

# Department of Social Protection

Report on the desirability and feasibility of introducing a single social assistance payment for people of working age

November 2010



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## Foreword from the Minister

As Minister for Social Protection, it gives me great pleasure to publish this *Report on the desirability and feasibility of introducing a single social assistance payment for people of working age*. While major developments have occurred over the decades, the basic infrastructure remains unchanged. It is my view that the social welfare system needs to be capable of responding better to the significant societal, demographic, labour market and economic changes that occur and it needs to be flexible enough to ensure that people who are reliant on it are adequately supported in order to achieve better outcomes for themselves and their families, be it through returning to work or availing of training, education or re-skilling.

People of working age make up most of the population and, in recent years, the working age population has also grown. Trends in the social welfare population of working age indicate persistent welfare dependency and poor outcomes for some people and this is so despite an earlier sustained period of economic growth. It is, therefore, timely to consider the extent to which the structure of the social welfare system contributes to this situation and, more importantly, if a reconfigured social assistance system based on a single payment could improve the outcomes for people of working age.

A commitment in the Department's Strategy Statement (2008-2010) to provide a range of initiatives to ensure that all people of working age have sufficient income and opportunity to participate as fully as possible in economic and social life provides the context for the review. Work carried out by NESC in this area and reflected in their report - *The Developmental Welfare State* (2005) highlights the need for greater interaction between services, income support and activist measures that are developmental for families, communities and the economy. A recurring theme in the NESC report is that the current contingency based payments to people of working age can operate to confirm a person's status as a person outside of the workforce rather than as an unemployed member of it. The report, therefore, also advocates the need for rationalisation of the social

assistance schemes into a single payment. A single payment is also very much in line with best practice in EU and OECD countries.

The vision for such a payment is in the short term to develop an overarching framework for all people of working age including those who would currently be classified under a contingency approach as unemployed, sick, disabled, or parenting alone. The principle of a single working age payment is based on the policy that people are given or directed to the support and services they need in order to return to or take up work or other training or educational opportunities, matched by a requirement that they avail of that support i.e. there is a right and a matching responsibility. It is also based on the rationale that the outcomes for people from a poverty and social inclusion point of view must be improved, and also that 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 encourages people to maximise their potential. The development of supports and services is central to the vision for a single social assistance payment.

The decision to merge functions from the Department of Enterprise, Trade and Innovation, the Department of Community, Equality and Gaeltacht, FÁS and the Community Welfare Service of the HSE with the functions of the Department facilitates such an approach.

The essential purpose of this report is to stimulate debate and to allow stakeholders to contribute to 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.

Éamon Ó Cuív, T.D.

Minister for Social Protection

November 2010

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# Chapter 1: Background, context and terms of reference of review

## Introduction

This chapter sets out the current and developmental role of the Department of Social Protection, its mission and main functions. In order to place the current review in a context, it tracks the evolution of the Irish social welfare system and the major factors influencing social welfare developments over the decades and at present. The terms of reference of this review are set out against this backdrop.

## The role of the Department

The Department's mission as set out in the Statement of Strategy 2008-2010 is to *"promote a caring society through income and other support services, enabling active participation in society, promoting social inclusion and supporting families"*.

The Irish social welfare system, as it currently exists, is the result of an evolutionary process over many decades. This system, as with many others, has developed in a somewhat piecemeal fashion in response to many influences at different times including the following, which are very much inter-related:

- Prevailing economic conditions;
- Social factors;
- Changes in underlying philosophies at societal and political level though not always pronounced in the short term. These tend to revolve around the role of the State, the individual and, in certain circumstances, the employer, with debates around the rights and responsibilities of each;
- Demands of interest, representative and stakeholder groups;
- Equality issues;
- Poor outcomes on the ground, at times leading to significant public outcry, depending on the level of transparency;
- Partnership agreements;
- Publication of and response to major reports (e.g. of commissions or research bodies such as the NESC report *The Developmental Welfare State* - discussed in more detail in chapter 2);
- Media reports which can have an immediate effect or a more long tail of influence;
- EU and international developments and obligations under EU law (e.g. the OECD and EU work discussed in more detail in chapters 2 & 5).

A more detailed account of these developments and influences is set out below.



The system is constantly evolving (albeit sometimes one could argue at an imperceptible rate) and the influences set out above are usually all at play to a greater or lesser extent. The development of the Irish social welfare system must therefore be seen against a backdrop of these various interlocking influences.

### Terms of reference and scope of review

The terms of reference for the review are:

*to examine and report on the desirability and feasibility, both from a policy rationale and operational perspective, of introducing a single social assistance payment arrangement for people of working age; and explore the extent to which such a payment could facilitate people on social assistance payments to take up employment and undertake education and training and other development opportunities, as appropriate, having regard to the current economic situation and existing policy in relation to income and other supports for people of working age and policy proposals currently being examined in these areas.*

The scope of this review refers to assistance payments only i.e. those based on a means test. It is considered for a number of reasons related to legislative entitlement and EU obligations that social insurance payments should remain on a contingency basis. It is also the case that without contingency social insurance is meaningless as the concept of insurance requires a risk or contingency to make it operational.

### The Evolution of the Irish Social Welfare system <sup>1</sup>

As already stated, the Irish social welfare system has developed in a somewhat piecemeal fashion. It is considered useful to place these terms of reference in a historical as well as a current context, as this review is simply a natural development on what has gone before. It is interesting in the following summary of the evolution of the social welfare system to see the development of contingencies in response to changing circumstances and events.

#### *The Poor Law system*

The first statutory system of social welfare in Ireland was the means tested Poor Law of 1838. The Poor Law system was based on the principle of ‘less eligibility’, meaning that the conditions for those in receipt of relief must be worse than those of the poorest labourer. Vestiges of the poor law system were retained until the mid 1970s when in 1975 the means-tested supplementary welfare allowance was introduced.

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<sup>1</sup> Main Sources: Report of the Commission on Social Welfare (1986); The Irish Social Welfare System: Law and Social Policy, Mel Cousins The Round Hall Press (1995)

### 1897 - 1921

In the period 1897 to 1921, the UK social welfare system by and large applied to Ireland. This included the Workmen's Compensation Act of 1897, the non-contributory pension of 1908 and the majority of benefits under the National Insurance Act, 1911 (including unemployment, sickness and maternity benefit) applied.

### 1930 - 1944

During the 1930s more significant developments occurred in the area of social welfare. Unemployment assistance was introduced in 1933 in response to the unemployment crisis at that time reducing reliance on the Poor Law for support. In 1935 a widow's and orphan's pension scheme was introduced - because of the limited proportion of the male population of insurable age actually covered by social insurance, the scheme provided for an insurable based pension and a means-tested pension.

In 1939 the Poor Law was revised and renamed 'public assistance'. Children's allowance was introduced in 1944 for families with three or more children, with the stated purpose of 'alleviation of want in large families'. The introduction of children's allowance followed a trend evident in other European countries to provide a family allowance in the post-war period. However, unlike some of these countries children's allowance in Ireland was not based on insurance, the government opting instead for universal coverage.

In summary, in the 1930s there was a development in social welfare system either in response to a crisis (unemployment) or for particular categories of claimant who were seen as deserving (widows, orphans and large families).

### 1945 - 1954

The period 1945 to 1954 was dominated by debate on the development of a more comprehensive social welfare system. Much of the debate revolved around the recommendations in the UK Beveridge Report, *Social Insurance and Allied Services*, which was published in 1942 and the relevance of these recommendations in an Irish context. In 1947 the Department of Social Welfare was established to co-ordinate and administer more efficiently the various social welfare schemes already in operation. The formulation of a plan for the further co-ordination and reform of the social insurance services, to replace the three main schemes then in existence (covering unemployment, health and widow's and orphan's pensions) was one of the principal tasks assigned to the Department of Social Welfare. This was provided for in the Social Welfare Act, 1952 and from January 1953 a single co-ordinated social insurance scheme came into effect. The social insurance fund was also established into which all contributions were paid and out of which all insurance payments would be made.

### 1954 - 1964

The period from the mid to late 1950s was one of economic depression in Ireland. The only major developments during this period were the

introduction of a contributory old age pension in 1961 and the extension of children's allowance in 1963 to the first child. In 1965 the smallholders' unemployment assistance - notional assessment scheme was introduced.

### 1965 - 1979

The economy improved substantially in the period from the early 1960s until the 1970s. This was also a period of expansion in the social welfare system. In 1966 the Workmen's Compensation Act was abolished and the Social Welfare (Occupational Injuries) Act, 1966 introduced an occupational injuries scheme based on compulsory insurance against accident at work and disease due to the nature of employment. The prescribed relative's allowance (1968) and the old age (care) allowance (1970) were introduced to compensate female relatives providing care to older incapacitated relatives.

A range of new social insurance payments were introduced in this period including a retirement pension payable at age 65 (1970), invalidity pension (1970), a death grant (1970) and a deserted wife's benefit (1973). In 1974 social insurance was extended to cover all private sector employees (except certain part-time workers). The eligibility age for the old age pension was reduced from 70 to 66 years between 1973 and 1977.

Several other payments were introduced on the social assistance side in this period - deserted wife's allowance (1970), unmarried mother's allowance (1973) and single woman's allowance (1974). As mentioned above a new national means-tested supplementary welfare allowance was introduced in 1975 replacing the home assistance scheme and effectively ending any remaining elements of the Poor Law.

### 1980 - 2007

The start of 1980s saw a sharp rise in unemployment as the economic growth of the 1960s and early 1970s has ended. During this period provision was made for the introduction of a new pay-related maternity allowance scheme (1981). Family Income Supplement was introduced in 1984 in order to provide a weekly cash allowance for families with low income. Several means-tested schemes were introduced in the period 1988 - 1990. These included a pre-retirement allowance (1988), lone parent's allowance (1990), and carer's allowance (1990). On the insurance side, social insurance was extended to the self-employed in 1988 and to part-time workers in 1991. The social welfare code was also amended in this period to take account of an EU Directive on equal treatment for men and women in matters of social security.

From the late 1980s to 2007 there was a period of economic growth in Ireland. In terms of development of social welfare the main focus was on rationalising existing schemes. The Department's role in activation measures also increased in this period and there has been an increased focus on anti-poverty and social inclusion strategies.

In the late 1980s and 1990s there was a move away from a binary view of people being unemployed or employed towards a more flexible approach with the introduction of back to work and back to education schemes. This continues to develop.

### The current social welfare system and trends

The current system is broadly divided into three categories, consisting of contributory payments, based on pay related social insurance (PRSI) contributions, and a non-contributory social assistance version of the contributory payments and other payments, such as child benefit which is not dependent on contributions or means. The result is that there are a number of payments on the social assistance side, with varying eligibility conditions and requirements to seek employment, that are payable to people of working age depending on the contingency faced. These would include people who are ill, unemployed, long term disabled, parenting alone etc. These payments cover over 500,000 people and almost 72,000 adult and 344,000 child dependants, more details of which are set out in chapter 3.

When reviewing the current arrangements for this group, it is useful to consider the following changes and issues, which are discussed in more detail in later chapters of this review:

- There has been significant societal, demographic, labour market and economic change since the initial development of social welfare systems. These developments combine to make the current structure of less relevance. Most modern systems have sought to respond to these changes by developing an active social policy (i.e. requiring participation by the person in receipt of payment). Ireland has lagged behind in this regard;
- The social welfare system has evolved as new contingencies are recognised as being suitable for support but it is arguable if one would design a system to look like the current one given its complexities (both for the public and the Department). This complexity creates differences and inefficiencies which can be argued to be increasingly unsustainable and unsuited to modern society;
- The use of contingencies do provide an ability to give different regimes of support to different groups, but they treat all members of the particular group (contingency) as having the same needs, something that is increasingly apparent not to be the case. Also the system can contribute to locking individuals into a particular contingency as movement between contingencies can be problematic in practice. Most fundamentally therefore, the system is not capable of achieving the outcomes set for it.

The nature of employment has evolved significantly in recent decades. Up to 20 years ago significant numbers of employees worked in agriculture, manufacturing and construction. There have been at least two major trends in recent decades - the growth of employment in services and of

employment that requires education and skills. There has been an almost corresponding decline in employment in the traditional sectors and with that decline goes a significant reduction in unskilled jobs mainly for men. Service jobs in certain sectors can be low paid and insecure and a high proportion are held by women.

This evolution of the labour market has also led to a segmentation of employment. Those of the workforce who are well educated and highly skilled can obtain relatively high pay and conditions. Those who are unskilled and/or working in certain service sectors may only be able to obtain low paid precarious employment, resulting in a significant proportion being in poverty - the working poor, including those regularly moving between employment and unemployment. These developments underline the need for active support of those of working age in receipt of social welfare payments, involving, in particular, education, training and upskilling generally.

The changing role of women over the decades is also a significant aspect to consider. In the past many women were stayed at home full time to look after the family. The man was the head of household and the main or sole provider. This explains the 'male breadwinner model' of allowances for adult and child dependants, the widow's pension, the lone parent allowance modelled on the widow's pension and the various carers' allowances. However, in recent decades there has been a major increase in female participation in the workforce which follows EU wide trends. Research has shown that a mother in employment is one of the most significant factors in overcoming child poverty. It is also the case that many employment opportunities may suit women more than men (e.g. in the service sectors)

Whereas social assistance has traditionally provided family support in ways that would enable women to stay at home and care for the family, the emphasis now has to be on providing support for family care that will allow women go out to work. For these reasons, unlike even in the recent past, activation is required for women with caring roles, including child care, rather than passive income support. This not only enables them gain more self sufficiency, security of income and a higher standard of living, but it is also a key factor in reducing child poverty.

### **NESC - *The Developmental Welfare State***

The NESC report - *The Developmental Welfare State*, which is outlined in some detail in chapter 2, has had a significant influence on policy developments in this area. The NESC Secretariat view is that the outcomes for people of working age in receipt of social welfare payments are far from optimum. While the number of people in receipt of unemployment supports decreased during good economic times, there was a steady increase in the numbers in receipt of illness, disability and caring payments and the number of lone parents continued to rise. The risk, in NESC's view, is that people are not adequately supported in the current system and get categorised according to the payment they receive without any focus on removing barriers to enable them to return to work, education or training

opportunities. There is then a risk that such people are socially excluded or fall into poverty. Data in respect of these issues are presented in chapter 3.

## International Experience

The experience and developments in other countries in relation to welfare reform for those of working age are set out briefly in chapter 6. Generally reforms are characterised by more personalised support which is matched by clear obligations on individuals to engage with this support. The underlying principle is that people should not remain on benefit without active intervention from the state and active participation on the individuals' side to improve their long term life chances. Where increased conditionality has been introduced elsewhere, it has generally been implemented in the context of a more developed system of social policy and activation supports. Sanctions for claimants are balanced by explicit commitments from the state.

## Future Direction

Taking all these factors into account, it is considered that significant change in the current arrangements is required over the next 5 to 10 years to ensure better outputs and outcomes for all those involved including stakeholders.

Given these considerations, the Department has for some time been reviewing its current arrangements to support people of working age, broadly speaking those aged 18 to 66. There have been many reviews of people within this broad grouping e.g. those seeking work, those with a disability, those parenting alone etc. Typically such reviews have been of a particular category or contingency. Questions have been asked as to whether this is the appropriate way of supporting people of working age and achieving good outcomes or whether in fact the categories of people have more in common with each other which might in turn then suggest that one broad arrangement for people of working age would be a better system of support.

As a first step in such a review, the Department decided to carry out a feasibility study on the desirability and feasibility of introducing a single payment arrangement for people of working age which would set out clearly the issues involved. It should be noted at the outset, and this is an important theme of this review, that the successful establishment of any such arrangement goes well beyond the remit and responsibilities of the Department of Social Protection. For the proposal to succeed will require the active engagement of many other Government departments and agencies in a cross cutting initiative; this is something that the system often finds difficult to achieve. Requirements in this regard are discussed later in this review.

## Structure of the Review

The review comprises nine chapters as follows. **Chapter 2** sets out in more detail the policy rationale for a single payment set against the wider context of the renewed programme for Government and the OECD economic survey of Ireland. **Chapter 3** sets out the background demographic, labour market and social welfare population data over the last 20 years to indicate developments and trends over that period with a particular emphasis on people of working age and outcomes for that group. **Chapter 4** sets out the current social assistance payment arrangements for people of working age and indicates the complexity that exists. **Chapters 5 and 6** briefly detail welfare reform in Ireland and in other countries respectively and indicate a gap in developments here. **Chapter 7** sets out a possible framework of social welfare single payment arrangements for people of working age and **chapter 8** shows the effect of these on the existing system. **Chapter 9** elaborates on the issues, conclusions and next steps in the process of introducing such a payment.

## Project Board for Review

This review was undertaken in-house in the Department of Social Protection. Work began in March 2009 and was effectively completed in early 2010. The review team, based in the Planning Unit, comprised Joan Gordon AP on a full-time basis and Anne Vaughan PO on a part-time basis reporting to Alice O'Flynn, Assistant Secretary. The Policy Committee of the Department, chaired by the Secretary General, acted as the project board for the review and the team reported to it at its regular meetings during the year and discussed issues arising and drafts with it. The team acknowledges the assistance of other members of the Department and, in particular, Paul Morrin, Barry Sobey, Denis Moynihan, Treacy Fanning, Deirdre Shanley, Dave Dillon, John Bohan, Paula Moyles, Barry Kennedy and the AP policy group.



### Summary: Background, context and terms of reference of review

The Irish social welfare system, as it currently exists, is the result of an evolutionary process over many decades. The current social assistance system, the focus of this study, has its origins in the Poor Law system of 1838. The system has developed in a somewhat piecemeal fashion often in response to many external influences ranging from social factors and prevailing economic conditions to international developments such as Ireland's entry into the EU in 1973.

The social security payments administered by the Department are contingency based resulting in a number of different payments serving a diverse set of needs from low-income, lone parenthood, illness, unemployment, caring etc. When reviewing the current arrangements for people of working age account must be taken of the significant societal, demographic, labour market and economic changes since the initial development of social welfare systems and to examine the continued ability of a contingency based system to provide adequate and meaningful support to people of working age in this changed landscape. In addition, account is taken of NESC's research and international experience in this area.

This study therefore examines the desirability and feasibility of introducing a single social assistance payment for people of working age and the extent to which such a payment would facilitate people to take up employment or increase their prospects of taking up employment in the future.



