needs, which is currently paid by means of Disability Allowance, to be paid through Domiciliary Care Allowance* up to 18 years of age.” (p.127)

¹¹ [Pathways to Work Strategy](#) (2021-2025)

¹² [Make Work Pay Report](#) (2017)

¹³ [National Disability Inclusion Strategy](#) (2017-2021)

¹⁴ [Comprehensive Employment Strategy for People with Disabilities](#) (2015-2024)

*Domiciliary Care Allowance (DCA) is a monthly payment for a child with a severe disability, which, at present, is only payable up to age 16.

Cost of Disability Report (2021)

“The levels of disability payments and allowances should be changed to reflect the very different costs of disability by severity and type of disability.” (page xxi)

“A consideration in designing how to provide additional income supports is the potential impact on incentives to work which has been recognised by previous research. While there are many individuals in receipt of disability support payments who are unable to work, facilitating employment amongst those who can work is an important government policy objective. The appropriate design of additional direct income supports should take account of the impact on employment.” (page 129)

Striking a balance – proposing a tiered system of payments

The Green Paper takes these commitments and recommendations into account. The proposals presented for consultation seeks to balance the task of protecting people with disabilities who cannot work against poverty with the challenge of keeping an employment incentive for those who have a work capacity. It tries to do this in a resource-efficient manner. This is important given that an increase of €10 a week in the disability payment would cost an extra €120 million a year.

The Green Paper seeks to strike this balance by proposing a **tiered system of payments**, under which the availability of employment supports and the conditionality relating to these supports is also tiered. This system recognises the different levels of disability. Additionally, it allows higher value income supports to be targeted at those who need them most, while employment services are directed to those who can benefit most from preparing for and taking up employment.

In order to put the Green Paper’s approach in context, the next part of this section:

- summarises some key features of the existing system of income supports;
- identifies some of the design differences, gaps and anomalies that have emerged over time between the existing set of income supports. These need to be addressed in any reform programme

2.3 Current system of income supports

At present, people of working age with disabilities may claim one of three long-term payments and corresponding secondary benefits. These are set out in the table below.

Name of Payment	Weekly payment rate	Who qualifies?	Can recipients earn additional income?	Secondary benefits
Disability Allowance	€220 Increases for qualified adults or children where applicable	This is a means tested payment for people who have an illness or a disability which is likely to last for 12 months and restricts them in undertaking work that is suitable for their age, experience, and qualifications. The person must be habitually residing in Ireland.	Yes. People on Disability Allowance can earn up to €165 a week without it affecting their payment. There is an earnings disregard system in place. If they earn between €165- €375 a week ¹⁵ half of their income is considered as means. All of their income (100%) over €375 weekly earnings is considered means. Means determine the person's weekly allowance rate. It is possible to earn up to €495.10 and still get the Disability Allowance at a minimum rate (€2.50 a week).	<ul style="list-style-type: none"> • Free Travel Pass The value of the pass is about €96 a year. • Fuel allowance payment • Household benefits package The combined value of these two payments is €41.05 a week based on the current rates and is not taxable.
Blind Pension	€220 Increases for qualified adults or	This is a means tested payment for people whose vision is impaired to such an extent that they cannot	Yes. Earnings disregard same as for Disability Allowance.	Same as for Disability Allowance.

¹⁵ After their Pay Related Social Insurance (PRSI) and union contribution is deducted

Name of Payment	Weekly payment rate	Who qualifies?	Can recipients earn additional income?	Secondary benefits
	children where applicable	perform any work for which eyesight is essential or cannot continue in their ordinary occupation.		
Invalidity Pension	<p>€225.50</p> <p>Increases for qualified adults or children where applicable.</p>	<p>This is a social insurance payment for people who have at least five years of paid social insurance contributions.¹⁶</p> <p>They must also be assessed as being 'permanently incapable of any work'. This is defined in regulations as having been incapable of any work for at least 12 months, and to be incapable of any work for a further 12 months.</p>	<p>No. People on Invalidity Pension cannot take up paid employment. However, if they have capacity for some work and have an opportunity of paid employment, they can transfer to a different benefit scheme – the Partial Capacity Benefit. Under this scheme, the amount of the benefit payment is based on three levels of incapacity:</p> <p>Profound – full payment,</p> <p>Severe – 75% payment, and</p> <p>Moderate – 50% payment.</p> <p>People receiving the Partial Capacity Benefit can keep anything they earn without it affecting the rate of their payment.</p>	<ul style="list-style-type: none"> • Free Travel Pass <p>The following depend on passing a means test:</p> <ul style="list-style-type: none"> • Fuel Allowance • Household Benefits Package <p>Note: People who transfer over to Partial Capacity Benefit may keep their Free Travel Pass for five years. They may also keep their Household Benefits Package but they are not eligible for Fuel Allowance.</p>

¹⁶ With at least one full year of contributions being paid in the two years immediately before claiming the pension.

2.4 Key differences between schemes

Below we outline some of the key differences between these schemes.

