

REPORT OF CONSULTATION SEMINAR

PROGRESSING TO A SINGLE WORKING AGE PAYMENT

11 JULY 2011



An Roinn Coimirce Sóisialaí

Department of Social Protection

Helping you build a better life

The Department of Social Protection held a consultation seminar on *the report on the desirability and feasibility of introducing a single social assistance payment for people of working age* on 11 July 2011. This report sets out the feedback from stakeholders and interest groups during the course of the seminar.

The objective of the half day seminar was to provide an opportunity for interested parties and experts in the field to contribute to shaping a framework for a single social assistance payment for people of working age to achieve their full potential by:

- Providing stakeholders with an overview of the report
- Getting reaction from stakeholders on the findings in the report
- Getting reaction from stakeholders on the principle of a single working age payment
- Gathering views as to a possible framework for a single payment for people of working age.

The seminar was attended by 48 participants representing various interest groups, social partners and relevant government departments. A list of attendees is set out in the annex. The Minister for Social Protection, Joan Burton T.D., opened the seminar. The seminar then proceeded with the presentation of an overview of the report and the key findings by Anne Vaughan and Joan Gordon (Department of Social Protection). This was followed by a response to the report by John Martin from the OECD.¹ Groups were afforded an opportunity to make short presentations setting out their response to the report. The final session of the seminar was an open discussion, which gave other participants a chance to provide views on their priority concerns. These discussion sessions were chaired by Dr. Orlaigh Quinn (Department of Social Protection).

OVERVIEW OF OPENING PRESENTATIONS

The Minister welcomed John Martin from the OECD and thanked him for his valuable contribution to this important discussion and bringing the wider OECD perspective to bear on the national discussion.

The Minister positioned the discussion in the context of the challenges facing Ireland at the current time and the need to support and encourage people to take up employment, training and/or education so as to improve outcomes for people of working age reliant on the Department's support. While creating jobs and tackling poverty are two of the key challenges facing the country, these must be approached within the boundaries of the fiscal constraints that exist. The Minister outlined the Government's commitment to tackling Ireland's economic crisis in a way that is fair and balanced and which recognises the need for social solidarity, the need to make work pay and the need for those with a job to stay in work.

The rationale for this approach is that the outcomes for people from a poverty and social inclusion point of view must be improved and, thus, any changes to the current system must "make work pay". Such an approach would ensure that people are not further distanced from the labour market, especially in the current economic climate, and people are encouraged to maximise their potential.

Anne Vaughan, Deputy Secretary (Department of Social Protection) gave a presentation on the overall purpose of the seminar and placed the report and its findings in the wider context of the transformation agenda embarked on

¹ John Martin is a Director for Employment, Labour and Social Affairs at the OECD in Paris.

by the Department. In this context, Ms. Vaughan stated it is opportune to be considering a single income support for customers when the Department is also reforming at the operational level, through the development of the national employment and entitlements service, and at the service delivery level with a single delivery model for customers.

Ms. Vaughan noted that the report on a single social assistance payment was published by the Department last November at the same time as two other policy reports covering income support for children and payments to people with disabilities. The reports share common themes and envisage:

- Better structures and design of schemes;
- Increased interaction with all claimants; and
- Greater emphasis on the duties and responsibilities of claimants.

Ms. Vaughan also emphasised the importance of the consultation process and welcomed the contribution from stakeholders in shaping a framework for a single social assistance payment that will provide the necessary support for people of working age to achieve their full potential.

She further observed that the report builds on the rationale set out in the NESC *Developmental Welfare State*, which sets out a framework for improving social protection for the whole population. Of particular importance in this regard are working age and child income supports and their interaction with employment incentives. While there were difficulties in instigating change during a period when job opportunities were plentiful, the current economic situation presents a greater challenge in delivering reform.