## Chapter 2: The desirability of a working age payment

### Introduction

This chapter provides an overview of the current policy rationale which provides further context for this study covering the high level goals of the Department, the main points from the NESC report - *The Developmental Welfare State (2005)*, the renewed Programme for Government (October 2009) and the OECD economic survey of Ireland (November 2009). All of these reports point to the need to provide greater support to assist people into work, education, training and other developmental opportunities, based on their capabilities. In short they all point to an active social welfare policy in respect of people of working age.

### DSFA Statement of Strategy 2008-2010

As outlined in chapter 1, The Department's mission is to "*promote a caring society through income and other support services, enabling active participation in society, promoting social inclusion and supporting families*".

The seven goals of the Department, of which goals 1, 2, 4 and 5 are of particular relevance to this review, are as follows:

1. To contribute to the well-being of children and families through income and other supports and facilitate participation in employment;
2. To provide income and other supports to people of working age and to facilitate them in taking up employment, training, education or development opportunities;
3. To provide and promote adequate, secure and sustainable pensions and other appropriate supports for retired and older people;
4. To provide income and other supports to people with disabilities and to facilitate them in taking up employment, training, education or development opportunities;
5. To attain better outcomes in tackling poverty and achieve a more inclusive society through the provision of income and other support services and co-ordinating implementation of Government strategies for social inclusion;
6. To establish and authenticate customer identity for public services and to support the development and deployment of a public service-wide identity policy framework;
7. To develop further an effective, adaptable and capable organisation and a culture of excellence.

It is clear that the income and support services of the Department impact on the lives of almost every person in the State and the scale of the business implies a huge responsibility in terms of delivering proper supports to the public, both in the short and long term. In this regard and in the context of

this review, it is useful to note that the current Statement of Strategy states that the Department is committed to a range of initiatives to ensure that all people of working age have sufficient income and opportunity to participate as fully as possible in economic and social life. These initiatives include activation measures and the removal of both disincentives and barriers to employment. Activation in this context is defined as the engagement with customers of the Department of working age, who are in receipt of specified social welfare payments or benefits in order to support them and their families progressing into employment and or other appropriate progression. This approach involves engaging with all categories of people of working age in a broadly similar way, whether they are unemployed, lone parents, people with a disability or in some other category and underpins the discussions in this review.

The new Statement of Strategy encompassing this approach will be available in early 2011.

### **The NESC Report - *The Developmental Welfare State***

As indicated in chapter 1, the publication of certain reports can have a significant influence on policy development and this is so in the case of the NESC Report - *The Developmental Welfare State* (published in May 2005) which, inter alia, sets out the rationale for a single payment for people of working age and is set in the broader context of a developmental welfare state. While published in 2005 this report could be said to be a 'slow burner'; it is a major influence and driver and of direct relevance to this review.

It is useful, in order to orientate the reader better, to set out below the conclusions drawn from the NESC report in relation to income transfers to people of working age, and then to explain the NESC developmental welfare state in some detail. These conclusions are:

- The composition and circumstances of people of working age receiving social welfare of potentially long duration have changed, and can be expected to change further;
- The distinction between being 'unemployed' and 'inactive' is not a reliable guide to people's interest in and capacity for employment;
- There is considerable diversity of circumstances and potential for eventual employment among recipients of the one-parent family payment, of the different illness and disability payments and, most probably, of other payments also (the pre-retirement allowance, farm assist, supplementary welfare allowance);
- Social welfare transfers to people of working age function as an investment when they provide the space within which people cope with major life and family events (sickness, pregnancy, job loss, career change, etc) in a way that protects and strengthens their lifetime attachment to the workforce;

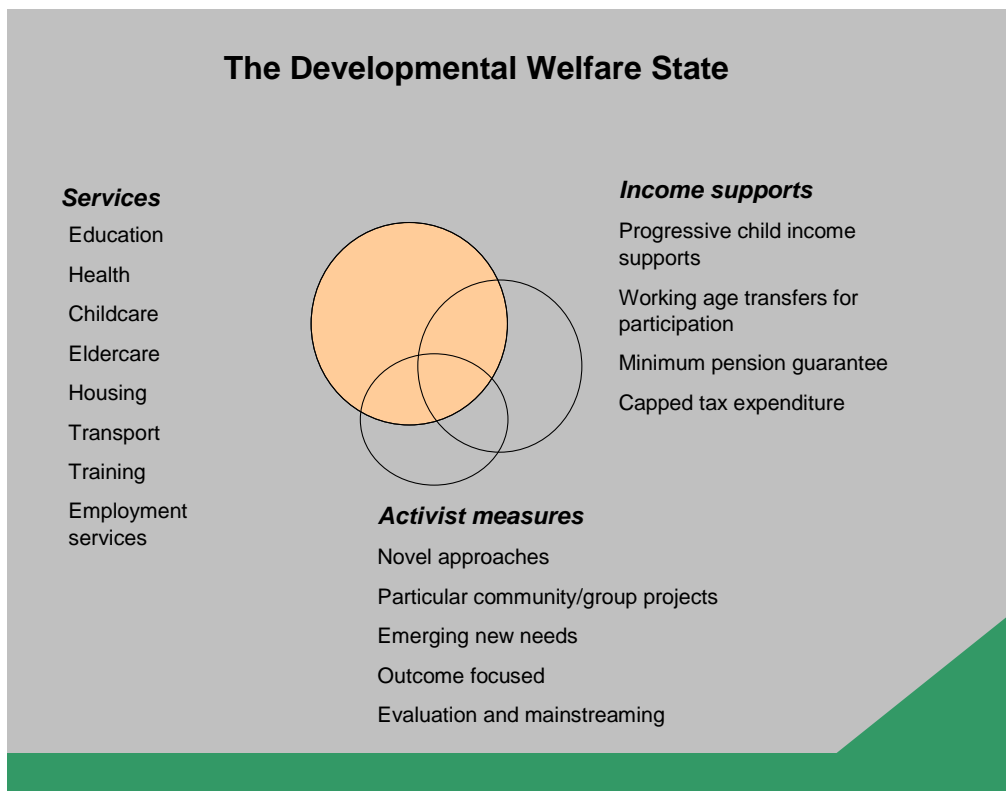
- More is lost than gained when attempts to force entry into employment result in people finding themselves below the poverty line;
- The social welfare income support they receive should avoid any aspect of being an 'exclusion wage'. The availability of welfare is seldom a significant influence on why people first have recourse to it (e.g. they become unemployed, lone parents, ill or disabled, etc.) but the conditions for its continuing receipt can be significant in explaining their reluctance to leave it;
- More systematic attention should be given to ensuring that the necessary supports with which recipients can progress to fuller social and economic roles are always present;
- The recognition that support services should be provided to recipients of unemployment benefit/assistance should be extended to other groups of working-age welfare recipients also.

### Details of the Developmental Welfare State

The core structure of the developmental welfare state advocated in the NESG report consists of three overlapping areas of welfare state activity:

- services,
- income supports, and
- activist/innovative measures.

Its essential character derives from the approaches taken in each sphere and the real existence and integration of the three in ways that are developmental for individuals, families, communities and the economy as depicted in the following figure:



Under each of these headings the key points according to the NESC are:

**Services:** access to services - education, health, childcare, eldercare, housing transport and employment services- is the services dividend for the individual and is essential to attaining workforce quality that underpins a competitive, knowledge-based economy, maintaining social cohesion and combating social exclusion. The radical development of services is put forward as the single most important route to improving social protection. Clearly, this is not within the remit of the Department of Social Protection and requires a cross cutting approach, referred to earlier.

**Income support:** income support should differ at different stages of the lifecycle. Children should receive priority as a poor start in life results in ongoing problems. Older people should also receive priority because of lack of opportunity to increase their income from other sources. People of working age should have tailored progression pathways which should become the rule rather than the exception for welfare recipients.

**Activist/innovative measures:** through active/innovative measures organisations, in the community and voluntary, public and private sectors, respond to unmet social needs. At a minimum, current features of programme design and delivery needs to be altered to meet increasingly complex and multifaceted needs of individuals, families and communities. At a maximum, the purpose of programmes and how they should be delivered should be re-conceptualised.

An underlying theme in the NESC report is that the current contingency based social welfare payments provided to people of working age can operate to confirm the person's status as *a person outside of the workforce* (lone parent, ill etc.) rather than as *an unemployed member of it*. The NESC report notes that the debate in Ireland as to whether and how income support systems should be fundamentally altered is not as strong as in other EU member states. The report also notes that internationally the concept of an 'active' welfare state has become widespread and that there has been a retreat from using passive income transfers to facilitate labour market withdrawal and economic restructuring, and greater attention is being given to the conditions, supports and assumptions surrounding income transfers to people of working age.

## Discussions with NESC Secretariat

In the context of this review discussions took place with the NESC secretariat on the current validity of the DWS proposals as the report was published in 2005 when Ireland was experiencing good economic conditions. The main points made by the NESC secretariat during this discussion were:

- The proposals are still valid in the current economic situation and, in some respects, more urgent in that the underlying principle is to explore ‘what helps people move on?’ The view of NESC secretariat is that leaving people on inactive benefits for long periods of time does not help people towards achieving a better standard of living. People are then left more distant from the labour market when the economy improves;
- There is a need for tailored packages and a joined up approach (particularly between DSP, DETI and Revenue) with regard to the delivery of services and supports. Approaches in other countries (Finland and The Netherlands) were cited as examples of good practice where there is an integrated approach;
- In Nordic systems a distinction is made between short term claimants and long term claimants. The NESC secretariat is of the view that the Irish system is not supportive enough of short term claimants;
- The Department cannot maintain the role of just being a paying agent and should also have a brokering role. It cannot maintain a soft approach to activation;
- One has to question if the current system supports people in attaining good standard of living through work, education or training and the NESC secretariat strong view is that it does not;
- In the context of reform one should not attach too much to the question of ‘losers’ as the services dividend provides the answer to the issue of losers, assuming the required services are actually in place. The services dividend includes education, health, childcare, eldercare, housing, transport and employment services;
- Some form of sanctions for non participation/compliance must be built in to the reform proposals;
- Pilot programmes, if possible, are favoured as a means of testing various approaches.

In the context of the NESC report and subsequent discussion, it is worth noting that real activation is not just about conditionality for the person as it is also about the State agencies meeting certain reciprocal responsibilities. It is clear from this that for a working age payment arrangement to operate properly (with rights to income and services supports and responsibilities to participate with the supports) would require a whole of Government response. The working age payment itself is but one element of the overall arrangement.

## Renewed Programme for Government (October 2009)

In order to provide the current national context it is useful to list the main proposals of this Programme that are of relevance (direct and indirect) in the context of this review and the labour market and activation areas, and which indicate the strong policy direction of the Government. These include the following:

- Realise the potential of the social economy, building on existing supports and structures. With the involvement of the Social Partners, will reshape current structures and arrangements to ensure that they assist jobseekers to access further training, education, work experience or employment. These activation programmes will also build on social capital, involving participants in provision of useful services while making a significant contribution to their own communities;
- Ensure that Government policy as a whole is directed at enabling people to meet their full potential and reducing long-term dependence on income support payments;
- Jobs: Assist those who lose their jobs during the downturn
- Retain as many existing jobs as possible and support businesses;
- Re-skill people who are working in traditional business and those who have lost their jobs;
- Take on 1,000 third and fourth level graduates to provide additional capacity and skills across the public service and in Government departments and provide valuable work experience;
- Develop a programme of Labour Activation measures in Tourism, building on the changed profile of unemployment and the advantages of enhancing the visitor experience through the Fáilte brand;
- Target the €375m ESF to, inter alia, increasing activation of the labour force;
- Remain committed to supporting CE schemes as an essential activation measure that also provides a significant benefit to local communities. To assist jobseekers further, will review provision for and the structure of the CE programme to ensure it meets current needs;
- Provide places in Local Authorities for participants on the new Work Experience Scheme;
- Farm Assist: continue to support low-income farmers through the Farm Assist Scheme and adapt it in consultation with the relevant farming organisations;
- Minimise any disincentives for moving from social welfare into employment or training, through appropriate income disregards, tapered welfare withdrawal rates and initiatives such as the Back to Education Allowance and Back to Work (Enterprise) Programme;
- Be more flexible with the Back to Education Allowance;
- Carers: continue to recognise and support the role of carers, who provide a vital service not only for their own loved ones but for our community as a whole;

- In seeking to manage the social welfare budgets, will place strongest emphasis on protecting basic payments for the most vulnerable in society;
- Radically overhaul the taxation and social welfare systems so they become more integrated to better meet the needs of citizens and eliminate anomalies.

### OECD Economic Survey: Ireland (November 2009)

The economic survey of Ireland provides further context for this review. Of particular relevance is the part of the survey devoted to the labour market and recommendations to prevent joblessness and high unemployment. The main points of relevance are:

- Policies should do more to encourage the unemployed to get back to work. The incentive to work should be increased by reducing the level of unemployment benefits, strengthening activation measures and having effective labour market programmes;
- The intensity of the incentive to move back to work and the type of work sought depend on the marginal gains of moving from social benefits to earning income from work. The loss of secondary benefits when moving to employment or higher income can be substantial. A simpler means-tested benefit system could help to avoid “benefit traps”. The system and the interaction of benefits should be thoroughly reviewed and a more coherent system developed. The complexity of the system makes it difficult for people to understand and make good decisions about how much to work;
- There appears to be weaknesses in how conditionality is implemented and thus Ireland is in a weaker position than many OECD countries in confronting the rise in unemployment;
- Ireland is unusual in the number of agencies that deal with the unemployed. Most OECD countries have moved to a system of single agency dealing with the unemployed and handling both welfare payments and activation measures.
- A majority of staff are working on unemployment benefit administration rather than the placement of unemployed workers;
- Consideration should be given to introducing or moving towards a single welfare payment for working-age adults to replace the existing range of payments and more similar treatment across different groups, particularly with respect to the requirement to look for work or participate in training. Such a single payment should be means-tested and based on an assessment of the work capacity and need for support to participate in the labour market.
- Government support for childcare, both direct and through the tax system, has not been well targeted in recent years;
- Lone parents represent a sizeable group of the potential labour force with almost 4% of the working-age population in this family situation. Employment rates for lone parents are low at around 55%. Lone parents are heavily dependent on social welfare payments. Ireland is unusual among OECD countries in not requiring lone parents with school-age



children actively to look for work as a condition for receiving benefits. To impose such a requirement lone parents must have appropriate support and be given high priority in terms of access to childcare. Well-designed activation and training measures are also important.

- The low employment rate of people with disability is a significant social problem as it partly reflects barriers and disincentives in accessing work. It also leads to a high dependence on minimum social benefits and an incidence of poverty that is several times higher than in the population as a whole. Efforts should concentrate on controlling inflows and managing the stock of disability recipients more effectively to ensure that those with disability are able to benefit from the upswing in the economy in the labour market when it occurs.

In summary, it is clear that the OECD consider that there is a serious risk that joblessness in the short run will translate into permanently high levels of unemployment due to a combination of relatively high unemployment benefits for low-skilled workers and, more importantly, weak activation measures. Greater encouragement and support should be provided to help the unemployed get back into work and conditionality should be stricter. For the longer run, female participation would be facilitated by removing obstacles in the tax-benefit system; lone parents would be helped by greater support and a stronger requirement to work; and more systematic efforts are required to ensure that disability is not a pathway to inactivity.

The contingency approach is complex which increases the likelihood that there are poverty traps and makes the administration of the benefit system more complex and costly. Several benefits are not designed to encourage people to work to fulfil the maximum of their potential. Consideration should be given to introducing or moving towards a single welfare payment - based on a means test and an assessment of work capacity and support to participate in the labour market.

The themes outlined in this chapter are examined from a statistical perspective in the next with a particular focus on outcomes.



### Summary: The desirability of a working age payment

The social security payments administered by the Department are contingency based resulting in a number of different payments serving a diverse set of needs from low-income, lone parenthood, illness, unemployment, caring etc. While a contingency based system has advantages, allowing for development of a payment to meet changing needs, questions arise as to whether such a system is appropriate and achieves the best outcomes for individuals in the medium to long term. Development of payments in this way has also led to complex rules, particularly with regard to means testing, disregards of income from employment and the interaction with other payments. More importantly it is considered that people of working age get categorised according to the payment they are receiving and there is less focus on work related activities resulting in people being left on payments for long periods of time.

These concerns find expression in the Department's statement of strategy 2008-2010 which commits to providing for a range of initiatives to ensure that all people of working age have sufficient income and opportunity to participate as fully as possible in economic and social life.

The NES report - The Developmental Welfare State - contains further rationale for a single payment for people of working age and advocates the need for interaction between services, income supports and activist measures that are developmental for families, communities and the economy.

The Renewed Programme for Government reiterates the view that Government policy as a whole is directed at enabling people to meet their full potential and reducing long-term dependence on income support payments.

The OECD Economic Survey of Ireland recommends greater encouragement and support to help people back into work, stronger activation measures and stricter conditionality. The OECD sees the complexity of the system having the potential to create poverty traps and being costly to implement. This complexity can lead to poor decisions being made by people and several of the benefits are not designed to encourage people to maximise their potential. In their view consideration should be given to a single social assistance payment with assessment of work capacity and support to participate in the labour market as key features.

## Chapter 3: Statistical trends 1986 - 2009

### Introduction

The level of welfare dependency among the working age population can depend on a number of different social and economic factors as follows:

- the age profile of the working age population;
- the level of employment in the population and wider economic developments;
- how employment is dispersed across households, e.g. is unemployment and inactivity concentrated in 'jobless households'?
- duration of unemployment and inactivity;
- patterns in family formation, e.g. increased levels of marital breakdown or more single parents generally;
- disability prevalence over time.

These factors can lead to segments of society being long term dependent on social assistance payments, with implications for consistent and persistent poverty levels. Developments in the population, household structures, the labour market, social welfare dependency and incomes since 1986 are outlined and discussed in this chapter.

Despite a long period of economic growth, welfare dependency has been largely stable over the past 20 years. In particular, numbers on assistance payments as a percentage of the working age population have been more or less static, and have increased relative to the long term average since the economic crisis. There are a number of underlying phenomena which could explain persistent welfare dependency;

**Changes in social conditions** - increased levels of marital breakdown, reduced stigmatisation associated with parenting alone and increasing numbers of single person households are all likely to have boosted recipient numbers over time. These changes have also resulted in a reallocation of recipients and beneficiaries between assistance schemes over time.