Access to the schemes is different

Disability Allowance and Blind Pension are subject to a means test. Invalidity Pension is subject to a Social Insurance test (5 years of paid contributions). Also, a person can access Disability Allowance from age 16, whereas access to Invalidity Pension and Blind Pension is restricted to people aged over 18. In practice, given the social insurance contribution requirements for Invalidity Pension, those under 21 most likely wouldn't qualify.

The test of disability/work capacity is different

The medical test to qualify for the social insurance-based Invalidity Pension requires a person to be assessed as being permanently incapable of undertaking any work. In contrast, the social assistance-based (means-tested) Disability Allowance requires a person to be incapable of undertaking work suitable to their experience, knowledge, and skills for a period of 12 months. The medical assessment for Blind Pension requires the person to be unable to continue in their own profession or to perform any work for which eyesight is essential.

The payment rates and tax treatment are different

Invalidity Pension has a higher rate of payment (€225.50 a week) than Disability Allowance or Blind Pension (€220 a week).

Disability Allowance is not taxable. The Blind Pension and Invalidity Pension payments are taxable. However, due to the rate of payment it is unlikely that tax would be imposed on their social welfare payment. Tax may be imposed if a person has other sources of income such that their total income is over the [taxable income thresholds](#).

Arrangements for access to paid work are different

Disability Allowance and Blind Pension recipients benefit from an 'earnings disregard'. This means they can earn a certain amount before their payment rate is affected. If they earn more than the disregarded amount, their payment rate reduces gradually as their income from work increases. A person can earn a maximum of €495.10 a week from work and keep their entitlement to a minimum rate of Disability Allowance or Blind Pension (€2.50 a week).

Invalidity Pension is different. If a person in receipt of an Invalidity Pension wants to take up some employment, they must leave that scheme and move to a different scheme,

Partial Capacity Benefit (PCB). Under PCB, a person keeps a fixed proportion of their income support payment, related to their level of incapacity, irrespective of their earnings from work.

Example

In practical terms, a person on Disability Allowance or Blind Pension earning, for example, €20,000 a year from employment will have their weekly payment reduced to €112.50 per week giving them a take-home income of about €497 a week when combined with their salary.

By comparison, a person who transfers from Invalidity Pension to Partial Capacity Benefit would receive a similar take-home pay if they are assessed as moderately restricted (€497.37). They would get more this if they were assessed as severely restricted (€553.72), or profoundly restricted (€610.12).

Why these differences exist

Payment systems evolved over time and resulted in differences between schemes. Our income supports can be traced back to the Poor Law of 1838 and the Workmen's Compensation Acts of the 1880s, with Disability Allowance being introduced in 1954 and Invalidity Pension being introduced in 1970. The different contexts within which the payments were introduced and the changes since their introduction led to differences that persist to this day.

It is difficult to justify maintaining these differences. Here are some examples of why this is the case. For example:

- Why should the core payment rate for a disabled person born with a profound level of disability and unable to work (Disability Allowance) be different from the payment made to a person with an acquired but moderate level of disability after a period in work (Invalidity Pension)?
- Why should a person on Invalidity Pension receive different – and in certain circumstances, more favourable – treatment when taking up employment than a person on Disability Allowance or Blind Pension?
- Why is the capacity test used to assess entitlement to Invalidity Pension different to that used to assess entitlement to Disability Allowance?

- Why should there be the contradiction between requiring that a person should be considered permanently incapable of any work to qualify for Invalidity Pension while, at the same time, recognising a work capacity and incentivising their employment through the Partial Capacity Benefit Scheme?

Given that the various schemes are intended to address the same income issue – an inability to work due to disability – there is a clear case to eliminate or at least reduce the differences in treatment to make the system of income supports more realistic.

2.5 The Green Paper's proposals

This paper seeks to respond to the situation, challenges, commitments, and recommendations set out in this section. In doing so, it will outline the core elements of a system or approach that is more consistent and more suitable than the current arrangements as described under Heading 2.3.

It does this by setting out proposals of how a new system of long-term income supports might look.

By providing one possible approach or answer, rather than simply listing challenges and issues, these proposals are intended to provoke discussion, debate and suggestions. The feedback we get will help to design and develop a new model of income supports for Government to consider. Depending on the feedback, the model we present for Government approval may closely resemble the Green Paper we have designed, or it could be completely different.

2.6 Some suggested questions to consider in providing feedback

Q.1. Do you agree with the analysis of the situation and challenges set out in section 2.1? If not, why not? Are there other relevant factors to be considered?

Q.2. Do you agree that the focus of reform for disability income supports should be to:

- a. Better insulate (protect) people with disabilities who have limited capacity to work, from poverty?
- b. Move away from a binary approach (that is, a person is either assessed as being capable of work or being incapable of work) and instead recognise the continuum of disabilities and different work capacities of disabled people?
- c. Encourage and support people with disabilities who have the capacity to work to take up employment?
- d. Achieve greater coherence in how people in similar circumstances are provided with income supports?

If not, why not? Are there any further aspects that need to be considered?

Q.3. Considering the description of existing schemes set out in section 2.3, do you agree with this analysis of the current system of disability supports? If not, why not?

Q.4. Do you agree that it is important to try to eliminate or minimise the differences identified in section 2.3? If not, why not?