Joan Gordon (Department of Social Protection) provided an overview of the report, highlighted some key findings in the report, outlined some of the arguments in favour of and against reform and provided an overview of a possible framework for a single social assistance payment. The following consultation questions were presented to the group for consideration:

- What should the objectives be of the social assistance payments for people of working age?
- What are the positive/negative features of the current system?
- Are there aspects of the current social assistance system that are outdated and that have not kept pace with changing work patterns and family responsibilities?
- What do you consider to be the benefits of a single payment over and above the current system?
- What do you consider to be the negative features of a single payment over and above the current system?
- What are the main factors which have led to high dependency on social assistance?
- Can these be addressed by replacing the current payments with a single payment?

- Does the complexity of the current system prevent people moving from one payment to another or from benefit to work?
- What are the main barriers/problems that prevent people moving from one payment to another or from benefit to work? Would a single payment solve these?
- Is a single payment the most appropriate way of improving outcomes for people of working age?
- Should the system be re-focused to increase and extend conditionality in return for support provided?
- How could a simpler system be structured so as to meet the varying needs and responsibilities of people of working age?

The following key conclusions of the report were identified:

- The current system has its own set of rules and leads to complexity
- Several benefits are not designed to encourage people to maximise their potential
- The numbers in receipt of social assistance payments has remained static over the past number of years
- People get categorised according to the payment they receive with less focus on work related activities
- The system has (unintentionally) 'locked in' many people
- Trends in the social welfare population of working age indicate poor outcomes for this group
- Reform in other EU/OECD countries is characterised by a shift from passive income support to individualised support.

John Martin, Director for Employment, Labour and Social Affairs at the OECD responded to the report in the broader international context. The main points of Mr. Martin's presentation were:

- Ireland has one of the highest unemployment and benefit coverage rates in the OECD
- Benefit replacement rates in Ireland increased in the period from 2001- 2009
- Reasons to introduce a single working-age payment include
 - Where alternative benefits are paid by different bodies:
 - Cost and efficiency gains from simplification of administrative structures and multiple types of payment;
 - Allows for alignment of payment rates for target group or for a more rational structure;
 - Allows flexible application of employment services and activation requirements to "inactive" groups.

Where individuals receive multiple benefits:

- Limit the number of benefits paid concurrently;
- Centralise and simplify information about benefits paid concurrently and earnings;
- Improve work/effort incentives by reducing too-high marginal effective tax rates.

Mr. Martin stressed the importance of having an accurate picture of what support clients receive from a range of different agencies. He provided an outline of such a model being established by the Austrian authorities (transfer accounts) and was of the view that there is a strong argument for Ireland to consider such a model as it represents a very important tool for the dissemination of comprehensive information. Commenting on the amount of inertia around the current system, Mr. Martin stressed the need to have 'real time' information (on wages etc.) which would allow schemes such as FIS to react more quickly. In the context of the introduction of a Universal Credit the UK are also creating a real time information system.

Finally, Mr. Martin posed some key questions surrounding a single working age payment:

- What weight is being put on the different objectives?
- What would be the fiscal implications of a switch to a single payment?
- How could one best design a single payment to promote work?

REACTION FROM STAKEHOLDERS AND INTEREST GROUPS

CONTRIBUTIONS FROM ORGANISATIONS AND PARTICIPANTS

The report was broadly welcomed by stakeholders and was seen as making a positive contribution to public discourse and debate on supports to people of working age. It presented an important opportunity to instigate reforms, but the ongoing challenge is to do this in a way which adequately supports people of working age while recognising the diversity of needs and circumstances across the working age population. There was general agreement that reforming the income system is not easy and that the political system has been unable to deliver the necessary changes, even during the period of revenue surpluses. There was some concern in relation to embarking on such reform in the current economic climate and to do so successfully would require a high level of political commitment. On the other hand, there is now an opportunity to look at these issues once again and there is also an openness to developing new structures and approaches for the 21st century. Other key points raised by participants included the need for supports and services to be in place, in particular childcare services. The need for flexibility within a reformed system so as to recognise individual needs and circumstances was also stressed.