**Improved work incentives in assistance schemes** - there are relatively generous employment conditions in the main social assistance schemes that are being taken up by many, e.g., lone parents and casual workers. This is likely to have increased the numbers on the schemes over time, but should have also facilitated people in returning to full time work when their circumstances allowed it.

**Jobless households** - despite these incentives, at the height of the economic boom 8-9% of households<sup>2</sup> had no working age person at work, and this is the main target group for this reform proposal. While there is no one unified source of data to link the welfare, income and work domains, the available evidence indicates around a tenth of the population are in persistent poverty due to worklessness and welfare dependency, and

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<sup>2</sup> Where the reference person was aged 18-59

assistance payments as currently structured have not improved the prospects for this group over time.

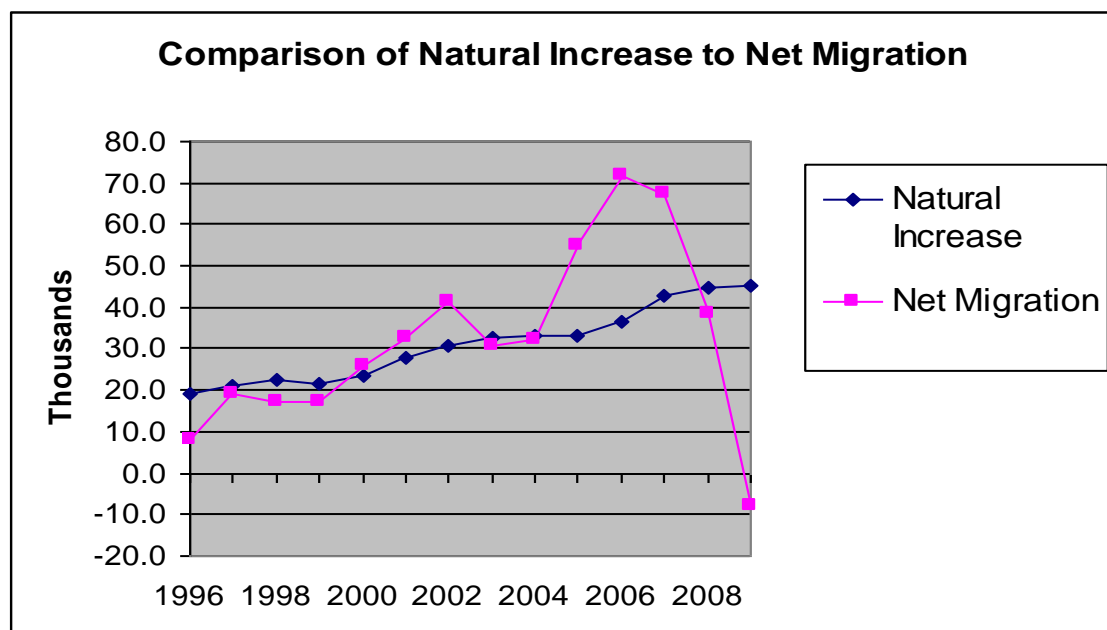
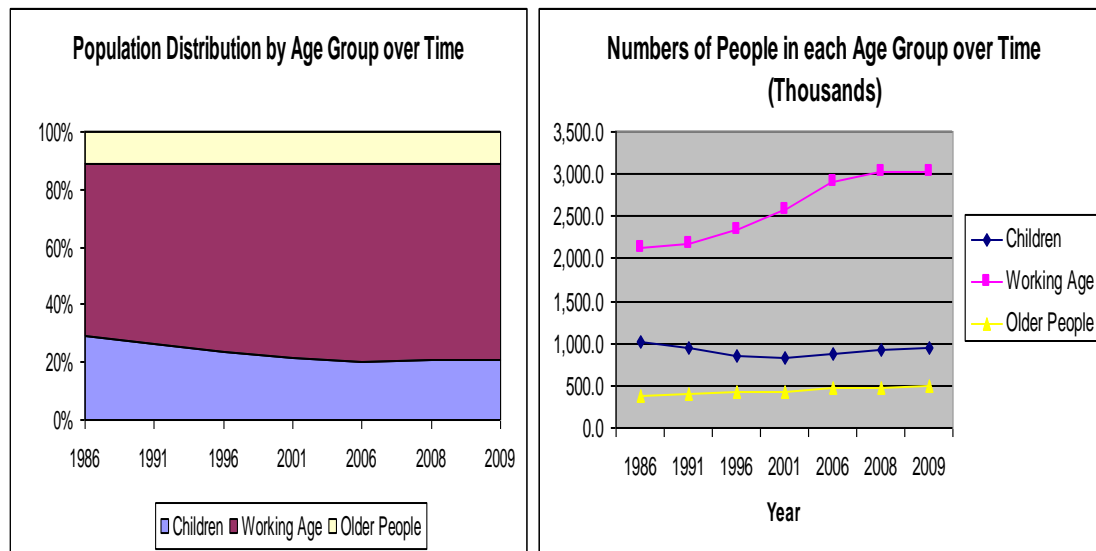
**Lack of progression in the system** - the share of each 5 year age cohort from age 25 to 65 who are long term<sup>3</sup> dependent on the main assistance payments only varies by 1 percentage point, from 4.5 to 5.4%, though the composition by scheme of each age cohort varies. Duration statistics do not take account of transitions between schemes, e.g., if someone moves from unemployment to disability payments (or on and off unemployment payments) they become a new customer. This suggests a long term structural problem in the system, where progression either between welfare schemes or to supported employment/FÁS has been non-existent for a large group of customers over many years.

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<sup>3</sup> 4+ years in payment on Disability Allowance, Jobseekers Allowance or One Parent Family Payment

## Population trends

Overall, this has been a period of growth for Ireland, with the economy increasing from the late 1980s into a time of economic boom until 2007. Such increases are partly driven by the population figures, with an overall increase of nearly 900,000, almost all in the category of people of working age.



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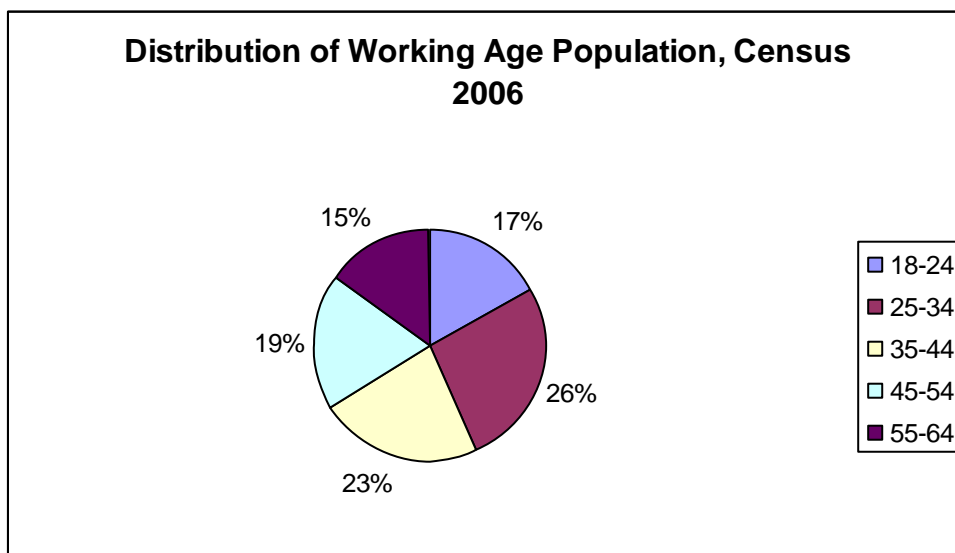
## Summary

- While the population of older people as a percentage of the overall population remained relatively constant, the rising population in the last ten years indicates that there are more older people and

<sup>4</sup> Source: Central Statistics Office. 2008 and 2009 Population Estimates are preliminary.

Increased life expectancy means this group has shown a steady growth;

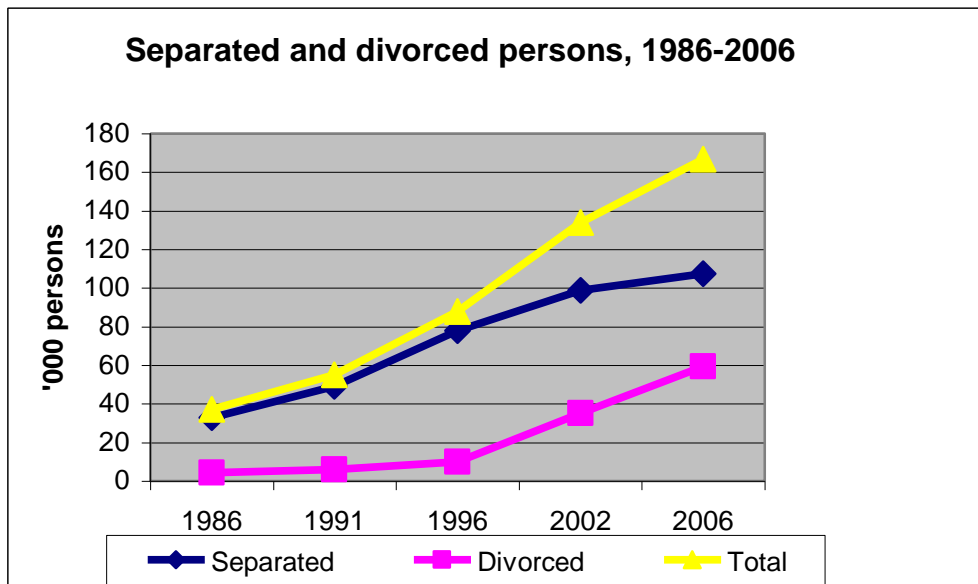
- There has been a significant drop in the proportion of children in the population from 29% to 21% but, in actual numbers, births have increased from 61,425 in 1986 to 74,728 in 2009 because of an increase in the number of women of child bearing age and a slight increase in fertility in recent years;
- In actual numbers the working age population rose by 50% while the number of children declined by almost 12%;
- Net annual inward migration was high, reaching a peak of almost 72,000 in 2006, almost twice the natural increase in the same year, but in 2009, net migration was negative;
- The population rise was at its steepest at the time of highest economic prosperity, with the largest rise being in working age, and then levelling off in 2008. Details of the working age group are set out below with some 49% of this group aged between 25 and 44.



**Source:** ESRI - A social portrait of people of working age in Ireland, 2008

#### Other demographic trends:

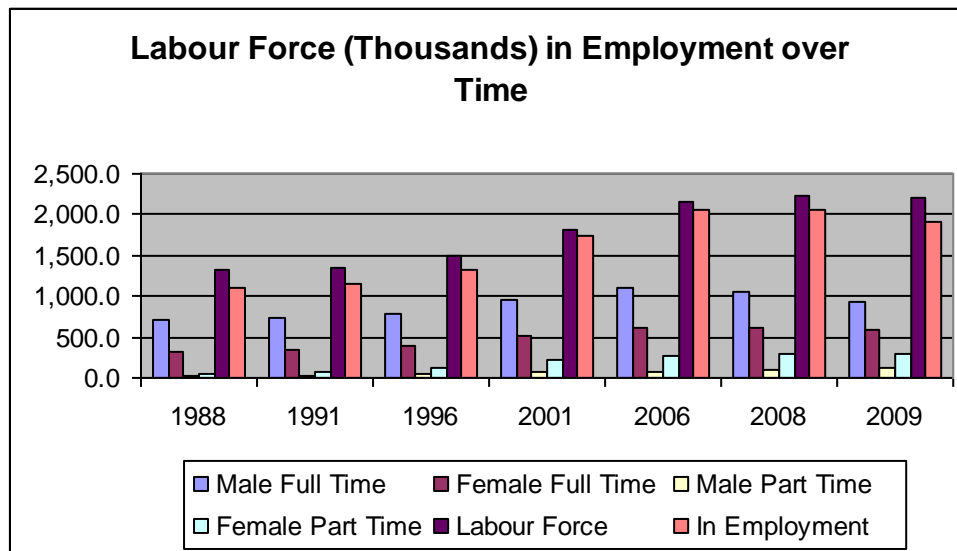
- There were 30% more households over the period from 1996 to 2006, compared to a 17% growth in the population. This reflects a trend towards smaller families, and more recently towards single person households;
- Multi-generational households are also declining;
- Marital breakdown is rising rapidly, as indicated below, which also influences the rising number of households and has direct relevance to social assistance trends.



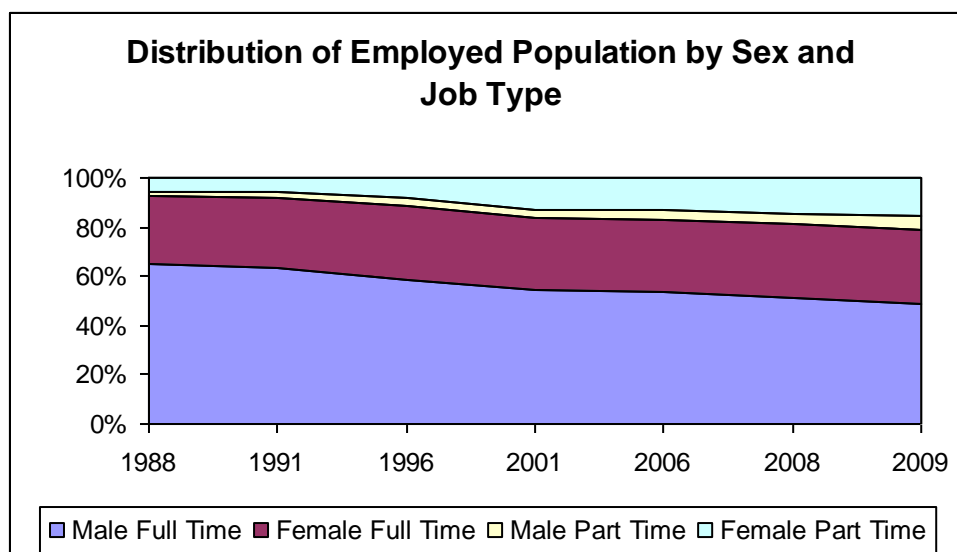
- Mainly as a consequence of increased marital breakdown, lone parent household numbers increased by 50% since 1996 (now roughly 1/3 each for single, separated and widowed);
- Teenage births have fallen significantly in recent years, though births outside marriage have been rising as a percentage of all births since the late 1970s and have more than trebled in share since 1986;
- Disability prevalence also has a strong bearing on social assistance trends. It is difficult to ascertain whether disability prevalence among working age people is increasing over time, as statistics have not been consistently available for a long period. Current estimates of disability prevalence vary from 9.3% (Census 2006) to 18.5% (National Disability Survey);
- The number of people with caring responsibilities has also increased in recent years, from some 142,230 in 2002 to 161,000 in 2006, though most of the growth has been in the part time categories.

## Labour Market trends

In labour market developments, we see the same pattern of growth as with the population statistics, with a turning point in 2008. 2009 figures showed a significant drop in employment. Details are set out below.



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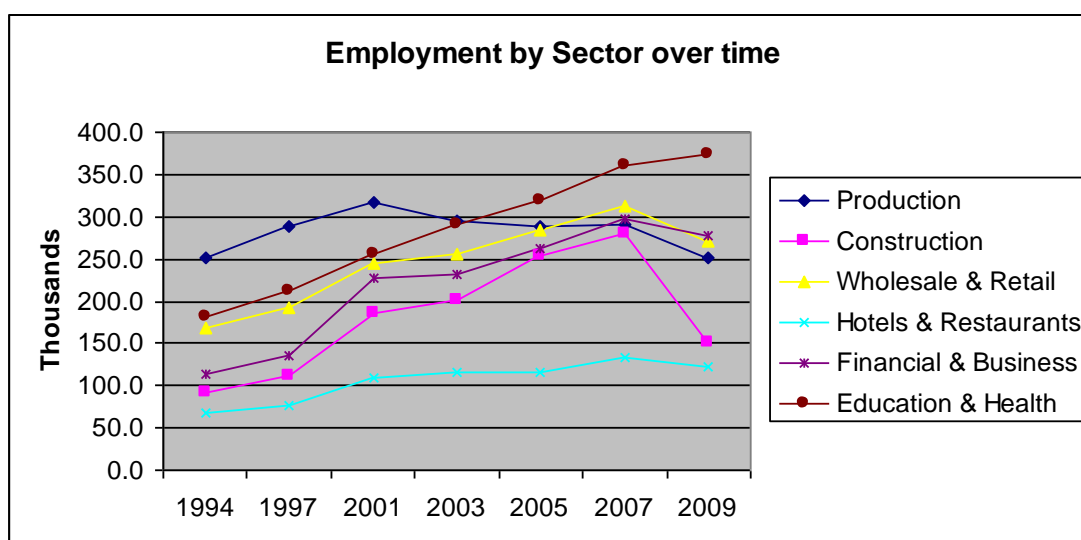
## Summary

- In 1987 some 52% of the working age population were employed. This peaked at 69% before declining in 2008. 2009 showed further declines in the employment rate to 62.1%;
- Unemployment fell to 3.7% with less than 66,000 unemployed at the start of 2001;
- Males in full time employment increased by 250,000 but still declined by 17% of the total employed workforce;

<sup>5</sup> 2009 Figures based on CSO QNHS Q3 2009

<sup>6</sup> Source: Central Statistics Office. 2008 and 2009 Population Estimates are preliminary.

- Females in full time employment rose by 200,000 but as a percentage of the labour force remained fairly constant;
- There was an increase in the overall employment rate, including a large rise in part time employment, with nearly 100,000 males and 300,000 females engaged in part time employment by 2009;
- The sharp drop in employment rates in 2008 is a trend which continued in 2009, with a total of 423,595 on the Live Register or 13.1%, according to the standardised unemployment rate, reported at the end of the year. Of these 231,654 were Jobseeker's Assistance applicants;



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- The construction industry was one of the principal drivers of growth in Ireland over the period since 1994, increasing threefold, before dropping by 44% between 2007 and 2009;
- Other sectors also followed a cyclical pattern, though not to the same extent, with employment in wholesale & retail and in hotels & restaurants almost doubling, before falling by 10% between 2007 and 2009;
- The health and education sectors are continuing to rise, more than doubling since 1994;
- There has been a shift away from production related employment, with Q3 2009 figures only 80% of the 2001 peak for this sector.