Section 3

Green Paper proposals – A summary



Proposals in the Green Paper

There are three proposals included in this Green Paper:

1. The introduction of a new single scheme, the Personal Support Payment. This section introduces the key principles of the scheme which has three tiers. It sets out how the three tiers and the different payment rates of this new system would work.

People who are placed in tier 3 (moderate to high capacity to work) will be provided with more employment supports than people in the other two tiers. They will be required to take up training and employment offers that correspond to their capacity to work.

Payment durations will be established and linked to the anticipated duration of the person's disability in tiers 2 and 3.

2. For people who work, a new Working Age Payment model will replace the current fragmented system of employment supports. Currently, people on a disability payment can either avail of an earnings disregard (Disability Allowance and Blind Pension), or can transfer to Partial Capacity Benefit (if they are in receipt of Invalidity Pension). This results in major differences between how much a person can work and earn.
3. To raise the age of entry of Disability Allowance to 18 years of age and extend the payment of Domiciliary Care Allowance to 18 at the same time. This is further detailed in Section 5.

3.1 New single scheme: the Personal Support Payment

The existing Disability Allowance, Invalidity Pension and Blind Pension payments will be replaced with a new contributory and non-contributory **Personal Support Payment**.

As with the State Pension, people will qualify for payment either based on contributory social insurance basis (funded by the social insurance fund) or on a non-contributory, means tested basis (funded by the Exchequer).

3.2 Tiered approach of the Personal Support Payment

Rather than assessing a person's capacity to work on a two-option basis – that is, that a person is either fully capable or fully incapable of work – a tiered approach will be taken. This will reflect the levels of disability and capacity so that a person who qualifies for a **Personal Support Payment** will be assigned to one of three broad categories based on their capacity to take up work and the level of support they need. The level assigned could be one of the following:

Level 1: High support – Very low capacity to work

The person has a high level of incapacity and low capacity to work. This means they are very unlikely to be able to take up any kind of paid employment for as long as their condition persists and for at least 2 years.

Level 2: Medium support – Low to moderate capacity to work

The person is assessed as having a disability that is expected to limit their capacity to work for at least 24 months. However, they may be capable of undertaking some types of work and durations of work – for example, part-time as opposed to full-time – but are not likely to be able to fully support themselves through paid employment alone for as long as their condition persists.

Level 3: Low support – Moderate to high capacity to work

The person is assessed as having a disability that is expected to persist for at least 24 months. This means that they cannot do certain types of work activity (including the type of work they were doing before acquiring their disability). However, they may still be capable of taking up other forms of employment and to do many types of work activity. This makes it a realistic option for them to progress towards sustaining themselves through paid employment alone.

The Personal Support Payment rate will then be set at three levels based on this categorisation:

- **Level 1:** The payment rate will be aligned with the State Pension (Contributory) rate of payment. (This rate is currently € 265.30 a week.)
- **Level 2:** The payment rate will be set at a level between the level 3 and level 1 rate. (€242.65 a week)
- **Level 3:** The payment rate will be aligned with the current standard payment rate for Disability Allowance. (This rate is currently €220 a week.)

3.3 The offer or obligation to avail of public employment services

All people in receipt of the Personal Support Payment will have access to employment supports (including case officer support, training, and work placements)

- **Level 1:** Access to and use of Intreo Public Employment Service will be voluntary and at the customer's request.
- **Level 2:** Intreo Public Employment Service will be proactive in offering supports and services. People who are offered support and services will be expected to make reasonable efforts both to engage with Intreo and to take part in training and other programmes appropriate to their circumstances.
- **Level 3:** People will have to engage with the Intreo Public Employment Service and take up reasonable offers of places in training and employment programmes, and take up employment opportunities that are appropriate to their capacity and circumstances.

3.4 Link payment durations to the anticipated duration of a person's restriction, but to allow for extension

Other than social insurance contributions and means-tests, all other conditions that determine qualification for the scheme will be standardised.

The age at which Personal Support Payments can be accessed will be standardised to 18.

Payment duration will be specified for each person at the time the first claim is awarded.

In general:

- For people assessed to have a permanent restriction, payment will not be time restricted and will continue without review.
- For people whose capacity to work is limited but which might be expected to improve over time, the Personal Support Payment will be granted for a period that the restricted capacity to work is expected to persist (at least 24 months). If the person's capacity has not improved over that period, the payment will be extended when they submit relevant supporting documentation.

3.5 Working Age Payment type model (similar to Working Family Payment) for in-work supports

In-work income supports will be standardised using a new working age payment model (similar to Working Family Payment) whereby the payment rate will be related to the level of income. The Working Family Payment is a tax-free weekly payment for

employees with children. (See Section 6).

The Working Family Payment (WFP) is a weekly, tax-free payment available to employees with children. It gives extra financial support to families with children with rates depending on their incomes and family size. To get this payment, a person must be working and paying taxes in Ireland, work 38 hours or more every fortnight, have at least one child, **and** be earning less than the WFP threshold. The WFP threshold is between €591 and €1,262 a week, depending on the number of children in the family.

3.6 Transitioning people to the new payment on a no-loss basis

If implemented, the proposed approach would apply to new applicants only at first.

