

**Joint Committee on Social Protection, Community and Rural  
Development and the Islands**

**Means Testing**

**Opening Statement by Niall Egan, Assistant Secretary General, of the  
Department of Social Protection**

**1. Introduction**

Good morning, my name is Niall Egan, and I am the Assistant Secretary General with responsibility for Corporate Affairs including the finance function in the Department of Social Protection. I am joined by Alan Flynn who is the Principal Officer with responsibility for Budget and Estimates and by Saidhbhin Hardiman who is a Principal Officer in the Department recently working on the Department's Means review.

I would like to thank the Joint Committee for the opportunity to attend today to discuss the broad area of Means policy and assessment in the Department.

**2. Background – Means Testing**

The Department of Social Protection operates a number of social assistance schemes where, in order to qualify for the payment, the person must satisfy a means test. 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 Assistance schemes in operation in the Department cover all of the Department's programmes throughout the life course, from supporting Children, through Working Age and into supporting people in

retirement. Schemes include Jobseeker's Allowance, Farm Assist, One-Parent Family Payment, Disability Allowance, Carer's Allowance and the State Pension (Non-Contributory). These schemes help to ensure that people without adequate means are provided with income supports by the State in order to alleviate poverty.

The CSO's Survey on Income and Living Conditions (SILC) shows poverty rates both before and after social transfers and it shows that Ireland's social protection system is extremely effective in alleviating poverty. Ireland continues to be one of the EU's best performing countries for the poverty reduction effect of social transfers – without social transfers, the at risk of poverty rate would have been 34.1% rather than 10.6% - a poverty reduction effect of 68.9%.

As part of this overall system, means testing certain payments ensures that the State's resources are directed towards those who are in the most need of financial support. The ESRI have regularly reported the benefits of targeted, means assessed interventions as being particularly effective in terms of poverty reduction.

These social assistance schemes differ from the Department's social insurance schemes, which are dependent on the person's social insurance contribution record. However, while the personal rate is not means tested, any increases for adult dependants, which may be awarded to a person on a social insurance payment will include a means test in respect of the qualified adult.

Means assessments take both income and capital (such as savings, investments and property other than the family home) into consideration. For social assistance schemes, income and capital belonging to the

claimant and his or her partner, where applicable, is generally assessable for means assessment purposes.

Cash income that is assessed includes any income from employment or self-employment, income from a social security pension from another country and rental income. Capital includes all monies held in financial institutions or otherwise, the market value of shares as well as houses and premises owned by a claimant which may or may not be put to commercial use. Property personally used (such as a claimant's home) is not included in the means assessment.

All the claimant's sources of income are added together and considered when deciding whether they qualify for a means-tested payment or the level at which they are paid. Many schemes support payment at a variety of rates, linked to the assessed level of means, thus avoiding 'cliff edges' in relation to a payment. 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 specific rules for 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 considered for a particular scheme and these are usually referred to as income disregards. There are earning disregards for most schemes as well as general disregards specified in legislation which include certain social welfare income, foster care allowance, specific compensation payments and payments money received from an approved charity.

### **3. Recent Changes to Means Assessment**

The Department keeps means tests under regular review and the Minister has introduced a number of significant changes made in this area in recent years.

These include:

- Providing for higher earnings disregards for Disability Allowance, Blind Pension and One-Parent Family.
- Expanding the list of agri-environmental schemes that qualify for a disregard, which was increased in recent Budgets.
- The introduction of the Rent a Room disregard, to enable recipients to support those arriving from Ukraine, and others, in a tight housing market, and the recent expansion of this disregard.
- In 2023, significant changes were introduced to means eligibility rules for Fuel Allowance, which have resulted in over 35,000 additional households joining the scheme so far.
- In 2022, there was a significant increase in the income and capital disregards for Carer's Allowance. This enables more carers with modest incomes to become eligible for the scheme and allows carers and their families to earn more from employment while retaining their payment. As part of Budget 2024 this was further increased to €450 for a single person, and €900 for couples from June of this year.
- In terms of supporting access to third level education, the Minister recently introduced an income disregard linked to UCD's largest scholarship programme.

#### **4. Review of Means Testing**

The Minister has initiated a review of means testing in the Department and this review is underway. It is aimed to be completed in Quarter 1, 2024 and for it to be submitted for the Minister's consideration. It is the Minister's intention that the report will be published once she has considered it in detail. The outcome of the review will be used to inform decisions regarding any further changes to means testing, including in the run up to Budget 2025 although all prospective changes to means testing arrangements will have to be considered in both an overall policy and budgetary context.

#### **5. Conclusion**

To conclude, we look forward to hearing the Committee's views on Means Testing and we are happy to assist with any questions.