<sup>7</sup> 2009 Figures based on CSO QNHS Q3 2009

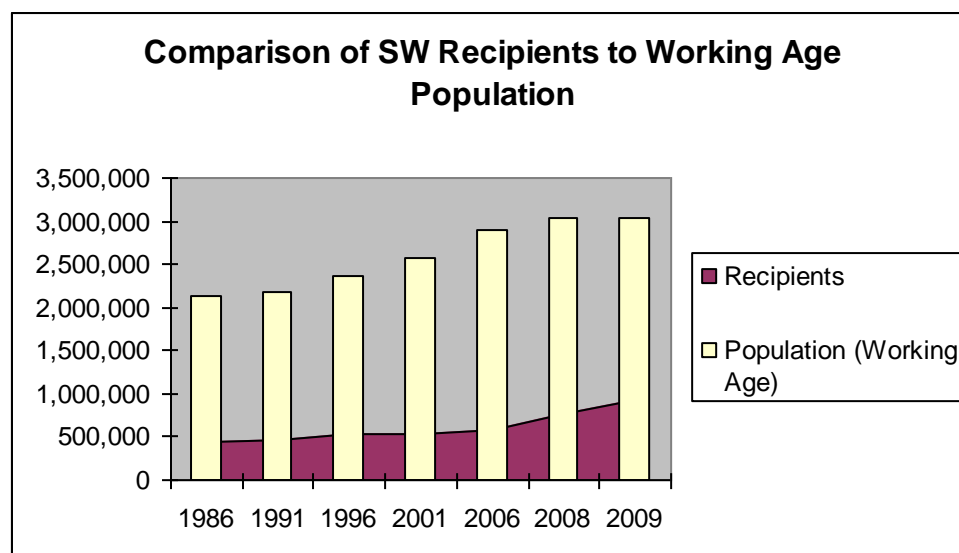


## Social Welfare population trends

Having discussed general population and labour trends, it is useful to examine what happened to the social welfare population over this same time period. The trends over time for all recipients of both insurance and assistance payments are first examined and then the trends for those in receipt of assistance payments only. Data are presented for recipients and for their dependants.

The overall picture of the percentages of those in receipt of social welfare payments was a fairly constant one throughout the 1980s and 1990s, but decreased in 2000 before rising again after 2006.

As a percentage of the working age population, aged 15-64<sup>8</sup>, since 1986, the number of recipients on welfare did show a rise from a little over 20% to 30%, while including qualified adults and children, the proportion of beneficiaries among all aged under 65 rose from 22% to almost 39%. As the population increased by over 800,000 during these years the numbers of social welfare claimants had a corresponding rise, by over 300,000 on both insurance and assistance related payments. Details are set out below.

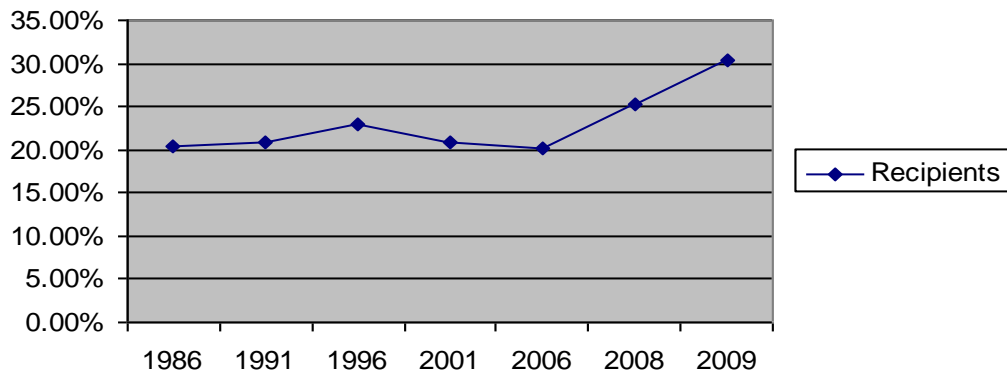


### Summary:

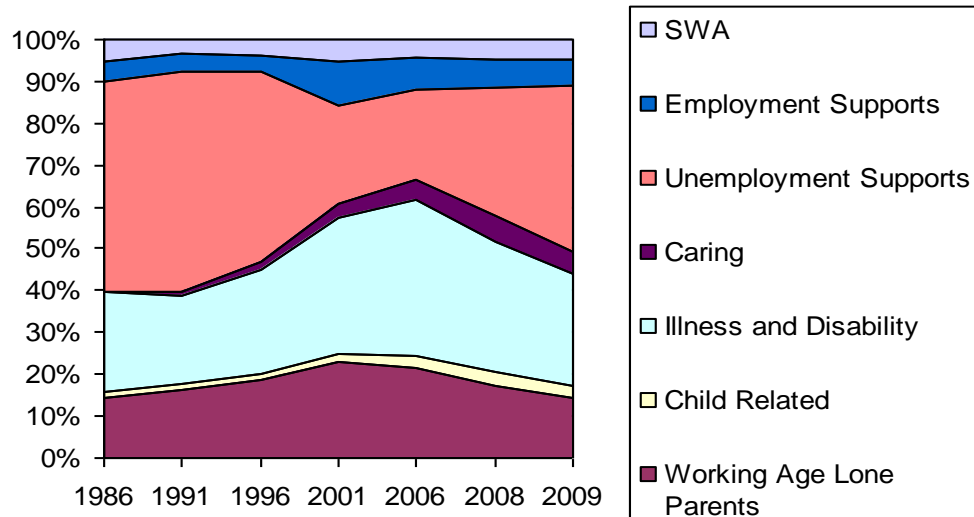
- Nearly half of those in receipt of payments are on social assistance schemes;
- The picture of social assistance schemes is a reflection of what has been happening overall at social welfare level.

<sup>8</sup> CSO Population Estimates are not available for an age breakdown starting at age 18 but from age 15. As such, all graphs are based on the same population.

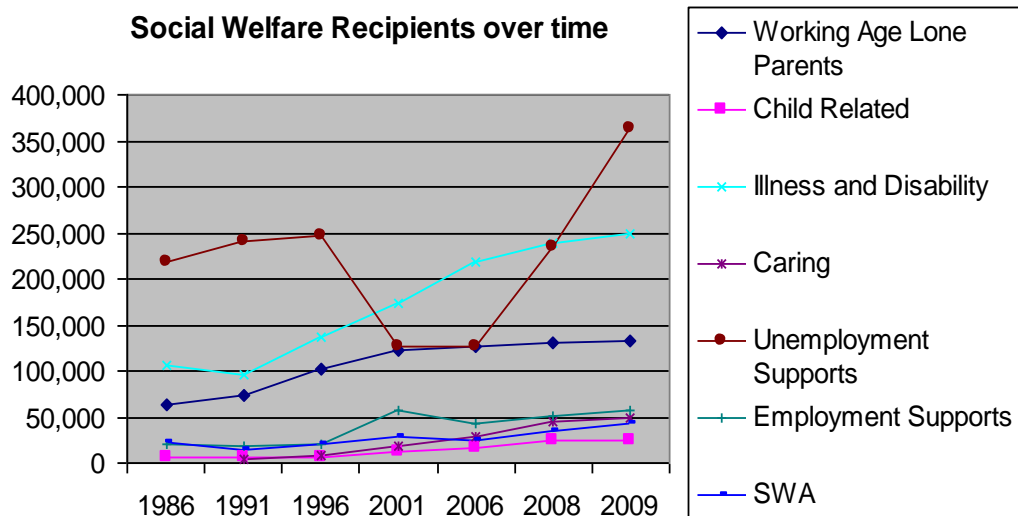
### SW Recipients as a Percentage of Working Age Population



### Distribution of Social Welfare Recipients over time



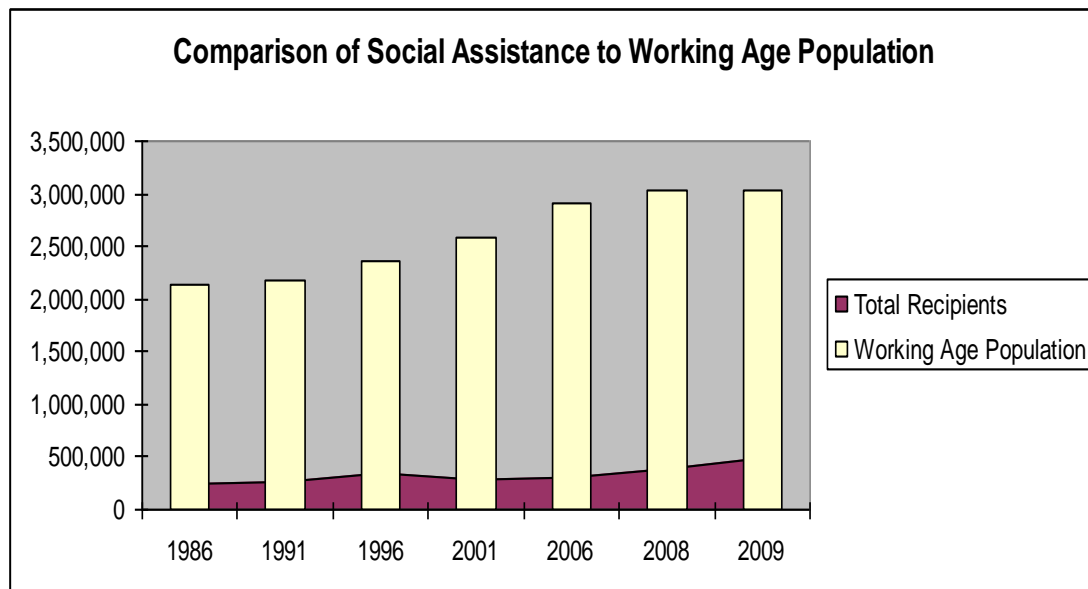
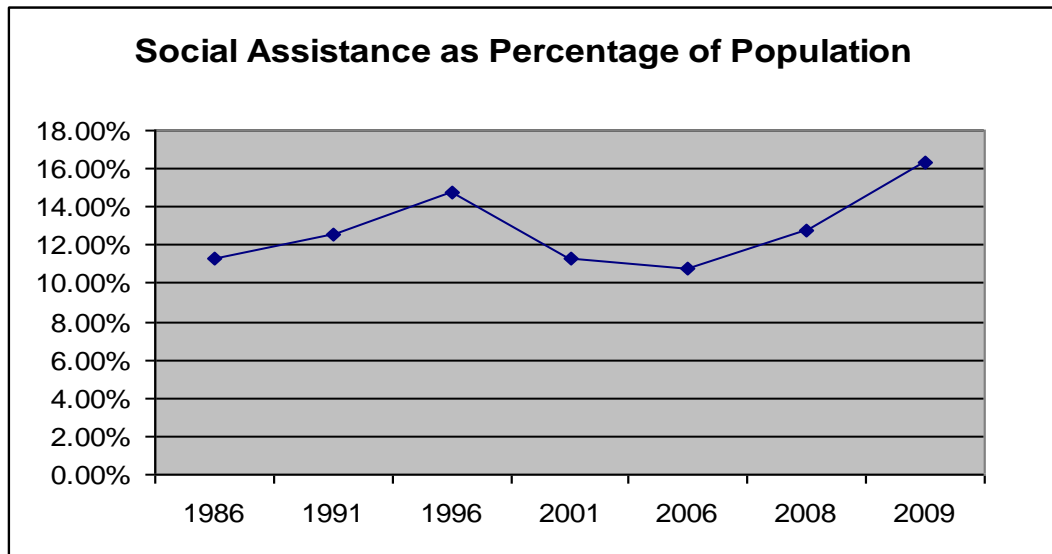
### Social Welfare Recipients over time



## Trends in Social Assistance recipients

### Population Comparison

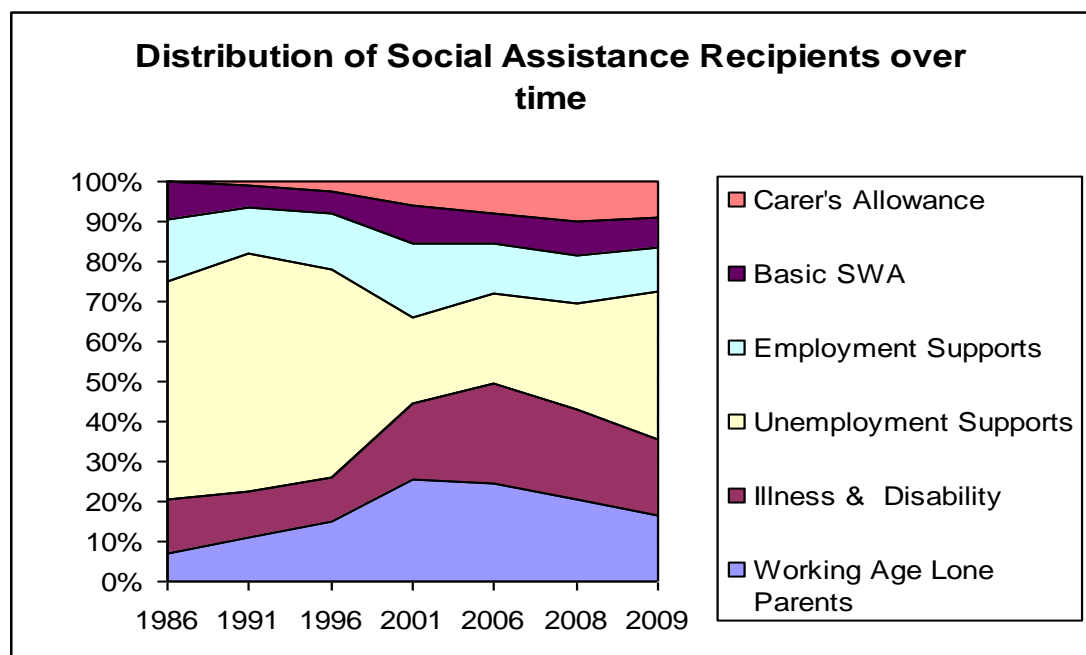
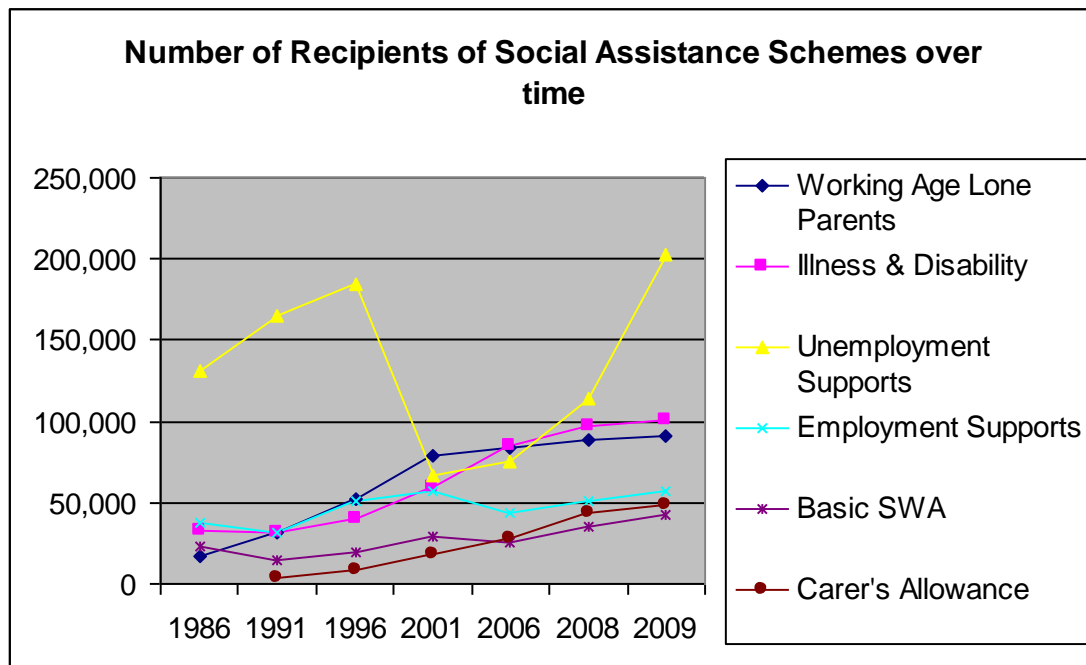
Throughout the years, there was a shift in emphasis in the dominant schemes on social assistance among working age people, as well as an overall increase, following a drop between 1996 and 2006. This was only partly due to the increase in population generally, as welfare dependency also increased. The 2009 figures show that the recession resulted in a sharp rise in welfare payments, particularly in the areas of unemployment support.



- The rise by over 800,000 in the working age population coincided with a rise of over 200,000 in receipt of social assistance;
- At the same time, the percentage of the working age population in receipt of assistance has risen from 12% to over 16%

## Recipients of social assistance payments

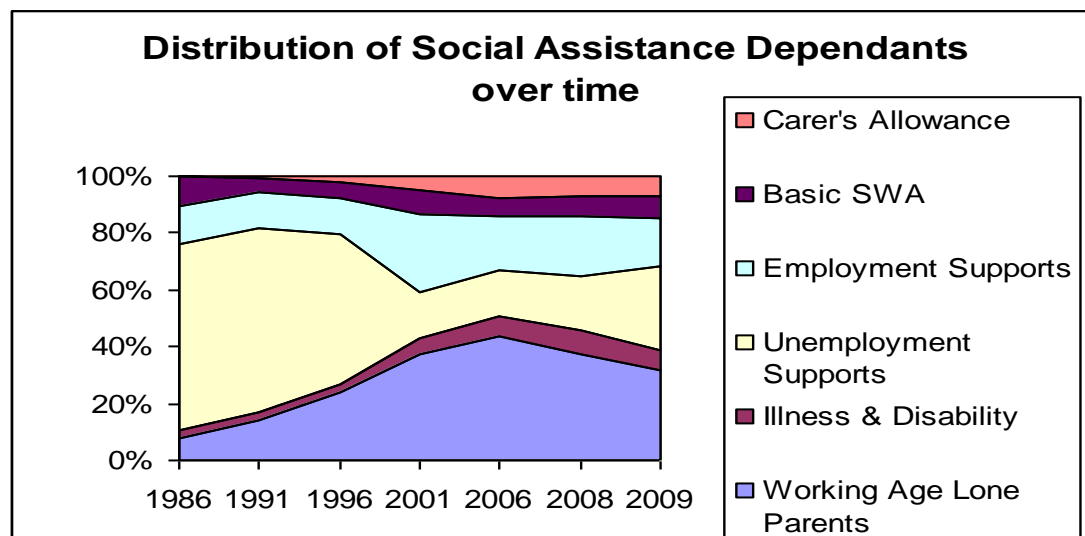
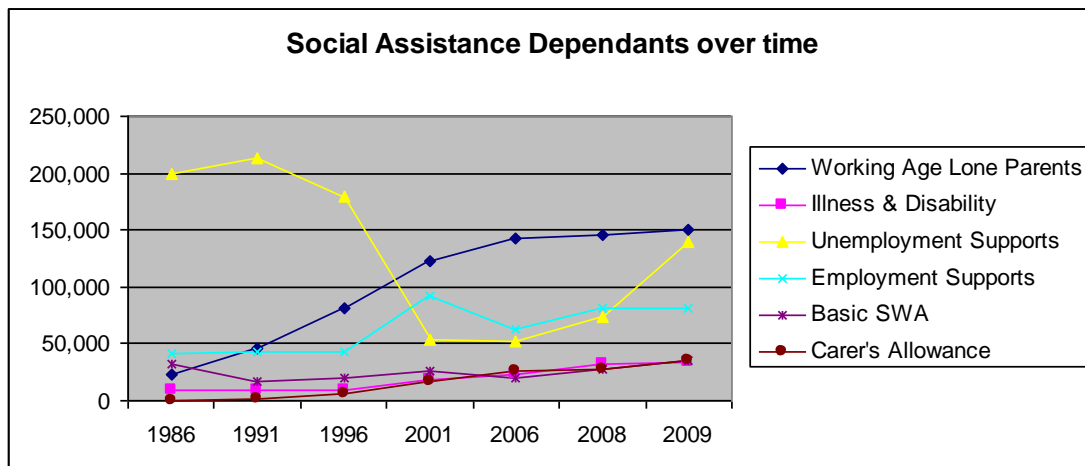
The high recipient and beneficiaries figures prior to 1996, followed by the sudden drop, are explained by a time of economic prosperity, when employment was high and unemployment related welfare claims were low.