Existing recipients would be transitioned over time through a scheduled review, with their payment level set on a no-loss basis. They would be assessed into the appropriate payment level and would keep their existing payment rate if that is better for them. They will also be able to submit an application before their review period if they wish to apply for a higher tier.

We also propose that the current arrangements regarding secondary benefits (such as Free Travel) would continue to apply to all groups who currently receive these benefits. This includes people who are blind or visually impaired.

Further details on the key elements of this Green Paper are set out in Sections 4-6.

However, you may wish to offer some comments and observations on the key principles set out above. To help you do this, some suggested questions to consider when providing feedback are set out overleaf.

3.7. Some suggested questions to consider

- Q.1.** Do you agree with replacing the Disability Allowance, Blind Pension and Invalidity pension with a single scheme as proposed? If not, why not?
- Q.2.** Do you agree, in principle, with a tiered approach to payment levels based on capacity to work? If not, why not?
- Q.3.** Do you agree, in principle, with a tiered approach to the offer or obligation to avail of public employment services? If not, why not?
- Q.4.** Do you agree, in principle, with the proposal to link payment durations to the anticipated duration of a person's restriction, but to allow for extension or re-application as set out above? If not, why not?
- Q.5.** Do you agree, in principle, with the use of a Working Age Payment type model (similar to Working Family Payment) for in-work supports? If not, why not?
- Q.6.** Do you agree with the idea of transitioning people already in receipt of a disability payment to the new approach on a no-loss basis? If not, why not?
- Q.7.** Are there any further comments that you would like to make on the general approach?

Section 4

Tiered approach –
defining, assessing,
and assigning



Proposal 1 - Tiered disability payments

Approach to tiered disability payments

- The use of a tiered payment approach recognises that disability can change over time, and that people have different levels of disability and work capacity. It replaces a one-size-fits-all approach.
- People will be classified into one of three levels based on their capacity to work.
- Payment rates, secondary benefits, access to employment services, and obligations to engage with the Intreo Public Employment Service will vary across the three tiers.
- Assessment of a person's capacity to work will be carried out by qualified medical assessors employed by the Department of Social Protection.
- All new applicants will be allocated into a payment tier based on this assessment. Applicants will be told why they have been placed on the level assigned to them.
- In some cases, entitlement will be assessed to be permanent and ongoing. In other cases, where a person's work capacity might be expected to improve, the Personal Support Payment will be time limited. When the time limit is reached, people will need to renew or extend their claim, or apply for an alternative payment if they continue to have an income support need.
- Existing recipients of payments will be reviewed on a phased basis and allocated into a payment tier. The conditions of the scheme will be applied in terms of engaging with the Public Employment Service from the date of the review. They will keep their existing payment level on a no-loss basis if that is more beneficial to them.

4.1 Tiered payments

The intention of the proposed reforms is to help improve long-term health and social and financial outcomes. The reforms would do this by providing the right level of income support for the right length of time to people who face difficulties in securing and sustaining employment related to their disability status.

A tiered payment, which recognises the changing nature and the different levels and different work capacities of people with disabilities, would help to shift the focus away from a one-size-fits-all approach. It would provide a higher level of income support to those who need it most. It would also provide employment supports to disabled people who have a capacity to work to take up and sustain employment that is appropriate to their circumstances.

The tiered payment structure with a higher rate of payment for those who have a low capacity to work is also a response to the findings of the *Cost of Disability Report (2021)*. Nearly 6 out of 10 people who completed the Report's survey question about the need for extra supports thought that extra income is the most helpful form of support, and a further 3 in 10 viewed extra income as a helpful form of support. The report also highlighted a need for targeted supports both in terms of increased cash benefits and employment supports.¹⁷

4.2 Defining the tiers

In the current system, there are only two outcomes to an application – applicants are either deemed eligible or not eligible for long-term disability payments. That is they are either found to be capable of work or not capable of work. This fails to address the fact that levels of disability and work capacity differ among people with disabilities. It also limits work participation and social integration.

The proposed new system would be based on assessing the applicants' individual circumstances. This assessment will take account of the nature of the person's disability and its impact on their ability to work. They are then assigned a tier from Level 1 (very low capacity to work) to Level 3 (moderate to high capacity to progress to work) with rates of income support varying according to the level of restriction.

Tier 1: Very low capacity to work

People in this tier have a significant level of disability with a very low capacity to work. In most cases, they are **unlikely to be able to perform any work or to sustain themselves either fully or partly through paid employment for as long as their incapacity persists.**

People assigned to this tier would receive an income support payment aligned to the payment rate for State Pension (Contributory). This is currently €265.30 a week – €45.30 more than the standard rate of the Disability Allowance payment, and €39.80 higher than Invalidity Pension. They would also be entitled to the full range of secondary benefits

¹⁷ Indecon, The Cost of Disability Report (2021) p.118-129 [gov.ie](http://www.gov.ie) - [The Cost of Disability in Ireland – Research Report \(www.gov.ie\)](http://www.gov.ie)

available to pensioners. Taken together, the additional payment plus the value of the secondary payments would reduce the cost of disability gap compared to people who are unemployed.

Accessing and using Intreo Public Employment Service would be voluntary and by request. There would be no obligation for applicants to use these services.