IBEC

The representative from IBEC strongly supported the thrust of the report and stated that the rationale was very clear. IBEC stressed the importance of economic development and the need to optimise skills and stated that social welfare had a key role to play. He highlighted four challenges around the report (noting that Chapter 9 of the report set out other challenges):

- Timing is not ideal: a single payment may have been easier to introduce under better economic conditions. However, the current economic situation is not a reason for delaying action.
- NEES: the design and radical development of services poses cultural challenges. The big challenge is getting policies aligned.
- While the lack of data is a difficulty, recent work relating to profiling is a welcome development.
- Exceptional political commitment will be required.

By way of closing comment the IBEC representative stated that the original NESC position (set out in *The Developmental Welfare State*) remains valid.

INOUE

The representative from the INOU also expressed concerns about the timing of the reform and posed the question of “why are we reforming”? She expressed the need for any reform to be underpinned by the principle of equality stating that many people relying on social welfare have experienced inequality across the spectrum (housing, education etc.) Other points raised by the INOU representative were:

- Following the UK model (capacity assessments etc around the Employment & Support Allowance) will result in more social exclusion.
- We need to be realistic around the extent of job creation
- We can't have a single payment without a proper activation system (and we are nowhere near this yet).
- NEES has to strive to provide a state of the art system.
- A single working age payment is not a runner until a proper information portal for front line staff is made available.
- Must have real reform with effective services – not just cuts.

MENTAL HEALTH REFORM

The representative from the organisation Mental Health Reform welcomed the principle of keeping people with mental health problems close to the labour market but stressed that this ambition needs to fit with broader government health policy. Commenting on specific aspects of the report, she stated she was struck by the absence of analysis on the experience of welfare recipients from other countries and the impact of welfare reform. Citing the UK as an example, she stated that people felt disadvantaged by the capacity test introduced there as part of their welfare reform in recent years. She went on to say that being a social welfare recipient was not good for mental health and quoted some statistics to illustrate the development of thinking in relation to people with mental health problems e.g. in 1958 there were 21,000 people in psychiatric hospitals in Ireland (who didn't receive a welfare payment) while in 2011 there are some 20,000 people with mental health problems in receipt of Disability Allowance. This is a positive development as it indicates the need to keep people with mental health problems close to the labour market.

The speaker went on to say that one of the difficulties facing people with mental health problems relates to discrimination in getting a job. She stated that research indicated that one third of people will face such discrimination and a further one third will experience discrimination while in employment.

People with mental health difficulties can be unfairly treated in the welfare system. They often lack knowledge regarding their rights and entitlements under equality legislation. The social welfare system should inform people of their rights and should be flexible as many people experiencing mental health problems need to 'fail and try again'. Social welfare staff need to be aware of this and overall an encouraging attitude is required.

NATIONAL WOMEN'S COUNCIL

The representative from the National Women's Council welcomed the report and noted that there is a real opportunity to develop the system but cautioned that this needs to be about real reform and not cuts. She noted that women, and in particular mothers, will be affected by the reform and agreed with the comments in Chapter 1 of the report dealing with the changing roles of women over the decades and the need for activation measures for women with caring roles.

Noting that the majority of qualified adults are women and the need for real information on their profile, the representative urged the Department to conduct a short qualitative study to gather data on their age profile, educational status, employment profile and care responsibilities.

In addition, she noted that a single payment could facilitate individualisation of payments and also end the 'limitation on entitlement' rules. The representative also noted that as many mothers work part-time, the hours worked requirement should be reduced to 19 hours.

Commenting on the need for supports and services, she emphasised the need for quality affordable child care and noted that, within the EU, Ireland had the lowest level of out-of-school care. Finally, in relation to whether carers should be included in or excluded from the scope of a single payment, the representative urged the Department to examine this issue again and to take account of the career aspirations of carers. All in all the reform options should reflect the diversity of women's lives.