- The number of recipients of unemployment supports took on a cyclical nature rising to a 1996 peak, before dropping dramatically and rising again. Though at the end of 2008 it was 113,603, by the end of March 2009 this was at 132,377 and at 203,248 in December;
- Illness and disability showed a steady increase and by 2006 had more recipients than any other scheme type, although it was since overtaken by unemployment supports;
- Employment supports tend to lag unemployment payments showing their peak when unemployment supports was at its lowest;
- The number of lone parents continued to rise though the years, though from 2001-2009 it showed a slower rate of increase;
- Since its introduction in November 1990 the number of recipients of carer's allowance has been on the increase.

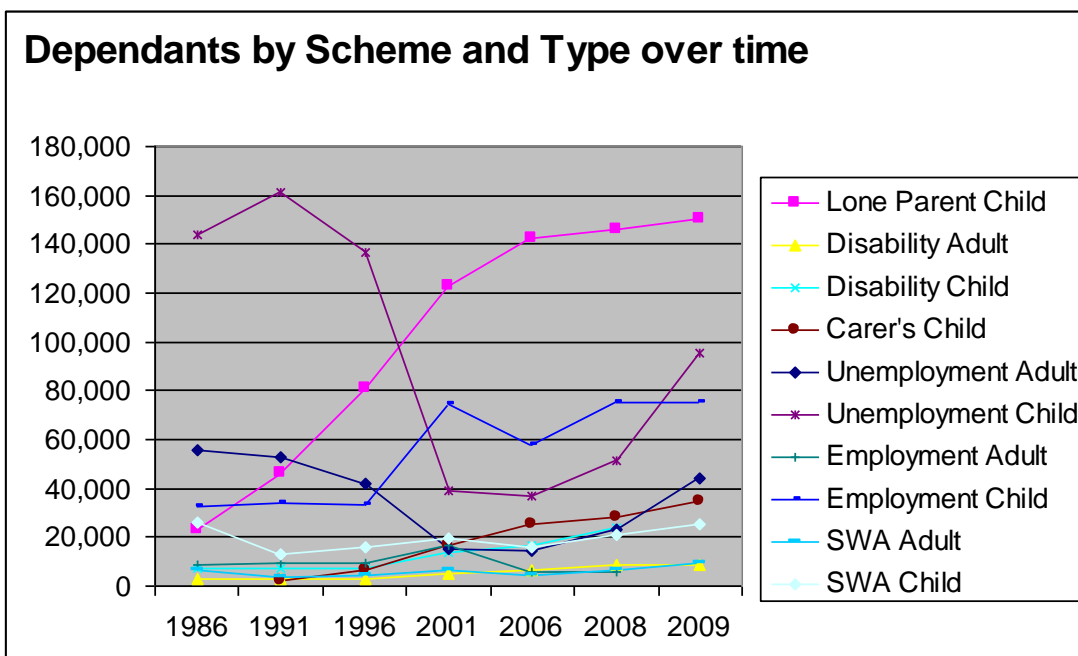
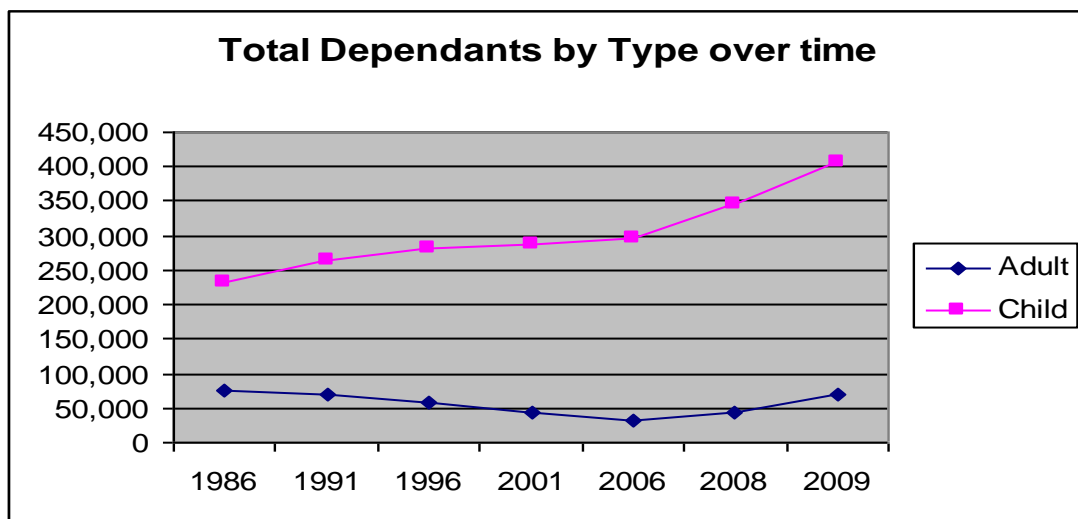
### Dependants of those on assistance payments

Dependants are defined as qualified adults and children in respect to recipients of a social assistance payment.



### Summary:

- The number of qualified adults and children on unemployment support schemes dropped from 65% of all dependants in 1986 to 16% in 2001 before rising to 29% by the end of 2009;
- The number of dependants on lone parent schemes multiplied by six between 1986 and 2006, before levelling off;
- The highest level of dependence on employment support schemes was in 2001, when unemployment was lowest, but this has fallen since, before rising in 2008;
- Dependants on illness and disability rose from just under 10,000 to over 33,000;
- Since the introduction of carer's allowance, the number of dependants has been constantly increasing, up to almost 35,000 by the end of 2009.

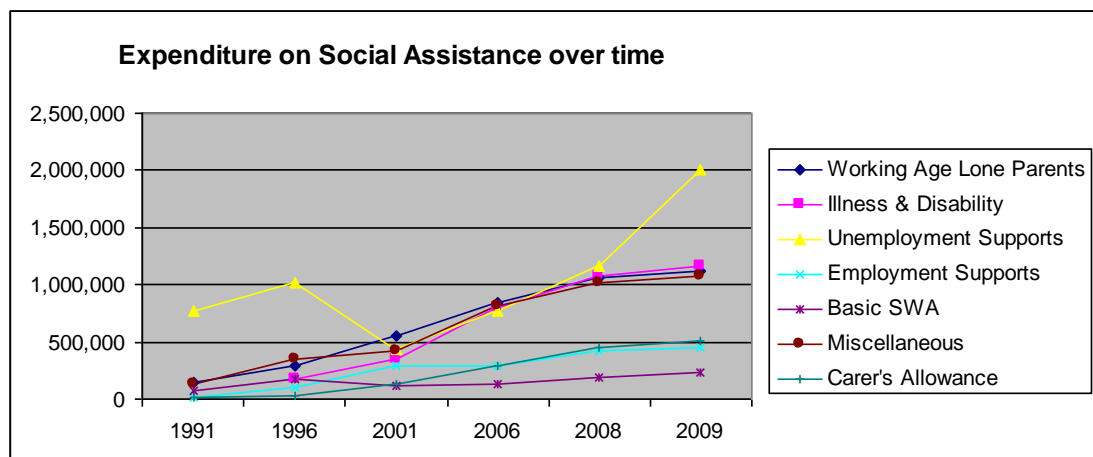


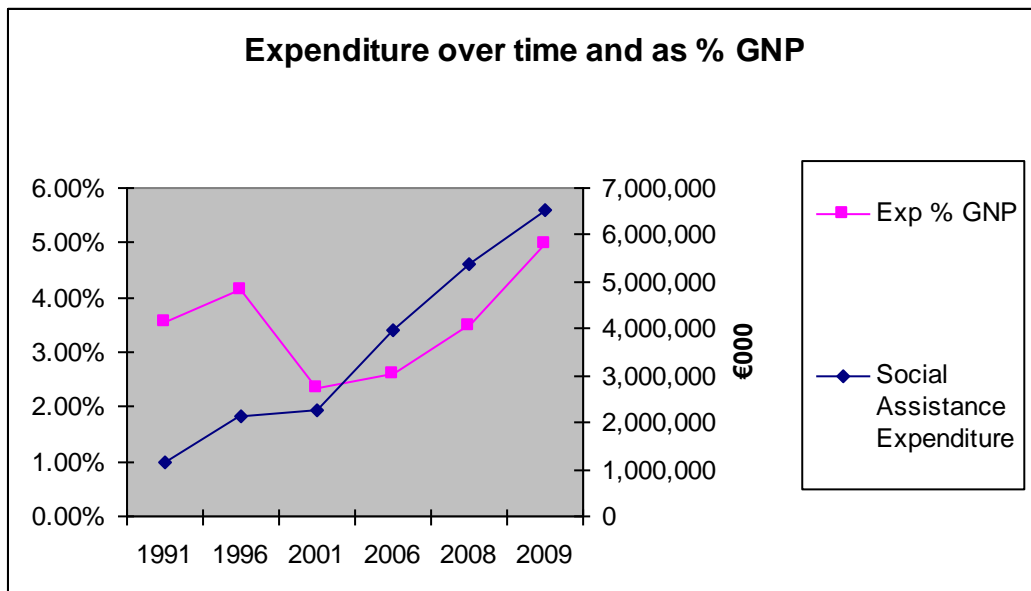
### Summary:

- The biggest increase in dependency levels was child dependants on the lone parent scheme. This is consistent with the rise in lone parents caused by the demographic effects explained in the population section of this chapter;
- There was a large drop in the number of dependants on unemployment assistance as the composition on this scheme shifted from families to individuals. Adult dependants fell by just over 74% between 1991 and 2006, before rising again in 2008. The number of child dependants on this scheme fell by 100,000 in the same time;
- The number of child dependants on employment supports almost doubled to 75,000;
- Dependence on disability and carer's schemes has shown a continuous increase. Since it was introduced in 1990, there was a sizeable take up of Carer's Allowance, with 34,669 child dependants on the scheme. Both adult and child dependants on disability multiplied threefold.

### Expenditure trends

- The total expenditure has multiplied nearly sevenfold in nominal terms in this period, as detailed below.





- There has been a consistent rise in expenditure in illness, disability and caring payments, with lone parents also increasing significantly;
- The expenditure on unemployment supports is cyclical in nature, decreasing to a low point in 2001, before rising again to a level of twice the 1996 high point in 2009;
- Basic supplementary welfare allowance, which was mostly steady, has also risen sharply, increasing by 27% between 2008 and 2009;
- Lone parents, unemployment supports, and illness, disability and caring payments all had expenditure of over €1 billion in 2009 (miscellaneous expenditure, including household benefits and administration costs, also accounted for more than €1 billion);
- Between 1996 and 2001 expenditure as a percentage of Gross National Product declined from over four percent to two and a third percent, and since then has risen to almost five percent.

### Current working age population on social welfare assistance payments

Having presented the data and trends for the social welfare population of working age over the last two decades, it is useful to summarise the current position. As outlined in chapter 1, there are some 454,000 recipients with 56,800 adult and 313,000 child dependants on the main assistance schemes, details of which are set out below.



## Number of beneficiaries in receipt of working age payments as at end of December 2009

Payment type	Recipients	Qualified adults	Qualified Children	
			Full rate	Half rate
Jobseeker's Allowance	203,248	44,050	74,661	20,793
Farm Assist	8,972	4,073	6,074	1,541
Disability Allowance	99,576	8,577	17,386	7,374
One Parent Family Payt	90,484	-	150,024	3
Carer's Allowance	48,223	-	2,985	31,684
Widow's/Widower's Non-Con	1,998	-	-	-
Blind Pension	1,467	113	232	133
<b>Total</b>	<b>453,968</b>	<b>56,813</b>	<b>251,362</b>	<b>61,528</b>
<b>Support Allowances</b>				
Back to Work	6,603	1,609	4,756	1,362
Back to Education	15,877	1,405	3,341	2,112
FamilyIncome Supplement	25,963	-	55,716 in total	

## Economic change, employment and income inequality

In order to position the experience of and outcomes for social welfare recipients in an overall context, this section briefly reviews the economic and related developments and trends over the last two decades.

The economy gradually recovered from a deep and prolonged recession in the mid-80's; real incomes declined during this decade for a variety of reasons. The unemployment rate increased from 7% in 1980 to 17% in 1987. Labour taxes also significantly increased over the period mainly due to high foreign debt repayments, while consumer prices were consistently rising at double digit levels at the same time. The experience of this period informed the development of 'consistent poverty' in Ireland, since the poverty experience of the 80's would not have been captured using purely income based measures. Budgetary and price stability were achieved during the period from 1987, while tax reforms were initiated at higher incomes where rates were also especially high. The result was a strong period of economic growth, but with relatively subdued growth in employment as emigration was at a high level for most of the period and tax reforms were limited. Household incomes increased more quickly than welfare rates, which resulted in a slight increase in numbers falling below the risk of poverty line from 1987-1994 (c. 2% at the 50% mean income line). Consistent poverty, as set out in the first National Anti-Poverty Strategy in 1997, fell by 1% (from 10% in 1987 to 9% in 1994 at the 50% mean income line). Over the same period, anchored poverty<sup>9</sup> fell by c. 12 percentage points (from 20% in 1987 to 8% in 1994), which reflected the real rise in social welfare rates.

<sup>9</sup> Anchored poverty measures are based on poverty lines that increase in line with CPI

**Table; Comparison of employment, taxes, earnings and social welfare, 1987-2007**

	1987	1994	2001	2007
Employment growth*		13.2%	42.9%	20.5%
Employment rate	52.0%	57.5%	65.2%	69.0%
Female employment rate	34.0%	40.0%	54.0%	60.3%
Tax on average earnings	31.5%	32.0%	16.9%	13.9%
Rise in ROP line*		39.8%	95.9%	42.7%
Rise in CPI*		21.3%	21.8%	19.0%
Rise in reference welfare rate*		28.9%	53.8%	55.5%
Rise in average earnings*		37.6%	36.9%	33.1%

\* Base 1987, ROP line increase from 2001-2007 adjusted for EU-SILC transition

During the period from 1994 to 2001, tax reforms were concentrated at lower and middle income levels, which reduced labour costs to companies and increased net household incomes. Female participation increased at all ages, with a particularly sharp increase in part-time employment in middle age groups. Household incomes increased at a much higher rate than earnings, which was driven by tax reforms affecting median earners and increased participation in households generally. Given that most of these changes impacted on households above the risk of poverty line, the risk of poverty increased from 15.6% to 21.9% despite strong social welfare increases. Consistent and anchored poverty measures decreased over the period<sup>10</sup>, reflecting real income increases for people at risk of poverty.

The scope for further tax reform was fairly limited by 2001, and employment rates also levelled out. The rate of growth in household incomes fell closer to the rate of earnings growth, and the relative levels of employment, taxes, earnings and household incomes were very similar to the 1987-1994 period (household income increases were ahead of earnings, tax rates were unchanged, female employment increased by 6%, etc.). Social welfare rates increased at roughly the same level as 1994-2001, but reduced the risk of poverty from 19.4% in 2004 to 16.5% in 2007<sup>11</sup>, with particularly strong decreases for 65+ year olds who tend to be welfare dependent with incomes close to the risk of poverty line. Consistent poverty has also fallen since 2004 from 6.6% to 5.1% (new measure, 60% median line) and anchored poverty fell from 20.4% to 11.9%. Based on the latest SILC results, from 2008, it is clear that a new phase of the economic cycle has started. Direct (i.e., non transfer) incomes fell in 2008 due to reduced participation and earnings while social welfare incomes increased, which resulted in a fall in the risk of poverty of two percentage points. This trend is likely to continue in 2009 and 2010, and shows that social welfare has had a stabilising effect on incomes during the economic crisis.