Tier 2: Low to moderate capacity to work

People in this tier are assessed as having a disability that is expected to limit their capacity to work for at least 24 months. However, they may be **capable of undertaking some types of work of limited duration – for example, part-time as opposed to full-time – but are not likely to be able to sustain themselves fully through paid employment alone.** People in this tier would receive an income support payment set mid-way between Tier 1 and Tier 3. They would be entitled to the range of secondary benefits currently available to people on Disability Allowance.

The Public Employment Service will be proactive in offering supports and services to people in this category. People to whom supports and services are offered will be expected to make reasonable efforts to engage with Intreo, and to participate in training and other programmes appropriate to their circumstances.

Tier 3: Moderate to high capacity to progress to work

People in this tier are assessed as having a disability that is expected to persist for at least 24 months, meaning they cannot perform certain types of work (including the type of work they were doing before acquiring their disability). However, **they may still be capable of taking up different employment and performing many other types of work. This makes it a realistic objective for them to progress towards sustaining themselves through paid employment alone.**

People assigned to this tier would be paid the same rate as the current Disability Allowance and would be entitled to the same secondary benefits.

People assigned to this category will also be **required** to engage with the Intreo service and take up reasonable offers of training and employment programmes or offers of employment **appropriate to their capacity and circumstances.** This is similar to the approach used with the Jobseeker Transition Payment, which is a payment for people who are parenting alone, and whose youngest child is aged between 7 and 14.

4.3 Assessment and assignment to tiers

How the current system works

At present, all applications for long-term disability payments are reviewed by a team of medical assessors directly employed by the Department. These assessors base their review on detailed information the applicant submits, including medical reports from the doctor providing treatment to the applicant. These reports enable the doctor to provide relevant information relating to diagnosis, prognosis, treatment, and the impact of these factors on a person's functioning.

The Department's Medical Assessors draw on learning from the social model of disability and the functional model of assessment. They then use a Bio-Psycho-Social model of disability assessment¹⁸ to form an opinion about the impact of the person's disability on their ability for work. In doing this, the assessors also use the WHO standard International Classification of Diseases (ICD) for the classification of conditions.

Assessors produce a report for the Department's Deciding Officers, which is then taken into account in deciding whether or not a person is entitled to receive a disability payment. The Deciding Officer then assesses other eligibility criteria for the scheme and assigns a level to the applicant.

If applicants are dissatisfied with the outcome of this process, they can seek a review from the Department and/or appeal the decision to the Social Welfare Appeals Office.

It is proposed to continue this system to help to assign applicants into the tiers as set out above. It is also proposed that, in each case, the applicant will get an explanation of why they have been placed in a particular category.

4.4 Entitlement review

The Department's medical assessors will recommend a time period for payment based on their assessment of the medical evidence submitted by the claimant.

For people assessed to have a **permanent incapacity** (which is expected to include many people in Tier 1), no time limit will be set, and the entitlement will be assumed to be

¹⁸ Bio-Psycho-Social assessment is a structured process taking account of:

- Medical factors, including the diagnosis, symptom severity, extent of and response to treatment, complications if any, expected duration of recovery, associated medical conditions if any, and outcome of therapeutic intervention.
- Psycho-social factors such as education, training, experience, motivation, tolerance, age, support networks and logistics.

permanent and continuing.

Some people may be assessed to have a condition whose impact on their ability to work will diminish over time – for example, through treatment and rehabilitation. In these cases (mainly in Tiers 2 and 3), the payment will be awarded for a specific period of time. The duration of the payment (no less than two years) would be set in a way that is appropriate to the nature of the applicant's condition and their circumstances.

Before the time period expires, recipients would then be invited to either:

- submit evidence of a continuing impact to extend their payment, or
- seek a transfer to another payment such as a Jobseeker's payment (a payment for people who are out of work or have been made part time).

4.5 Transition of existing claimants

The new approach set out in this Green paper could, if adopted, be applied to new applicants straight away. It would need some relatively straightforward changes to systems and processes. However, the position with respect to existing recipients of disability payments is not so straightforward.

Current situation

At present, there are about 220,000 recipients of long-term disability payments (Disability Allowance, Invalidity Pension and Blind Pension). These recipients were assessed under the current system, and little is known about those who transferred from the Disabled Persons Maintenance Allowance (DPMA), which was discontinued in 1996. Since 2017, International Classification of Disease (ICD) codes as specified by the World Health Organization have been used to record the nature of new claimants' conditions. Before that, the Department stored only limited medical information which would make it difficult to review these claims.

Existing claimants moved to a new payment over time

If the proposals in this Green paper were to be adopted, it would be challenging to classify and assign existing claimants to one of the three new levels.

Therefore, it is proposed that, if a new tiered structure is adopted, existing claimants would be moved over to the new payment over time. A programme of reviews would be put in place for these recipients and would take about five years to implement.

Chance to appeal level assigned

When people are classified and assigned to a category, they would be notified. If they do not agree with the new classification, they will get a chance to appeal.

Also, in a small number of cases, a recipient's new payment might be lower than their current one. In these cases, they would stay on the current payment rate on a 'saver/no loss' basis. This may be the case for a small number of Invalidity Pension recipients.