ONE FAMILY

The representative from One Family stated that the principle of a single payment is attractive and welcomed the envisaged individualised support system but stressed that the strategy needs to be very clear. Emphasising the need for real commitment on services, she stated that she would be very sceptical about the provision of supports and services. Citing lone parent reforms as an example where supports and services were promised but not delivered on, she stated that we have got the 'stick' but now need the 'carrot'. In relation to the payment itself she also stressed the need to look at the poverty implications of any reduction in payment that may arise as a consequence of introducing a single payment. While One Family welcomes reform the representative stated that it must take place in the context of a very clear coherent strategy on tax and social welfare.

She also felt that there is an implication in the report that people don't want to work and she didn't agree with this and stressed that many lone parents want to work. If the Department decides to implement this reform, One Family would welcome a pilot as referred to in the latter part of the report.

OPEN

By way of initial response, OPEN welcomed in principle the reform of payments to people of working age but would have concerns in relation to introducing this reform during a recession. She stated that this major change needs to be planned and implemented in a way that is mindful of the history of social welfare and the culture of caring that is the reality in Ireland. Five specific areas of concern were highlighted:

- *Poverty* – the poverty objective needs to be overarching and alleviation of poverty has to be at the forefront.
- *Secondary benefits* – loss of secondary benefits can be a deterrent to taking up work. It would be a very attractive outcome of the reform if secondary benefits automatically became available when income falls to a specific level. Similarly FIS should be triggered automatically when a person's income falls below the FIS thresholds.
- *Other Supports* - there are still FAS courses that are not suitable for lone parents as they start at 8.30am and such issues need to be addressed.

- *Childcare* is still the biggest obstacle to reform. The level of part-time childcare has not evolved sufficiently to meet needs. After-school provision in particular is patchy and pricey. Money spent on the early childcare supplement should have been spent on childcare services. Although childcare is seen as a labour market intervention, early childhood education also has a hugely significant role to play in supporting disadvantaged children to ‘catch up’.
- *The communication of the final plan* will be extremely important. The media will need to be properly and fully briefed so that inaccurate/untimely headlines about cuts do not appear.

Commenting that some reports give the view that lone parents don’t want to work, the representative of OPEN stated that the evidence is that OFP recipients are highly willing to engage and some 60% are in work. She went on to say that DSP need to recognise people’s ambition and mothers should be encouraged to take ambitious steps.

Stressing the need to tackle structural unemployment, she cautioned against ‘creaming’ the easier to place people as this would result in a growing cost to the exchequer.

In conclusion, the role of NGOs in the process and the importance of continued meaningful consultation were highlighted.

ST VINCENT DE PAUL

The representative from St Vincent de Paul outlined that three-quarters of the people who get help from St Vincent de Paul are social welfare recipients and therefore welcomes the focus in the report on better outcomes for people of working age. However, she felt that there is a need for an anti-poverty objective also. Commenting on the possible framework for a single payment she stated she would have concerns about the level at which people are placed on the payment. For example, if childcare is in place the age of the child is not so important in determining the level at which the person is placed. The representative also expressed the view that the outline of the payment focused on full-time work and stressed the importance of part-time work. In the context of supports the need to talk about all the supports and not just activation supports was emphasised.

In relation to people placed on level 3 supports, the speaker stated that this represents a real shift and questioned whether low conditionality with a high level of support is realistic. In addition, the speaker stated that using the current rules that apply to Jobseeker’s Allowance as the basis for the single payment is ‘terrifying’ because of the impact this would have on the payment and urged the DSP to examine the use of different tapers. The need for in-work support and supports for those on low incomes was also referred to. Finally, the representative stressed the importance of appropriate and adequate training for the Department’s case managers.