<sup>10</sup> From 1994-2001, consistent poverty fell from 9% to 4.1%, anchored poverty fell from 17.4% to 2.4%

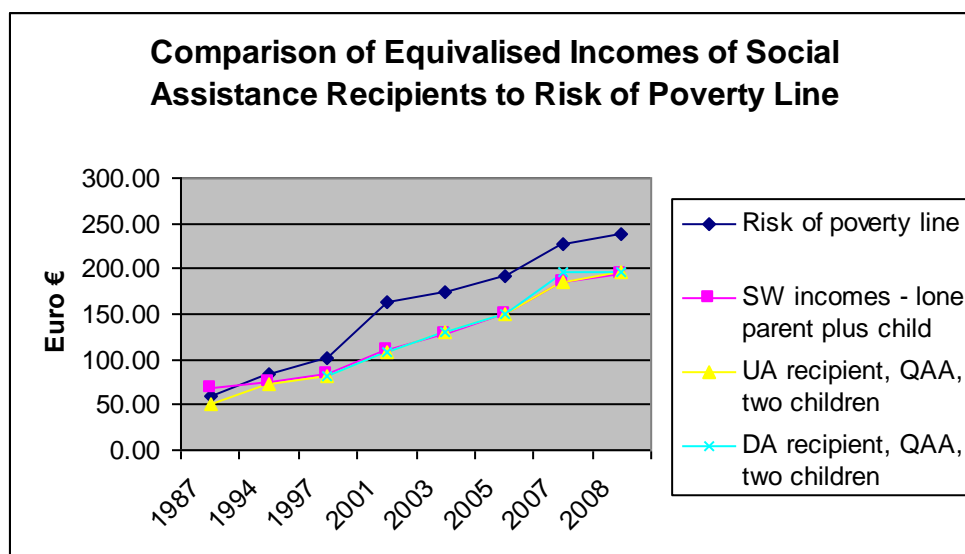
<sup>11</sup> Just using SILC data, as there appears to have been a discontinuity between LIIS/ECHP and SILC

## Impact on poverty for working age households

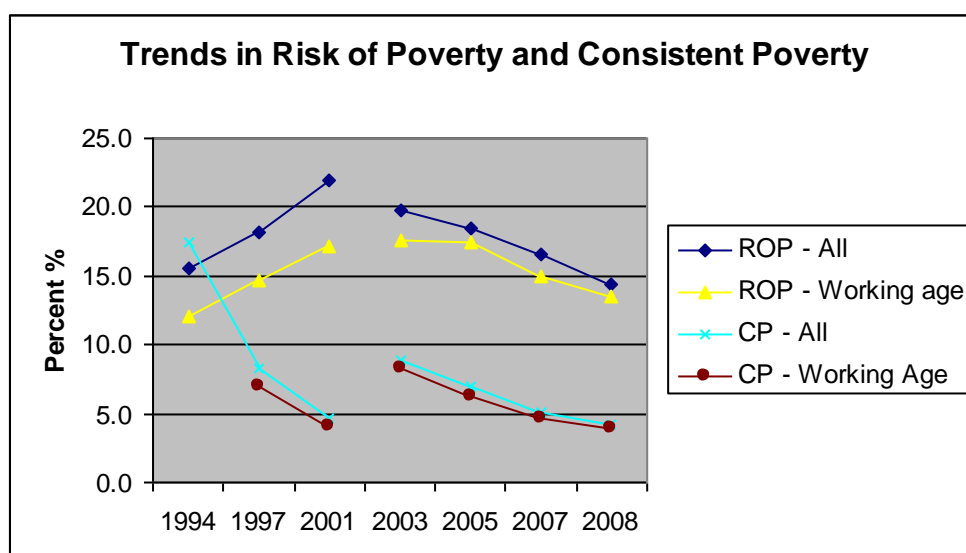
The main social assistance rates were below the level of the ROP line throughout the period since 1986. The income gap between assistance rates and the ROP line - at individual and family level - was quite low until 1994, and subsequently widened until 2001 in response to social and economic developments set out earlier. Income gaps have fallen since 2001 despite a strong rise in household incomes underlying the ROP line.

Summary statistics on SW income supports, risk of poverty and consistent poverty, 1987-2008

	1987	1994	1997	2001	2003	2005	2007	2008
	€	€	€	€	€	€	€	€
Risk of poverty line	60	83.38	102.44	164.28	175.00	192.74	227.87	238.69
Adult Rate	43.17	77.47	85.73	108.59	124.80	148.80	185.80	197.80
Average Industrial Earnings	249.91	344.06	371.42	470.96	535.74	580.88	627.24	648.76
Minimum wage	n/a	n/a	n/a	208.95	222.25	267.75	290.50	290.50
CDA+CB (1)	19.11	22.67	25.62	36.69	46.01	49.73	59.21	62.31
SW incomes - lone parent plus child	92.50	100.14	111.35	145.25	170.81	198.53	245.01	260.11
Equivalised income	69.38	75.29	83.72	109.21	128.43	149.27	184.22	195.08
Income gap vs ROP line	9.38	-8.09	-18.72	-55.07	-46.57	-43.47	-43.65	-43.61
UA recipient, QAA, two children	118.66	169.27	187.76	250.52	299.62	346.96	427.52	453.72
Equivalised income	50.85	72.96	80.93	107.98	129.15	149.55	184.28	195.57
Income gap vs ROP line	-9.15	-10.41	-21.51	-56.30	-45.85	-43.19	-43.59	-43.12
DA recipient, QAA, two children	n/a	n/a	187.76	250.52	299.62	346.96	427.52	453.72
Equivalised income	n/a	n/a	80.93	107.98	129.15	149.55	184.28	195.57
Income gap vs ROP line	n/a	n/a	-21.51	-56.30	-45.85	-43.19	-43.59	-43.12



Trends in the risk of poverty and consistent poverty for working age households have largely followed the trend for the overall population. As mentioned earlier, the large increase in risk of poverty for older people in the 1990s and the subsequent decrease since 2003 resulted in risk of poverty for working age being substantially lower than the total population for a period. In recent years consistent poverty and risk of poverty for working age have been largely consistent.



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### Vulnerable groups within working age households

The main groups covered by social assistance also stand out as having high poverty rates over time. Lone parents without work in particular have had extremely high poverty rates over time, with the unemployed have generally been the next riskiest category. While poverty rates for the unemployed have fallen in 2008, this is mainly a cyclical issue as unemployment rises - ESRI estimate that the long term unemployed have three times the poverty rates recorded for short term unemployed and working age people generally. It is difficult to find a comparable group within SILC for DA recipients, but poverty rates in households where the reference person is disabled and not working are also higher than average.

### Poverty measures for vulnerable groups

	2003	2004	2005	2006	2007	2008
<b>At Risk of Poverty;</b>						
Lone parent household - working	16.1	20.1	9.9	17.6	15.4	8.1
Lone parent household - not working	68.7	61.7	53.7	60.3	46.9	52.1
'Disability' household - working	11.2	9.7	7.2	7.8	10.1	8.6
'Disability' household - not working	39.0	37.5	31.7	26.7	27.2	18.8
Unemployed household	41.5	37.2	40.6	44.0	38.7	23.0
<b>Consistent Poverty</b>						
Lone parent household - working	5.2	7.1	5.1	13.7	4.7	1.8
Lone parent household - not working	51.2	40.7	34.8	44.5	22.1	26.2
'Disability' household - working	5.1	3.5	2.5	2.6	2.2	1.8
'Disability' household - not working	16.3	14.9	12.5	11.0	10.6	7.7
Unemployed household	26.5	19.3	22.5	22.5	17.5	9.7

Source; CSO analysis of SILC

<sup>12</sup> Gap in graph due to Discontinuity of Measurement between Living In Ireland Survey (1994-2001) and Survey on Income and Living Conditions (2003-2008)

## Poverty levels and work experience in households

While unemployment declined significantly over most of the period being considered, the level of ‘jobless households’ did not significantly change, which reflects the largely stable percentage of the population on social welfare assistance payments mentioned earlier. While the poverty situation of working age households without work has improved in recent years, the level of poverty recorded in these households is around three times that of working age generally. Specifically, for recipients of the main assistance schemes<sup>13</sup> the risk of poverty ranges from 40 to 60% while consistent poverty is 20-25% based on proxy estimates for similar households from CSO and ESRI.

### Poverty measures by level of attachment to the labour market

	2004	2005	2006	2007
<b>At Risk of Poverty</b>				
<b>People of working age</b>	16.6	16.2	15.4	15.0
Work poor households no work	50.8	45.9	43.2	42.0
Work poor households mixed work	15.5	14.7	11.9	11.1
Work poor households all work	3.9	5.0	6.2	6.5
<b>Consistent Poverty</b>				
<b>People of working age</b>	5.9	6.0	5.6	4.7
Work poor households no work	21.7	20.8	20.2	15.4
Work poor households mixed work	3.3	4.1	3.1	2.6
Work poor households all work	0.8	1.3	1.7	1.5

Source: ESRI analysis of SILC

## Persistent poverty and duration on assistance benefits

CSO estimate that roughly 60% of people at risk of poverty are in ‘persistent poverty’, i.e., people who are at risk of poverty in the current year and two out of the previous three years. This suggests that low income is more of a permanent situation in Ireland than in most other EU countries, and duration on social welfare benefits has a direct bearing on this situation. Duration on benefits for the main assistance schemes are summarised below;

<b>Age by duration analysis for all JA, DA and OFP claims in payment</b>								
Age/Duration	Under 25	25 - 29	30 - 34	35 - 39	40 - 44	45 - 49	50+	All Ages
<1year	34,466	21,722	15,323	12,079	9,604	7,689	12,846	113,729
1-2years	17,958	10,025	7,855	7,067	6,001	4,674	9,229	62,809
2-3years	8,135	5,014	4,179	3,596	3,277	2,775	5,987	32,963
3-4 years	5,023	3,499	2,904	2,622	2,379	2,041	4,743	23,211
4+years	9,697	19,526	20,031	18,400	17,560	14,849	35,809	135,872
All durations	75,279	59,786	50,292	43,764	38,821	32,028	68,614	368,584

<sup>13</sup> Based on CSO analysis from previous section and results in (forthcoming ESRI publication)

There are 135,872 customers with 4+ years duration on these three benefits, who form a significant proportion of the 1,117,000 working age households<sup>14</sup>. Long term dependence on social welfare is clearly the main cause of persistent poverty in Ireland, and assistance payments as currently structured account for the bulk of the numbers in this category. The breakdown of long term welfare customers is remarkably consistent by 5 year age band, which would suggest that this is a deep rooted problem that has affected all generations more or less equally, though the underlying composition at scheme level changes with age.

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<sup>14</sup> Some DA and OFP recipients either live with their families or are not resident in private households, and some households otherwise receive multiple payments

### Summary: Statistical trends 1986 - 2009

The period since 1986 has seen many developments in the Irish economy and society. Based on the statistics that are available over the period, a number of patterns emerge that are clearly relevant to the case for reform of social assistance payments as follows:

- there have been large fluctuations in the rate of unemployment, from 17% in 1987 to as low as 4% in 2005; the recorded level in December 2009 is 13.1%;
- the level of 'jobless households' fell from 15.4% in 1993 to 10.1% in 1998 but has subsequently remained at around 8-9% despite a sustained period of full employment. The recorded level in Q4 2009 is 12.5%;
- dependency on social assistance payments has also been largely unchanged over the period, though the composition of claimants across schemes has changed; the number of people receiving illness, disability & caring payments has tripled in the last 13 years;
- there are nearly three times as many as in 1991 on Lone Parent schemes, which largely reflects increased levels of marital breakdown and higher levels of births outside marriage;
- the numbers in receipt of unemployment supports declined after a 1991 peak, before rising again in 2008. There has been a shift from the family to the individual in these payments, with qualified adults and children greatly decreasing;
- patterns of welfare dependency and 'jobless households' would suggest that there is a group of individuals and families who were largely unaffected by the increased level of job opportunities available up until recently;
- social welfare incomes lagged household incomes for a period but the gap has closed in recent years;
- while income and consistent poverty rates have fallen in recent years, rates for households with lower attachment to the labour market are three times higher than for other households;
- persistent poverty levels are very high in Ireland, which reflects the patterns of jobless households and welfare dependency set out above; also, crucially, it reflects the relatively long duration on benefits for social assistance customers.

The review team is of the strong view that the above trends in the social welfare population of working age (which indicate persistent welfare dependency and poor outcomes, in particular, in a period of strong economic growth) coupled with the arguments set out in chapters 1 & 2 make a robust case for reform of the current arrangements for this group. A recurring theme of this review is that to meet this challenge a whole of Government approach is required.

## Chapter 4: Current social assistance payment arrangements for people of working age

### Introduction

The current social assistance payments for people of working age consist of seven payments. While there are a number of common elements in the assessment of means and other qualifying conditions each scheme has its own specific set of rules as regards the assessment of means, tapering arrangements and disregards. Other qualifying conditions are also different reflecting the contingency based approach of the social welfare system. The contingencies cover unemployment, illness/disability, blindness, lone parenthood, caring and widowhood. Farm assist is payable to farmers in certain circumstances and also comes within the category of working age payments.

The contingency based approach to providing payments has allowed the Department to meet changing needs, for example to provide a specific payment to meet a specific need or to alter the conditions within an existing payment to meet changing needs of that specific group. This flexibility has many positive aspects but has also led to a set of very complex rules and conditions across the social assistance sector. This complexity requires detailed knowledge by staff administering the schemes to ensure that customers' needs are met. The current arrangements therefore require a large number of administrative staff. The system is also extremely complex for citizens to navigate between one scheme and another and in moving from benefits to employment.

The payment arrangements for all these schemes are covered in this chapter for completeness. The chapter also provides an overview of the main rules and conditions applicable to working age social assistance payments and, as outlined above, is complex as the arrangements are many and varied. It also sets out the main conditions for accessing some additional allowances, such as the rent supplement and the medical card. The availability of these additional allowances, some of which are not administered by the Department, are claimed by a significant proportion of the working age population and can impact on a person's decision to take up employment. The chapter also provides an overview of supports designed to assist progression to work and or training/education, such the back to work allowance. A summary of all these arrangements is provided at the end of the chapter.

The overview of the working age social assistance payments covers 5 main areas as follows:

- The main conditions for entitlement - Section 1
- Age requirements, the level of payment and additional allowances - Section 2
- the means test - Section 3
- the interaction of working age payments with other social welfare payments - Section 4
- the interaction of working age payments with CE & with FIS - Section 5



## Section 1: Main Conditions of existing social assistance payments for people of working age

Scheme	Common conditions	Conditions specific to the payment	Conditions relating to work
Jobseeker's Allowance	<ul style="list-style-type: none"> <li>Satisfy a means test</li> <li>Be habitually resident in the State</li> </ul>	<ul style="list-style-type: none"> <li>Be involuntarily unemployed for at least 3 days in any 6 consecutive day</li> <li>Capable of work</li> </ul>	<ul style="list-style-type: none"> <li>Can work up to 3 days per week and retain payment up to a certain income limit</li> </ul> <p>Must be:</p> <ul style="list-style-type: none"> <li>Available for full-time work</li> <li>genuinely seeking work (GSW)</li> </ul>
Farm Assist	<ul style="list-style-type: none"> <li>Satisfy a means test</li> </ul>	<ul style="list-style-type: none"> <li>Be engaged in farming</li> <li>No other specific conditions apply</li> </ul>	<ul style="list-style-type: none"> <li>No requirement to be available for work</li> <li>GSW does not apply</li> <li>Can work and retain payment up to a certain income limit</li> </ul>
Disability Allowance	<ul style="list-style-type: none"> <li>Satisfy a means test</li> <li>Be habitually resident in the State</li> </ul>	<ul style="list-style-type: none"> <li>Have an injury, disease, illness or physical/mental illness that has continued or may be expected to continue for at least 1 year which results in the person being 'substantially restricted' in doing work that would otherwise be suitable for a person of same age, experience and qualifications</li> </ul>	<ul style="list-style-type: none"> <li>No requirement to be available for work</li> <li>GSW does not apply</li> <li>Can take up rehabilitative work</li> </ul>
One-Parent Family Payment	<ul style="list-style-type: none"> <li>Satisfy a means test</li> <li>Be habitually resident in the State</li> </ul>	<ul style="list-style-type: none"> <li>Be the main carer of at least one child who lives with the claimant</li> <li>Not be cohabiting</li> <li>Seek maintenance</li> <li>Be separated for at least 3 months in case of separation/divorce</li> <li>Spouse sentenced/in custody for at least 6 months in case of prisoner's spouse</li> </ul>	<ul style="list-style-type: none"> <li>No requirement to be available for work</li> <li>GSW does not apply</li> <li>Can work and retain payment up to a certain income limit</li> </ul>
Carer's Allowance	<ul style="list-style-type: none"> <li>Satisfy a means test</li> <li>Be habitually resident in the State</li> </ul>	<ul style="list-style-type: none"> <li>Caring full-time</li> <li>Not living in a hospital, convalescent home or similar institution</li> <li>Be providing care to a person who is medically certified as needing full-time care and attention and who is not living in a hospital home or other institution and is aged 16 or over or under 16 and in receipt of DCA</li> </ul>	<ul style="list-style-type: none"> <li>No requirement to be available for work</li> <li>GSW does not apply</li> <li>Must not be employed or self-employed outside the home for more than 15 hours per week</li> </ul>
Widow/er's Non-Con	<ul style="list-style-type: none"> <li>Satisfy a means test</li> <li>Be habitually resident in the State</li> </ul>	<ul style="list-style-type: none"> <li>Be widowed</li> <li>Divorced from late spouse and not remarried</li> <li>Not be cohabiting</li> </ul>	<ul style="list-style-type: none"> <li>No requirement to be available for work</li> <li>GSW does not apply</li> <li>Can work and retain payment up to a certain income limit</li> </ul>
Blind Pension	<ul style="list-style-type: none"> <li>Satisfy a means test</li> <li>Be habitually resident in the State</li> </ul>	<ul style="list-style-type: none"> <li>Be blind / have poor vision so that the person cannot perform any work for which eyesight is essential or cannot continue his/her ordinary occupation</li> </ul>	<ul style="list-style-type: none"> <li>No requirement to be available for work</li> <li>GSW does not apply</li> <li>Can work and retain payment up to a certain income limit</li> </ul>

## Section 2: Age, level of payment and additional allowances

This section provides an overview of the main features of working age social assistance payments, including the payment level, increases for dependants and other additional allowances. While there are some common elements, (for example increases for qualified children) there are also a number of key differences (for example in the provision of additional allowances and secondary benefits and rules for increase for an adult dependant).

### (a) Basic weekly social assistance payments (including provision for younger JA claimants)

Scheme	Payment level			Age	Additional Allowances			Secondary benefits*		
	Personal	Qualified Adult	Qualified Child		LAA	IA	FT	HBP	BTW	BTE
Jobseeker's Allowance	€196.00	€130.10	€29.80 €14.90	Aged 25** Under 66	-	-	-	-	✓	✓
	€100.00	€100.00	-	Aged 18** Under 22	-	-	-	-	✓	✓
	€150.00	€130.10	-	Aged 22** Under 25	-	-	-	-	✓	✓
Farm Assist	€196.00	€130.10	€29.80 €14.90	Aged 18 Under 66	-	-	-	-	✓	✓
Disability Allowance	€196.00	€130.10	€29.80 €14.90	Over 16 Under 66	✓	✓	✓	✓	✓	✓
One-Parent Family Payment	€196.00	n/a	€29.80	Under 66	-	-	-	See below	✓	✓
Carer's Allowance	u.66 €212.00 €318.00	n/a	€29.80 €14.90	Over 18	-	✓	✓	✓	✓	✓
	o.66 €239.00 €358.50				-	✓	✓	✓	✓	✓
Widow/er's Non-con	€196.00	n/a	€29.80	Under 66	-	-	-	See below	✓	✓
Blind Pension	€196.00	€130.10	€29.80	Aged 18 Under 66	✓	✓	✓	✓	✓	✓

✓ Allowance payable; - Allowance not payable.