4.6 Difference between long- and short-term illness payments

As well as the long-term disability payments, the Department provides a short-term Illness Benefit payment to people who cannot work due to illness. This payment is made for a maximum of two years and is awarded on the basis of a certification by a doctor. Some cases are subject to a separate review by the Department's medical assessors.

Given the availability and duration of this payment, we propose that any new long-term disability payment should be based on the expectation that the underlying condition would impact a person's capacity to work for at least two years.

By establishing a minimum two-year impact test, we can avoid overlaps between the long-term and short-term payments.

In addition, and perhaps more importantly, people who can benefit from a short-term payment will not be inappropriately designated as long-term disabled. In this way, expectations can be set and managed that a return to employment, within a two-year period is a likely and realistic outcome. This is highly significant for people with many forms of illness, including acute illnesses that may require intensive treatment over a year or more.

4.7 Some suggested questions to consider

- Q.1.** Do you agree with the definition of tiers set out in section 4.2? – If not, what would you propose?
- Q.2.** Do you agree with the indicative payment levels set out in section 4.2? – If not, what would you propose?
- Q.3.** Do you agree with the approach to engagement with the Public Employment Service set out in section 4.2? – If not, what would you propose?
- Q.4.** Do you agree with the approach to assessment and assignment set out in section 4.3? – If not, what would you propose?
- Q.5.** Do you agree with the approach to entitlement reviews set out in section 4.4? – If not, what would you propose?
- Q.6.** Do you agree with the approach to the transition of existing claimants set out in section 4.5? If not, what would you propose?
- Q.7.** Do you agree with aligning short-term and long-term payments by setting a two-year impact test for long-term payments as introduced in section 4.6? If not, what would you propose?
- Q.8.** Are there any further comments that you would like to make on the details set out above?

Section 5

In-work income supports



Proposal 2 - In-work income supports

- The approach to in-work income supports varies between Disability Allowance, Blind Pension and Invalidity Pension. Recipients of Invalidity Pension may, in certain cases, keep a higher proportion of their welfare payment when they take up work through Partial Capacity Benefit.
- Under the tiered model, it is proposed to move to a Working Age Payment type model (similar to Working Family Payment). This would allow people with disabilities who take up work to continue to receive a partial or reduced welfare payment.
- The value of this in-work support will be related to the level of their income from work. This means recipients who work will keep a percentage, for example 60%, of the difference between their employment income and a set level. This set level (threshold) is yet to be decided. We show examples of how one model of this support payment might work in section 5.2.
- Income thresholds and income adjustments may vary depending on the payment tier.
- In addition, people who move into employment will be entitled to keep their secondary social welfare benefits along current lines, provided their gross employment income is not more than 1.5 times the defined threshold level.
- In this way, all people with disabilities who can work will have a financial incentive to pursue employment opportunities in line with their capacity to work.
- This section also includes a table to explain how a new Working Age Payment might work. It is important to note that the threshold used in this table is only illustrative. Thresholds would be decided at a later time if this approach is agreed.

5.1 Current approaches to in-work supports

Currently, there are different in-work supports available for people on contributory and non-contributory disability payments.

Non-contributory: Earnings disregard

People on Disability Allowance and Blind Pension (non-contributory payments) can avail of an earnings disregard – that is, they can earn a certain amount before their social welfare payment is affected. This approach considers the person's weekly earnings. It particularly supports people with low earning capacity, and slowly phases the supports out as the person's earnings increase.

Currently, a person can earn up to €165 a week from work **and** keep their full welfare payment. Some part of their income from work over €165 a week is considered 'means'.

- If a person earns between €165 and €375 a week, half of that is considered means.
- If they earn more than €375, all of their income over €375 a week is considered means.
- You can earn up to €495.10 and still get the minimum rate of the Disability Allowance or Blind Pension (€2.50 a week and secondary benefits such as the Free Travel Pass).
- People who earn more than €495.10 a week lose their entitlement to Disability Allowance or Blind Pension.

Based on our administrative data:¹⁹

- There were 15,687 people on Disability Allowance in employment in April 2023. (This is about 1 in 10 of the total number of recipients.)
- Of these, 6,943 had earnings below €165 a week and, therefore, received their full Disability Allowance.
- A further 8,744 people were earning more than €165 a week and received a reduced Disability Allowance.

¹⁹ Administrative data is the information that the Department of Social Protection collects on the operation and output of our schemes.

Contributory: Partial Capacity Benefit

People on Invalidity Pension cannot earn an income. However, they can apply to transfer to Partial Capacity Benefit which allows them to take up paid employment or enter self-employment. Applicants are assessed on their level of capacity to work. The rate of Partial Capacity Benefit is based on this assessment. Under this approach, the in-work supports are linked to the person's capacity to work, not their actual earnings.

There are three categories of capacity loss: **Profound**, **Severe**, and **Moderate**.

- People in the **Profound** category receive 100% of their Invalidity Pension;
- People assessed as **Severe** receive 75%;
- People assessed as **Moderate** receive 50% of their original payment. The hours they work and their income from work have no impact on their social welfare payment.