TREOIR

The representative from Treoir welcomed proposals regarding the simplification of the system and the principle of a single payment, given the complexity of the welfare system, which made the transition from welfare to work difficult. Three areas of concern were highlighted: Services as envisaged in NESC report would have to be guaranteed, a plethora of State agencies would have to be involved and the huge numbers of people involved would make all this very difficult. It was also acknowledged that the best route out of poverty is work that pays.

The following questions were posed:

- What resources would be needed?
- What resources would be needed within agencies?
- How difficult would it be to get a whole of government approach?

Two major tasks need to be done sequentially:

- Simplify the system, taking account of those with special needs
- Look at activation and ensure that the system is well placed to facilitate this.

2. OPEN DISCUSSION

This part of the report reflects the comments made from various participants in the open forum session. In general terms there was broad support for the principle of a single social assistance payment for people of working age. The broad themes identified by participants across the range of interventions were as follows:

Clients

- The system would need to be flexible and responsive to people's real needs and circumstances, e.g. for people with short term illnesses.
- The system needs to be able to facilitate people with mild disabilities.
- The continued payment of disability allowance to people aged 16 is questionable.
- There should be greater recognition of part-time work, particularly for certain groups – lone parents, people with caring responsibilities (mainly women) and qualified adults (mainly women).
- Placing people at the appropriate level of the payment would be critical.
- Need to engage with qualified adults and grapple with the hard politics of the equality issue. There are huge gains to be had from engaging with this group.
- There is a need for a focus on the long term unemployed and those considered not progression ready.

Poverty

- Anti-poverty objective needs to be more centre stage.
- There is a need to ensure that poverty proofing is conducted and that impacts are identified– there is a real possibility that there will be negative impacts.

Role of interest groups

- Need involvement of employers to ensure that barriers for certain groups are removed.
- Important that the community and voluntary sector play a role.

Services

- Significant resources would be needed for the provision of appropriate services and it is questionable whether these are available in the current circumstances.
- Services and supports must be guaranteed. Need clear activation strategies and good relationships with NGOs. Should develop contracts with private providers and need to look at experiences from other countries. Need to ensure that people are placed on appropriate training courses.
- There needs to be in-work supports, such as job coaching/ advocacy services.

Administrative level issues

- Need a whole of government approach.
- More work needs to be done on developing profiling system / capacity assessments.
- Profiling by appropriately trained staff would be required.
- Data limitations need to be addressed, for example information relating to qualified adults.
- Need to ensure that sanctions (sticks) and incentives (carrots) happen together.
- When reforms are implemented, there is a need to see that the reforms are working; to do this feedback from clients early on in the process is needed.

Secondary benefits

- There are questions over how secondary benefits will be treated under a single working age payment.
- The criteria for eligibility for secondary benefits need to be clear.

Labour market issues

- There needs to be recognition of the importance of human capital investment and having people ready for the recovery.
- The system needs to facilitate partial work reflecting the trend for casual employment.

CLOSING COMMENTS

John Bohan (Department of Social Protection) suggested that there was a level of broad support for the principle of a single social assistance payment for people of working age but acknowledged that there were a considerable number of concerns expressed which he summarised as follows:

- The current labour market situation undermines the greater focus on activation. (He indicated however that at some point the economy and labour market would recover and that there is a need to ensure that social welfare payment did not leave people further distanced from the labour market in the interim.);
- the fear of financial losses for specific claimant and household types;
- some scepticism about the capacity of the system to deliver appropriate services and supports;
- the need for the new payment to acknowledge personal circumstances and address them in differentiated ways;
- the need for poverty proofing of the proposal; and
- the need for more focus on the risk of in-work poverty and how the social welfare system might address it.

John Martin (OECD) responded to a number of the issues raised in the discussion. In relation to the design of an effective activation system he emphasised the need for rigorous evaluation of programmes. Any activation system has to include sanctions – there has to be a balance of sanctions and incentives. Drawing on international experience, Mr. Martin stated that the evidence from a number of countries is categorical on this point (referred to Spain, Nordic countries, the Netherlands, UK and Germany).