\* Specific conditions apply for the receipt of some of the secondary benefits - the table above shows whether the payment is payable or not to those of working age i.e. 18-66. Other conditions are set out below.

\*\* See following paragraph.

### Maximum rate of Jobseeker's Allowance that applies to claimants under 25 years

From 29<sup>th</sup> April 2009 the maximum personal rate of jobseeker's allowance for all **new** claims for persons who are under 20 years is €100.00 per week. The increase for a qualified adult is also €100.00 per week where the claimant is under 20 years.

From January 2010<sup>15</sup> the maximum personal rate of jobseeker's allowance for all new claims for persons under the age of 22 is €100.00 per week. The increase for a qualified adult is also €100.00 per week where the claimant is under 22 years. For persons aged 22 and under the age of 25 the maximum personal rate of jobseeker's allowance is €150.00 per week and the increase for a qualified adult is €130.10 per week. The reduced rate does not apply in the following circumstances:

- If a claimant has dependent children;
- If a claimant makes a claim for jobseeker's allowance immediately having exhausted their jobseeker's benefit;
- Persons transferring directly from disability allowance to jobseeker's allowance;
- If a JA claimant gets work but loses that job and claims jobseeker's allowance within 12 months;
- People under 25 participating in education, training or community employment;
- People aged 22 to 24 participating in the work placement programme run by FÁS.

## **(b) Additional Allowances/secondary benefits**

This section provides an overview of the main allowances and secondary benefits that people of working age may avail of in certain situations. These additional payments/benefits, not all of which are administered by this Department, can impact on a person's decision to move into employment or participate in training/education programmes.

### **Free Travel**

Free travel is available to a person under 66 who is in receipt of disability allowance, carer's allowance or blind pension.

### **Household Benefit Package (HBP)**

The following people of working age may avail of the household benefit package:

- Recipients of carer's allowance, regardless of household composition
- Recipients of disability allowance and blind pension who are living alone or with an excepted person
- There is a concession for widows or widowers aged 60 to 65 to the effect that if the person's late spouse was getting any of the allowances under the HBP before their death, payment of the

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<sup>15</sup> The personal rate of jobseeker's allowance and basic SWA will be reduced to €150.00 per week where job offers and activation measures have been refused. Further details of this measure have been published in the Social Welfare Bill 2010.

allowance will continue if the person qualifies for widow's non-contributory pension or one-parent family payment (widows or widowers) but still subject to household composition

All applicants must:

- Permanently reside in the State
- No other person in the house can be in receipt of the allowance
- Be the registered consumer

The household benefit package is valued at €960 per annum.

### Back to School Clothing & Footwear Allowance

The back to school clothing and footwear allowance is payable with social assistance working age payments under the same conditions. However, income from rehabilitative employment or training up to €120 per week is not taken into account.

Couple with:	Income limit €	Lone Parent with:	Income limit €
1 child	560.00	1 child	407.00
2 children	586.00	2 children	433.00
3 children	612.00	3 children	459.00
4 children	638.00	4 children	485.00

\* Limit is increased by €29.80 for each additional child

	Allowance payable
for each child aged 2-11	€200.00
for each child aged 12-17	€305.00 **

\*\* This is also paid for children aged 18-22 if they are in full-time education, for whom a qualified child increase is also payable.

### Fuel Allowance

A fuel allowance is payable for 32 weeks from September to April to households that depend on long-term social welfare or Health Service Executive (HSE) payments and are unable to provide for their own heating needs. The allowance extends also to people living in local authority complexes with communal heating. A smokeless fuel allowance is payable to low income households in certain large urban areas. Recipients of all social assistance working age payments except short-term jobseeker's allowance and carer's allowance may qualify for this allowance if other conditions are met.

## Rent Supplement

Rent Supplement is paid to people living in private rented accommodation who cannot provide for the cost of their accommodation from their own resources. In general, rent supplement is payable to people who depend on social welfare or HSE payments. The amount of the supplement is calculated by the HSE and is subject to a minimum contribution which everyone receiving the supplement must pay. However, the amount payable will ensure that a person's income after paying rent is at least the same as the SWA less the personal contribution. Recipients of all working age payments meeting the conditions may therefore qualify for rent supplement.

## Medical Cards

Medical cards are issued by the HSE and allow the holders to receive certain health services free of charge. Qualification is based on a means test. In general, if a person's sole income is the maximum rate of a means-tested payment he/she will be granted a medical card without having to undergo a further means test. If a person's weekly income comes solely from a social welfare payment or from a HSE allowance he/she may be given a medical card, even if the person's income is in excess of the threshold normally applied. Many recipients of working age payments may therefore qualify for a medical card. Other organisations/agencies often use ownership of a medical card as a gateway to other benefits or schemes which may be based on discretionary assessment.

## (c) Supports for progression

This section provides an overview of a number of schemes introduced over the years which were designed to assist people in moving off benefits and to take up work or avail of training/education opportunities to enhance employability.

### Back to Work Allowance

A person who is aged 23 or over and getting a jobseekers payment for 2 years or more and have an entitlement to jobseeker's allowance may qualify.

A person may also qualify if s/he is getting one of the following payments for 15 months or 12 months if the person is over 50: farm assist, disability allowance, OFP, carer's allowance (if caring duties have ceased) widow's (non-con) and blind pension.

### Back to Education Allowance

In order to qualify for a back to education allowance a person must be receiving specified payments for at least 3 months for a second level course or 12 months (312 days) for a third level course. The 12 month period can be

reduced to 9 months on the recommendation of a facilitator of the Department.

In addition:

A person who is aged 21 or over may qualify for BTEA if s/he is getting one of the following payments: jobseeker's allowance, farm assist, one-parent family payment, widow's (non-contributory) pension or carer's allowance.

A person who is aged 18 or over may qualify for BTEA if s/he is getting one of the following payments: blind pension or disability allowance.

A person between 18 and 20 years and who is out of formal education for 2 years may qualify for BTEA if s/he is getting one of the following payments: jobseeker's allowance or one-parent family payment,

### Family Income Supplement

FIS is a weekly tax-free payment for families at work on low pay.

In order to qualify a person must:

- Be an employee in paid full-time work that is expected to last for 3 months
- Work at least 19 hours every week, or 38 hours every fortnight - hours worked by spouse/partner can be added together to meet this requirement
- Have an average weekly income below certain limits based on family size
- Have at least 1 qualified child

Casual work, such as seasonal work of less than 3 months, does not count as full-time employment.

Work under back to work allowance, job initiative, social economy programme and part-time job incentive is full-time employment for the purposes of FIS.

### Community Employment Scheme

The community employment (CE) programme which is operated by FÁS is designed to help people who are long-term unemployed and other disadvantaged people back to work by offering part-time and temporary placements in jobs based within local communities. It is possible for participants to seek other part-time work during their placement. After the placement, participants are encouraged to seek permanent part-time and full-time jobs elsewhere based on the experience and new skills they have gained while in the CE scheme.

## Section 3: The Means Test - Exclusions, Disregards, Tapers and Thresholds

This section should be read in conjunction with Tables 1 and 2 contained in Appendix A, which sets out the various rules in the Third Schedule to the Social Welfare Consolidation Act 2005 and related regulations contained in S.I. 142/2007 applicable to working age benefits. The main rules of the assessment of means are covered including exemptions, disregards, tapers and thresholds and cover the treatment of property, cash income and non social welfare pensions.

### The main elements of the means test

The following paragraphs set out the assessment of the various items of means as they apply to the working age benefits being examined as follows:

- Property (3.1)
- Cash Income (3.2)
- Other Pensions (3.3)

#### 3.1. PROPERTY

##### Calculation of value of capital/property

Capital and the value of property (other than property personally used) is assessed as means for all schemes. The formula set out in Table 1 is used for JA, FA, OFP, carer's allowance, widow's and blind pension. For these payments the first €20,000 is assessed as nil. The formula set out in Table 2 applies to DA only and the first €50,000 of capital is assessed as nil means.

Up until June 2007 the first €20,000 of capital owned by an applicant for all social assistance payments, including DA, was assessed as nil means. However, there was recognition that persons in receipt of DA may not have had the opportunity to accumulate savings or other income through participation in employment and/or that disability may hamper a person's ability to live independently.

In such circumstances, it was also recognised that families may wish to make future financial provision for a child or sibling but are concerned that such provision would adversely affect their entitlement to DA as the assessment of capital held in excess of €20,000, depending on the amount, could result in a significant reduction or loss of payment and secondary benefits. Similarly, in cases where a compensation award had been made to a client as a result of accident or injury, the assessment of capital received in excess of €20,000 could result in a reduction or loss of payment of DA and associated benefits.

In 2007 it was estimated that there were up to 500 existing DA claimants with means assessed from capital that would have benefited from this measure. Given the increase in claim numbers in the interim, that is likely to be higher now.

This divergence in the assessment of capital represents one of the key differences in the means test arrangements across the schemes. For completeness the formula that applies for SWA is set out in Table 3.

Property covered by this rule includes houses (other than a person's own home), buildings or land owned but not personally used or enjoyed. Property is assessed by reference to the market value. The most common example of the application of this rule is where a person owns a second house. If the house is let, the owner is assessed with the capital value of the property, not with the rental income. Similarly, the market value of leases and ground rents is assessed as capital, the income is not assessed.

[Note: There is a specific rule in Part 5 of Schedule 3 excluding sums arising from the investment or profitable use of property. There is no similar rule specified in Part 2 but in practice the exclusion is applied in all working age payments]

**Table 3.1: Capital - Assessment Formula**

AMOUNT OF CAPITAL	WEEKLY MEANS ASSESSED
Up to €20,000	Nil
€20,000 - €30,000	€1 per each €1,000
€30,000 - €40,000	€2 per each €1,000
Over €40,000	€4 per each €1,000

**Table 3.2: Capital - Assessment Formula: DA.**

AMOUNT OF CAPITAL	WEEKLY MEANS ASSESSED
Up to €50,000	Nil
€50,000 - €60,000	€1 per each €1,000
€60,000 - €70,000	€2 per each €1,000
Over €70,000	€4 per each €1,000

Note: The amount disregarded for DA was increased to €50,000 from 6 June 2007.

**Table 3.3: Assessment Formula - Supplementary Welfare Allowance**

AMOUNT OF CAPITAL	WEEKLY MEANS ASSESSED
Up to €5,000	Nil
€5,000 - €15,000	€1 per each €1,000
€15,000 - €40,000	€2 per each €1,000
Over €40,000	€4 per each €1,000



## Property personally used and enjoyed

Property which is personally used and enjoyed (other than the domestic dwelling) by a person is assessed on the yearly advantage derived by a person from it. In practice this means the net profit derived from the use of the property. This includes:

- Leasing of a farm
- A house partly lived in and partly let
- Accommodation provided under the terms of a will or deed of transfer

## Special Exemptions

In the case of widow's non-con pension money received in respect of rent from a person who lives with the pensioner, where, but for that person, the pensioner would live alone is not assessed.

In the case of disability allowance and blind pension where the person sells his/her principal residence in order to move to more suitable accommodation, the gross proceeds up to a maximum of €190,500 are exempted from the means test. While this rule applies to certain people over age 66, these are the only 2 payments of working age to which the exemption applies.

## 3.2 CASH INCOME

### Elements of the means test common to working age social assistance schemes

There are 21 elements listed in Table 2 of Schedule 3 to the Social Welfare Consolidation Act 2005 that are excluded in assessing means for the working age benefits being examined. They apply in the same way across the benefits with the exception of payments under the Army Pensions Acts which differ slightly in the case of blind pension, OFP, widows and carers.

These common elements excluded in assessing means are:

- Any money received by way of benefit, pension, assistance, allowance, supplement or continued payment for a child under SW Act
- Child Benefit
- Domiciliary Care Allowance/ home care grant
- Allowance under Home Tuition Scheme
- Mobility Allowance
- Training allowance for a course of rehabilitation training
- Payment from HSE in respect of a child boarded out
- Payment from HSE in respect of accommodation for a child under Child Care legislation
- Payments (with certain limitations) in respect of not more than 2 persons boarded out under Health (Nursing Homes) Act
- Prescribed amount of income from employment as a home help

- Income under Scéim Na bhFoghlaimeoirí Gaeilge in respect of a person temporarily resident with the applicant and related income
- Money from a charitable organisation
- Spouse's income from Back to Education Allowance, Back to Work Allowance, Back to Work Enterprise Allowance & Part-time Job Incentive
- Spouse's income from FÁS course
- Spouse's income from VTOS
- Grant in respect of a child attending primary school resident in the Gaeltacht or Breac Ghaeltacht
- Certain payments under the Army Pensions Acts up to a certain limit (See however, Rule 6 of Part 5 which makes special provision for Blind, OFP Widows and Carers)
- Expenses incurred in carrying out self-employment
- Any income from infectious diseases maintenance allowance (claimant, qualified adult and qualified children)
- An allowable pension payment under SW Contributions and Insurability Regulations (mainly PRSA contributions)
- Prescribed income in prescribed circumstances - compensation awards: Hepatitis C & HIV, Residential Institutions Redress Board, disabilities caused by Thalidomide, Health (Repayment Scheme) 2006

### Income from employment or self employment Disregards & Tapering Arrangements - Main Schemes

Scheme	Claimant - Earnings Amount disregarded	Qualified Adult - Earnings Amount disregarded	Tapering % (both where applicable)
JA	€20 per day, maximum €60 per week	€20 per day, maximum €60 per week	60%
Farm Assist - Employment	€20 per day, maximum €60 per week	€20 per day, maximum €60 per week	60%
Farm Assist - Self-employment (including off farm self employment)	€254 for each of the first 2 children and €381 for any subsequent children	€20 per day, maximum €60 per week	70%
DA	€120 per week from work of a rehabilitative nature	€20 per day, maximum €60 per week	Claimant- 50% up to €350 per week. QA - 60%
OFP	€146.50 per week	n/a	50% - no entitlement to OFP where earnings exceed €425 per week.
Carer's There are no specific disregards from earnings or self-employment for Carer's Allowance	Single person: the amount of weekly income/means not taken into account: €332.50  Married/cohabiting couple: first €665 of combined weekly income is disregarded.	No QA payable	n/a
Widows	First €100 of net earnings	n/a	n/a

Blind Pension	<p>Work of a rehabilitative nature: €120 per week</p> <p>Non- rehabilitative work: €400 p.a. in respect of the pensioner; €265 p.a. in respect of a qualified adult; €133 p.a. in respect of a qualified child</p>	There are no specific disregards from earnings or self-employment by a spouse or partner	Claimant- 50% up to €350 per week.
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## Other Exclusions

There are a number of other elements that are excluded in assessing means for certain working age payments. A more detailed account is set out in Table 1 contained in Appendix A, which can be summarised as follows:

- The maintenance portion of a Local Authority Higher Education Grant: excluded in the case of JA, FA, DA, OFP and blind pension; does not apply in the case of carer's allowance and widow's non-con pension
- Maintenance payments up to a certain limit: excluded in the case of JA, FA, DA, OFP, widow's non-con and blind pension; does not apply in the case of carer's allowance
- Expenses for food and travel while attending courses: excluded in the case of JA, FA, DA, OFP, carer's allowance, widow's non-con and blind pension (i.e. all payments)
- Income under Blind Person Act 1920: excluded in the case of blind pension only; does not apply to JA, FA, DA, OFP carer's or widow's non-con
- Income from REPS/SACS: excluded only in the case of JA and FA; does not apply in the case of DA, OFP, carer's, widow's non-con and blind pension
- Income derived by a fisherman: excluded only in the case of JA and FA; does not apply in the case of DA, OFP, carer's, widow's non-con and blind pension
- Income from seasonal fishing by claimant or spouse: excluded only in the case of JA, FA, and DA; does not apply in the case OFP, carer's, widow's non-con and blind pension
- Harvesting of seaweed: excluded only in the case of JA and FA; does not apply in the case of DA, OFP, carer's, widow's non-con and blind pension
- Special rule governing 'other pensions': exclusion only applies in the case of OFP, carer's, widow's non-con and blind pension (see Para 3.3); does not apply to JA, FA, DA.

## 3.3 OTHER PENSIONS

For the purpose of working age payments, the rule governing the treatment of 'other pensions' only applies to OFP, carer's allowance, widow's and blind pension. The term 'other pension' means a pension other than one paid by DSP and includes for example:

- A Civil Service Pension
- A pension paid by another Government e.g. a UK or US Retirement Pension
- Pensions paid by State companies
- Pensions paid by Local Authorities
- Pensions paid by private companies

The rule applies when one of the above payments is being paid by DSP and the person also has another pension. If the 'other pension' is increased, any portion of the increase which, when assessed as means would result in a reduction of the DSP payment greater than the increase in the 'other pension', cannot be assessed as means. In other words, the rule operates to prevent a reduction in payment greater than the increase in the 'other pension'.

## Section 4 - Interaction of social assistance payments for people of working age with other social welfare payments

In general, it is only possible to claim one personal social assistance or social insurance payment at a given time. However, in certain circumstances, as outlined below, it is possible to get a personal payment and half of another social welfare payment.

### Introduction of half rate carer's allowance

Since September 2007 half-rate carer's allowance may be payable to people in certain situations and can be paid with the following working age social assistance payments:

- blind pension and blind pension increase for a qualified adult
- one-parent family payment
- jobseeker's allowance increase for a qualified adult
- disability allowance and disability allowance increase for a qualified adult
- farm assist and farm assist increase for a qualified adult
- widow's/widower's (non-contributory) pension

Half-rate carer's allowance is not payable with jobseeker's allowance, FIS, back to work/education allowances. People who qualify are also eligible for the Respite Care Grant (€1,700 per annum per person being cared for), Household Benefits Package and a Free Travel Pass.