Based on administrative data, as of April 2023, there were 3,018 people in receipt of Partial Capacity Benefit. This is very little as just under 4 in 100 of the total number of eligible social welfare recipients (recipients of Invalidity Pension or those on Illness Benefit for more than six months) use this employment support. Around 70% of the people currently on the scheme are assessed as being in the moderate category of Partial Capacity Benefit.

5.2 Proposed approach

The proposed model would be based on the Working Family Payment model where a person receives a payment based on a percentage of the difference between their income and a specified threshold depending on the category they are assigned and the make-up of their family. Effectively, a Working Family Payment approach would replace the current income disregard and Partial Capacity Benefit and would provide a **minimum income guarantee**.

One possible approach (with examples)

In the previous section we showed how the current system of employment supports works. The supports are different depending on the person's disability payment being either income disregards for Disability Allowance and Blind Pension, or a percentage of disability payment for recipients of Invalidity Pension. The introduction of a single Working Age Payment could create more consistency across our contributory and non-

contributory payments.

The following table shows how a Working Age Payment model could work for a single person. We use four different employment situations to show you this. A €367 threshold is used to demonstrate how the model could work. If the model is accepted, the appropriate threshold will be determined at a later stage.

Employment situation	Working Age Payment threshold	Net weekly earnings from employment	60% of the difference between net earnings and the WAP threshold	Outcome for the individual
Full-time John works full-time for 40 hours a week earning €450 a week gross	€367	€400	€0	As John's income is higher than the Working Age Payment threshold, he receives no working age payment and his total income from employment is €400 a week.
Part-time Robert works part-time for 20 hours a week earning €220 a week gross	€367	€220	€88.20 How we worked this figure out: The difference between €220 (net earnings) and €367 = €147 60% of €147 = €88.20	As Robert's income is below the Working Age Payment threshold, he qualifies for a Working Age Payment of €88.20 per week giving him a total combined income of €308.20
Not working but could work Mary is in Level 3 and is not working.	€367	€0	€220 How we worked this fee out: The difference between €0 (net earnings) and €367 threshold) = €367 60% of €367 = €220	Mary receives her full disability income support payment of €220 .
Cannot work Joan is in Level 1 and cannot work due to her disability.	€367	€0	€265.30 How we worked this fee out: Same as above.	Joan receives her full disability income support payment of €265.30 .

5.3 Some suggested questions to consider

- Q.1. Do you agree with the approach to align the in-work supports for the new contributory and non-contributory disability income supports? If not, why not?
- Q.2. Do you agree with the proposed Working Age Payment model? If not, what alternative approach would you propose?
- Q.3. Do you have any other comments on the proposals in this section?

Section 6

Eligibility for long-term disability payments



Proposal 3 - Green Paper proposal on eligibility

- People will be able to apply for a new tiered disability income support either based on their Pay Related Social Insurance (PRSI) contributions (contributory payment) or, if they have not paid enough PRSI contributions, on an assessment of their means (non-contributory payment).
- The current number of social insurance contributions and means test income limits will continue to apply.
- The qualifying age will be standardised at 18.
- Eligibility for Domiciliary Care Allowance will be extended from age 16 to age 18.

6.1 Means and contributions

No proposed changes to means test and contributions

Eligibility for current long-term disability payments is based either on PRSI or a contributory condition or a means test, in addition to the medical and other eligibility requirements, such as how long the applicant has been living in Ireland (habitually resident). This Green Paper proposal does not suggest any changes to the means, habitual residence, and contributory requirements currently in place.

6.2 The age condition

Proposed change to align Disability Allowance age payable to that of other working age payments

At present, Disability Allowance becomes payable at age 16. This dates back to a time when most children finished school by age 16. This is now at odds with the rest of the social welfare system, as all other working age payments become payable at age 18. It also creates difficulty in establishing a common tiered approach to disability payments, as the other main disability payments become payable at age 18.

Given the need to standardise the age eligibility for a common tiered system, it is proposed to set the age threshold for access to the contributory and non-contributory disability income support to age 18. This recognises the fact that schooling now continues in many cases to age 18 or over.

We recognise that this approach would affect the related Domiciliary Care Allowance (DCA) payment and that it would be necessary to extend the age to which DCA is paid to age 18. DCA is a monthly payment currently payable for a child aged under 16 with a severe disability. The child must require ongoing care and attention substantially over and above that usually needed by a child of the same age. At the age of 16, the young adult can qualify for Disability Allowance if they meet all eligibility requirements. Between 2019 and 2022, about 50% of children qualified for Disability Allowance at the age of 16 after benefitting from the DCA.