Mr. Martin also reminded the group that there are jobs – even in the current economic downturn – and many people leave the live register every month. It is the job of an activation programme to facilitate this process. Long term programmes and performance evaluation are required and these must be applied rigorously to training providers. With regard to part time employment, international evidence points towards the likelihood that those who move from unemployment to part time work will drift back to full time unemployment. Given this evidence, the best route out of poverty is to engage in full time employment.

Anne Vaughan Deputy Secretary (Department of Social Protection) welcomed the contributions from the various organisations and stressed the importance to the Department of drawing on the expertise of the various organisations in the context of developing or reforming the supports it provides. Ms. Vaughan made specific reference to the profiling initiative being carried out in Dun Laoghaire from which lessons are being learnt regarding capacity issues and case management.

Ms. Vaughan stressed the importance of case management in the context of developing a framework for a single payment and in particular the need for a system which would enable one to one contact with the customer. In this context she also acknowledges the challenges that this presents but stressed that such a system needs to be flexible and sufficiently developed to allow the Department to target support at those most in need of this assistance.

Dr. Orlaigh Quinn (Department of Social Protection) thanked attendees and participants for their valued contribution to this highly challenging task and acknowledged the concerns raised by participants. Notwithstanding the current fiscal context, opportunities to reform and improve the service for people reliant on the system should not be lost. In closing the seminar, Dr. Quinn also noted that a high level of commitment from all stakeholders and political buy-in would be required to successfully reform the system.

ANNEX – LIST OF PARTICIPANTS

PROGRESSING TO A SINGLE WORKING AGE PAYMENT

CONSULTATION SEMINAR – LIST OF PARTICIPANTS

Name	Organisation
John Bohan	Department of Social Protection
Lillian Buchanan	Disability Federation of Ireland
Frances Byrne	OPEN
Dr Micheál Collins	Trinity College Dublin
John Conlon	Department of Public Expenditure and Reform
Ciaran Diamond	Department of Social Protection
Margot Doherty	Treoir
Tony Donohoe	IBEC
Clare Duffy	The Carers Association
Oliver Durkin	People with Disabilities in Ireland Ltd
Caroline Fahey	St Vincent de Paul
Niamh Fawl	National Disability Authority
Paul Ginnell	European Anti-Poverty Network
Joan Gordon	Department of Social Protection
Siobhán Kane	Inclusion Ireland
Paul Kealy	Departments of Jobs, Enterprise and Innovation
Catherine Kellaghan	Department of Social Protection
Neil Kelly	Department of Social Protection
Tony Kieran	Department of Social Protection
Teresa Leonard	Department of Social Protection
Camille Loftus	Independent Expert
Pat Mahon	PwC
Ita Mangan	Chairman of the Advisory Group on Tax and Social Welfare
John Martin	OECD

Shari McDaid	Mental Health Reform
Geralyn McGarry	Citizens Information Board
Vera McGrath	Department of Social Protection
Paul Morrin	Department of Social Protection
Candy Murphy	One Family
Dr Mary Murphy	NUI Maynooth
Barbara Murray	Department of Social Protection
Clíodhna O'Neill	Rehab
Brid O'Brien	INOUE
Orla O'Connor	National Women's Council
Alice O'Flynn	Department of Social Protection
Catherine O'Flaherty	Department of Social Protection
Winifred O'Hanrahan	National Federation of Voluntary Bodies
Eoin O'Seaghdha	Department of Social Protection
Joan O'Shea	Department of Public Expenditure and Reform
Liam O'Sullivan	Care Alliance Ireland
Mary O'Sullivan	Department of Social Protection
Dr. Orlaigh Quinn	Department of Social Protection
Kathleen Stack	Department of Social Protection
Dr John Sweeney	NESC
June Tinsley	Barnardos
Kasey Treadwell-Shine	Department of Social Protection
Anne Vaughan	Department of Social Protection
Jim Walsh	Department of Social Protection