This issue has been raised and a change recommended in many reports going as far back as 1986:

- The Commission on Social Welfare (1986),²⁰
- Value for Money Review of the Disability Allowance Scheme (2012),²¹
- Advisory Group on Tax and Social Welfare – Second Report: Review of Budget 2012 Proposals Regarding Disability Allowance and Domiciliary Care Allowance (2013),²²
- Make Work Pay report (2017),²³
- Consultation on Make Work Pay Recommendations 9 and 10: Report on outcomes of national consultation (2021).²⁴

The Commission on Social Welfare recommended that the age limit for Domiciliary Care Allowance should be raised from 16 to 18 and that the qualifying age for Disabled Person's Maintenance Allowance (now Disability Allowance) should be raised to 18 years. The Commission stated:

“We would not support any form of income maintenance which could, in any way, encourage young persons to leave the education system prematurely.” (1986, p199)

²⁰ Report of the Commission on Social Welfare, 1986, Dublin: Stationery Officer

²¹ Department of Health, Value for Money Review of the Disability Allowance Scheme, 2012 [gov.ie - Value for Money and Policy Review of Disability Services in Ireland \(www.gov.ie\)](https://www.gov.ie/en/publications-and-resources/publication/10000-value-for-money-review-of-the-disability-allowance-scheme/)

²² Advisory Group on Tax and Social Welfare – Second Report: Review of Budget 2012 Proposals Regarding Disability Allowance and Domiciliary Care Allowance (2013)

²³ Make Work Pay Report (2017) p127 [gov.ie - Make Work Pay Report \(www.gov.ie\)](https://www.gov.ie/en/publications-and-resources/publication/10000-make-work-pay-report/)

²⁴ Make Work Pay Consultation Report (2020) [gov.ie - Make Work Pay - Consultation Report \(www.gov.ie\)](https://www.gov.ie/en/publications-and-resources/publication/10000-make-work-pay-consultation-report/)

Some significant concerns were raised in the Make Work Pay report (2017). Some of the concerns were:

- the low qualifying age for Disability Allowance could encourage early school-leaving;
- the risk of creating a benefit-dependency which might result in a benefit-trap for those who would otherwise be capable of staying in education, progressing to training and later engaging in work;
- a significant sum of money is paid to an underage and vulnerable group;
- the payment becomes considered as household income for the family, rather than personal income support for the recipient.

A National Disability Authority factsheet on people not in employment, education, or training (NEET) ²⁵ stated that the NEET rate of young people with disabilities is 23%. This is over twice the rate of young people without a disability at 10%.

The evaluation of the Ability Programme²⁶ for people with a variety of disabilities aged 15–29 showed that most participants reported that they had a Junior Certificate qualification (Level 3) or lower on the National Framework of Qualifications (NFQ).

Results of the most recent consultation on the topic (Make Work Pay Recommendations 9 and 10 National Consultation Report, 2021) showed that:

- about half of respondents were in favour of bringing the scheme in line with the Make Work Pay recommendation to change the age of entry to 18 years;
- a quarter opposed the proposal; and
- a quarter were undecided.

The Stakeholder Focus Group reported that respondents were most likely to disagree or strongly disagree where family income was lower; where the type of disability fell into certain categories, notably intellectual disability; or where the disability was more severe.

Previous reports and consultations also highlighted that the granting of Disability Allowance to children can lead to benefit dependency, and that children with certain disabilities do not always have financial skills.

²⁵ National Disability Authority, Factsheet: NEET, 2019 [factsheet_NEET \(nda.ie\)](#)

²⁶ Ability Programme Evaluation Report 2018-2021 (2022) [Pobal.ie](#)

Proposed ways to address concerns about increasing the qualifying age

To address concerns related to the increase in the qualifying age, particularly those approaching age 16 at the time the change might be implemented, it is proposed to follow the advice from the Make Work Pay Consultation Report (2021). The Stakeholder Focus Group involved in the Report suggested the following;

- Build the need for an arrangement into a wider discussion and analysis of the cost of disability;
- Design and introduce a transitional support payment for 16-17 -year-olds which would achieve the broader Make Work Pay objective while maintaining continuity of income.
- Introduce a transitional arrangement for the DCA payment for 16-17-year-olds to address potential loss of income.

In line with these suggestions, we developed this Green Paper to be followed by a consultation, included a plan for a potential transitional support payment, and proposed a change to extend the payment of DCA to 18 years of age.

6.3 Transition to extend the age of eligibility for Domiciliary Care Allowance

It is proposed that the age for access to Domiciliary Care Allowance be raised to 18 together with any new Personal Support Payment (if this new payment ends up being introduced).

As a transitional measure:

Young people aged 16 and 17 in receipt of Disability Allowance

They would continue on the payment and be transferred onto the new tiered Personal Support Payment when they turn 18. This would be carried out under the transition approach set out in Section 4.

Young people aged 15 at the time of change who would be eligible for the Disability Allowance payment

They would also be allowed to move onto that payment rate at age 16 (if eligible), and then transition to the new Personal Support Payment.

Parents of children under 15 years of age at the time of change

They would continue to receive Domiciliary Care Allowance and its associated Carers Support Grant until their child reaches the age of 18 if they continue to meet the eligibility requirements for the scheme.

6.4 Some suggested questions to consider

Q.1. Do you agree with the approach to maintaining the current means test and PRSI contributions eligibility conditions? If not, what approach would you propose?

Q.2. Do you agree with standardising the age requirement under the new tiered payment at age 18? If not, what approach would you propose?

Q.3. Do you agree with the proposed transitional arrangements for people currently in receipt of the Domiciliary Care Allowance? If not, what approach would you propose?

Q.4. Do you have any other comments on the proposals in this section?