### Other half-rate payments

To get a half-rate second payment (other than Carer's Allowance), the person must first be in receipt of certain social welfare payments, which includes the following social assistance payments of working age:

- widow's/widower's (non-contributory) pension
- deserted wife's allowance
- one-parent family payment

If the person satisfies the social insurance contribution and other conditions to one of the following payments:

- jobseeker's benefit
- illness benefit
- maternity benefit
- incapacity supplement

He/she will get half the personal rate of payment but no additional increases for children.

## Section 5 - Interaction of social assistance payments for people of working age with (i) CE and (ii) FIS

In this section the interaction of CE and FIS with current social assistance payment for people of working age is examined. While income from CE is treated in the same way as any other income from employment, not all recipients of working age payments can participate in a CE scheme and continue to receive his/her social welfare payment. In particular, a person in receipt of JA cannot participate on a CE scheme and continue to receive his/her JA payment. A JA recipient can participate on a CE scheme having been in receipt of JA for a specified period. On the other hand, a recipient of DA or OFP can participate on a CE scheme and continue to receive his/her social welfare payment. In such cases the income from the CE scheme is treated as income from employment. A JA recipient who takes up employment, cannot avail of FIS and continue to receive his/her JA payment. A recipient of DA or OFP who take up employment may avail of FIS and continue to receive his/her social welfare payment.

### Summary of interaction of working age payments with CE and FIS

The main differences in qualifying conditions for participation in CE schemes relates to age and duration of claim. Recipients of DA and blind pension do not have to meet a duration of claim requirement, whereas recipients of JA, FA, OFP and widows must satisfy such a requirement. Recipients of carer's allowance can only qualify if caring responsibilities have ceased.

The interaction of CE with existing working age payments is summarised in the following table:

Scheme	Is CE payable with SW payment?	How is it treated?	Effect/Example
Jobseeker's Allowance	No	n/a	n/a
Farm Assist	No	n/a	n/a
Disability Allowance	Yes	Income from CE treated in the same way as income from employment / self-employment of a rehabilitative nature	Single person Nil means DA payment = €196.00. Commences CE = €216. Disregard €120 + ½ remainder applies = €48 means assessed. New Income: CE: €216 DA: €148 Total: €364

One Parent Family Payment	Yes	Income from CE treated in same way as income from employment / self-employment	Family with 1 child Nil means. OFP = €225.80. CE = €245.80 - €146.50 = €99.30 - €49.65 assessed as means. New Income: CE: €245.80 OFP: €176.20 Total: €422.00
Carer's Allowance	No	A person in receipt of Carer's Allowance cannot get CE i.e. caring duties must have ceased	n/a
Widow's/ Widower's Non-Con Pension	Yes	Income from CE treated in same way as income from employment	WP = €196.00 Commences CE = €216. Disregard €100; €116 assessed as means. New Income: CE: €216 WP: €80 Total: €296
Blind Pension	Yes	Income from CE treated as income from employment of a rehabilitative nature	Same as DA

The main differences in qualifying conditions for participation in CE schemes relates to age and duration of claim. Recipients of DA and blind pension do not have to meet a duration of claim requirement, whereas recipients of JA, FA, OFP and widows must satisfy such a requirement. Recipients of carer's allowance can only qualify if caring responsibilities have ceased.

The interaction of FIS with existing working age payments is summarised in the following table:

Scheme	Is FIS payable with SW payment?	How is it treated?	Effect/Example
Jobseeker's Allowance	No	n/a	n/a
Farm Assist	No	n/a	n/a
Disability Allowance	Yes	Disregard applies  DA payment is assessable income for FIS	Claimant, spouse & 2 children Nil means. DA payment = €385.70 Takes up employment for 19 hours per week at €9 per hour = €171. Disregard €120 +½ remainder applies = €25 means assessed. New Income: Employment:€171 DA reduced to €360.70 FIS entitlement: €42.18 Total: €573.88

One Parent Family Payment	Yes	Disregard applies  OFP is assessable income for FIS	Family with 1 child Nil means OFP = €225.80 Takes up employment for 19 hours per week at €9 per hour = €171. Disregard €146.50 + ½ remainder applies = €12.25 means assessed. New Income: Employment: €171 OFP reduced to €213.55 FIS entitlement: €72.87 Total: €457.42
Carer's Allowance	The family can claim FIS	Carer's Allowance is not counted as assessable income  In the case of income from employment as a home help with HSE where the hours from this employment are used for purposes of meeting 19 hours requirement then the income is also assessed. If spouse/partner is working more than 19 hours the income from employment as a home help is not assessed	Claimant, spouse & 4 children - €674 per month CB payable. Claimant works full-time and earns €450 net per week. Spouse is in receipt of Carer's Allowance of €212.00 and also works part-time as a home-help for HSE earning €96 per week.  The FIS income limit is €824. Carer's Allowance, CB and HSE payment are not assessed. FIS entitlement (€824 - €450 x 60%) = €224.40.  Family Income: Claimant's employment: €450 Spouse's employment: €96 Carer's Allowance: €212 Total weekly Income: €758 + €674 CB monthly
Widow's/ Widower's Non-Con Pension	No- where there are children OFP would apply	n/a	n/a
Blind Pension	Yes	Same as DA	Same as DA

## Summary: Current social assistance payment arrangements for people of working age

The overview of the working age social assistance payments covered five main areas:

- The main conditions
- age, the level of payment and additional allowances
- the means test
- the interaction of working age payments with other social welfare payments
- the interaction of working age payments with CE & FIS

While there are some common elements a number of key differences exist with greater differences emerging for OFP, carer's allowance, DA and blind pension:

- all payments are payable from age 18 to 66, with the exception of DA which is payable from age 16, OFP & widow's non-con which is payable to people under age 66 but there is no lower age limit and carer's allowance which is payable to people over 18 but there is no upper age limit;
- the personal rate of payment for a person with no means is the same for all payments, except for carer's allowance;
- there are lower rate of payment for certain JA recipients between the age of 18-25 (introduced April 2009 and January 2010) and for other claimants where job offers or activations measures are refused;
- Different rules apply in determining the increase for a qualified adult across schemes and there is no increase for a qualified adult in the case of carer's allowance;
- The provision of additional allowances and secondary benefits differ across schemes. For example, free travel is only available to people under age 66 who are in receipt of DA, carer's allowance or blind pension. The Household Benefit Package is also only available to recipients of DA, carer's allowance and blind pension, with concession made for widows/widowers - payment can continue if late spouse was receiving an allowance. JA is not a qualifying payment;
- The conditions for qualifying for BTW and BTE vary depending on payment concerned and the age of the claimant and the conditions vary depending on which allowance the person claims;
- The back to school and footwear allowance is payable with social assistance working age payments under the same conditions with the exception that income from rehabilitative employment or training up to a certain level is not taken in to account (primarily DA and blind pension recipients);
- Increases for qualified children are the same for all schemes;
- There are 21 elements that are excluded in assessing means for all working age benefits - they apply in the same way with some small exceptions;
- There are a number of other elements which apply to some payments



but not others - reflecting the contingency based system. The most significant of these is the exemption of up to €190,500 from the sale of a person's principal residence and which only applies to DA and Blind Pension recipients in certain circumstances;

- The rules for assessing capital and the value of property is the same for all schemes except DA where a significantly higher disregard applies;
- The treatment of income from employment and self-employment differs across schemes resulting from the different disregards and tapering arrangements;
- The main conditions of eligibility reflects the fact that payments for people of working age are based on contingencies, e.g. the GSW requirement in the case of JA; common conditions relate to the requirements to be habitually resident in the State and to satisfy a means test;
- Recipients of certain payments can qualify for half rate payment of carer's allowance, jobseeker's benefit, illness benefit, maternity benefit or incapacity supplement;
- Recipients of JA, FA and carer's allowance cannot participate in CE scheme and continue to receive his/her social welfare payment whereas recipients of DA, OFP, widow's/widower's non-con & blind pensions can do so;
- Recipients of JA, FA, carer's allowance, widow's/widower's non-con cannot claim FIS and continue to receive his/her social welfare payment whereas recipients of DA, OFP and blind pension can do so.

## Chapter 5: Welfare analysis and reform in Ireland

### Introduction

As outlined in chapter 4, social assistance payments for people of working age consist of at least seven payments for different categories of people who meet certain contingency based conditions. Receipt of these payments also provides the gateway to additional allowances or participation in certain schemes, such as CE, back to education/back to work allowances. In this chapter the main developments and reform of social welfare schemes and the direction taken in recent years are set out briefly.

### VFM Review of schemes

In the main, the Department's approach to reform of schemes has been to examine schemes as discrete blocks to take account of issues arising within schemes but has not to date taken a more holistic approach. These examinations have largely been done through value for money (VFM) review of schemes. These reviews follow a template that, inter alia, examines the original rationale of the scheme and its validity in the current economic and social environment. Reviews would also consider any issues or perceived policy anomalies in the scheme. This approach tends to enforce a more inward than cross cutting focus and tends to continue the individual contingency based approach to social welfare arrangements. This would also tend to be reinforced by the lobby and representative groups being arranged on group (contingency) lines.

In addition, the main vehicles for reforms are the annual social welfare Budget and Acts. This means that there is ample opportunity for changes to be made and facilitates a more individual scheme rather than a holistic approach. Many Government departments would not have annual or more frequent opportunities for change.

A number of VFM reviews have been completed in recent years including:

- Back to Education Allowance Scheme (2000)
- Social Welfare Payments to Orphans (2003)
- Supplementary Welfare Allowance ( 2004 & 2006)
- One-Parent Family Payment (2000 & 2006)
- Medical Review and Assessment Service (2006)
- Application of the Unemployment Benefit & Assistance scheme conditions to workers who are not employed on a full-time basis (2006)
- Illness and Disability payment schemes (2003)
- Provision of Information by DSFA and Citizen Information Board 2005-2007 (2009)

In addition the following reviews undertaken by the Department are also relevant.

- An investigation into whether the contingency based nature of social assistance meets welfare objectives in light of changes in Irish society (2005)<sup>16</sup>
- Review of One-Parent Family Payment Scheme (2008)

There is also a wealth of research and policy analysis undertaken by other agencies in the area of welfare reform e.g. by the Social Inclusion Division<sup>17</sup>, NESF, NESF and ESRI. These all contribute to policy development together with the work of the EU and the OECD. However, as already stated, much of the policy work within Ireland tends not to take a holistic approach.

The recommendations contained in the reports are at various stages of implementation and some are of relevance in the context of examining the feasibility and desirability of introduction of a single working age payment. For example, the working group on the review of SWA published Phase II of their report in late 2006 and one of their high-level recommendations is that social assistance schemes should be integrated into a unified system of income support at the SWA level. The extent to which the single payment would incorporate supplementary welfare allowance applicants was also considered. There was a strong view that the working age payment should be payable to all people of working age and that SWA should return to what it was originally intended to be - that of a safety net scheme. The view taken in the current review sees JA as the common payment, as is outlined in chapter 7. This means that there should be no leakage from the single payment to SWA and SWA should be the payment of last resort for people of working age.

Considerable work has also been carried out by the Department in the area of support for lone parents. These reform proposals arise because of the concern in relation to the high rates of consistent poverty of lone parent families compared to the population generally, despite high levels of spending on lone parent families (as set out in chapter 3) .

Policy reviews recently completed include:

- Review of lone parent policy developments and initiatives (details below);
- Review of Disability Allowance (details below);
- Review of child income support policy.

In addition, policy has been developed to facilitate partial capacity for work assessment which is a feature of illness benefit and invalidity pension payments in particular.

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<sup>16</sup> Ann Marie O'Connor M.Sc. Thesis

<sup>17</sup> Transferred from Department of Social Protection to Department of Community, Equality & Gaeltacht Affairs in May 2010

## Transfer of certain functions to the Department of Social Protection

As outlined in chapter 6, best practice internationally has indicated that integrated social welfare and employment services are the most effective way of ensuring that people are not simply assisted with income support but are facilitated to a lasting and full participation in society through employment or by developing their employment potential by means of appropriate training, education and work experience. In line with this, many countries have sought to integrate their placement services with income support by placing both these functions within the same organisation. During 2010, the Government took a number of decisions on the functions and responsibilities of a number of government Departments with the overarching aim of achieving greater efficiency in the delivery of public services. One such decision of particular relevance to this review relates to the transfer of responsibility for the employment and community services of FÁS to the Department of Social Protection.

While full service integration between FÁS employment and community services will require a major programme of business transformation and organisational restructuring, the first step has been taken by making legislative provision<sup>18</sup> to enable the transfer of policy responsibility for the employment services and community services to the Department. This legislation facilitates improved co-ordination of services at national and local level and more targeted and effective use of existing mechanisms in the development of a coherent and strategic approach to assisting those who are unemployed. Legislation enabling the full takeover of FÁS employment and community services including the transfer of relevant staff, premises, property etc. is currently being drafted.

In addition, legislative provision<sup>19</sup> was also made to transfer responsibility for the rural social scheme and the community services programme to the Department of Social Protection from September 2010. These are important developments in integrating income support and employment initiatives.

## Review of Disability Allowance

The cohort of people who are recipients of disability allowance represent a sizeable proportion of the overall working age payments and the scheme provides income support to a large number of people affected by a wide range of illnesses and disabilities and consequently with a diverse set of needs. The conclusions and recommendations of the current VFM review of the DA scheme is therefore of particular relevance in the context of a single working age payment. One of the key recommendations in this report relates to the Department's approach to activation in respect of DA

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<sup>18</sup> The Social Welfare (Miscellaneous Provisions) Act 2010 (Part 3)

<sup>19</sup> The Social Welfare (Miscellaneous Provisions) Act 2010 (Part 4).

recipients. The report notes that the ongoing focus of the current system on incapacity, as opposed to capacity, does not necessarily serve the best interests of customers. In line with trends in OECD countries, the DA review group recommends that a process of identifying capacity and subsequent segmentation be put in place when claims for DA are initiated. The review group envisages segmentation at three levels, ranging from those who have well developed job skills or potential to be job ready to those whose needs are not directly related to the labour market but which are equally important in terms of personal development and social participation and inclusion.

### Review of lone parent policy developments and initiatives

As in the case of DA above, the cohort of people who are recipients of OFP represent a sizeable proportion of the overall working age payments and the scheme provides income support to a large number of people who are parenting alone and consequently have a different set of needs. Over the years the Department has been considering the income support needs of this group and these find expression in the Government discussion paper, “Proposals for Supporting Lone Parents, which was published in February 2006. It put forward proposals for the expanded availability and range of education and training opportunities for lone parents, the extension of the National Employment Action Plan to focus on lone parents, the focused provision of childcare, improved information services for lone parents and the introduction of a new social assistance payment for low-income families with young children.

The proposals outlined in the Government discussion paper informed deliberations regarding the reform of the OFP scheme. This is underpinned by the overarching policy that social welfare supports for lone parents should be designed to prevent long-term dependence on social welfare income support and raise expectations of participation in education, training and employment with appropriate supports.

To meet these social objectives legislation<sup>20</sup> was introduced in 2010 to amend the OFP scheme. The new measures will apply to new customers from April 2011 who will be paid OFP until the youngest child reaches the age of 14. For existing customers of the payment, provision is made for a phasing-out period with a progressive reduction in the child’s qualifying age from 17 years to 14 years between 2013 and 2016.

### Summary

Overall, it is crucial that all these projects, which are inter-related and complementary, progress in a consistent and timely manner, as discussed further in chapter 9.

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<sup>20</sup> The Social Welfare (Miscellaneous Provisions) Act 2010 (Part 2)

## Current Directions

While efforts have been made in recent years to rationalise schemes and in particular to align payment levels the system, and consequently the way the Department interacts with customers, is still based on contingency. There has also been a shift towards allowing recipients of social assistance payments retain more of their social welfare payment if either the recipient or his/her spouse is in employment. This builds on earlier schemes, such as back to work allowance which allows persons to retain a declining portion of their social welfare payment over a period of three years.

While these measures encourage people to take up employment, differences remain across the various payments in the treatment of income and the tapering arrangements, as set out in chapter 4.

## Increased focus on activation measures

The Department is committed to a range of initiatives to ensure that all people of working age have sufficient income and opportunity to participate as fully as possible in economic and social life. These initiatives include activation measures. Activation in this context is defined as the engagement with customers of the Department of working age, who are in receipt of specified social welfare payments or benefits in order to support them and their families in progressing into employment and /or other appropriate progression. This approach involves engaging with all people of working age in a similar way, whether they are unemployed, lone parents, people with a disability or in some other category.

The National Employment Action Plan (NEAP) is the main welfare to work measure. The NEAP is currently only focused on persons on the Live Register. Under the NEAP, FÁS provide guidance to those referred in relation to return to work plans or the availability of training courses or other educational opportunities. In this respect FÁS is the main driver of the NEAP. Currently all people who have been on the live register for 3 months are referred and FÁS have increased their EAP capacity from 1,600 to 3,200 per week. Training places have also doubled to 128,000 per annum. Given the current economic situation questions arise as to the sustainability of referrals at 3 month.

An interdepartmental group was established to carry out a review the National Employment Action Plan (NEAP). The review is structured into two phases - first, to immediately review inherent processes and referral duration as currently operated under the NEAP and, secondly to carry out a more general review of the NEAP having regard to work already completed in this area, such as OECD, and specifically to examine and make recommendations in relation to the intervention period, taking account of the profiling model developed by the Department and the ESRI. The group are asked to make recommendations in relation to the measures - structural and operation - that would best achieve the objectives of an effective

activation process, including informing the debate in relation to the integration of employment and social welfare services.

As a follow on to this work, joint DSP-FÁS group engagement sessions have been introduced from mid October 2010 in the Dublin and Galway areas on a trial basis. The profiling model has been validated by the ESRI and the necessary IT and organisational changes are at an advanced stage to deploy profiling in 2011 on an incremental roll-out.

The Department's role in activation measures has also increased in recent years. Introduction of an active case management approach for customers of working age on welfare by the Department is supported by the National Development Plan. It involves active engagement with our customers and close collaboration with other agencies such as FÁS, Vocational Education Committees, the Health sector and local service providers. To date the main emphasis has been on the unemployed. The focus initially is on the expansion of the facilitator service of the Department to support the activation programme. Supported by the NDP, the number of facilitators was increased to 60 in January 2009 and now stands at 64. Structured engagement and informed referrals for customers are amongst the key features of the facilitator role.

During 2006 FÁS tested a model of engagement with lone parents. A significant number of lone parents who were contacted did not engage with FÁS. Follow up research and discussions with lone parents identified a number of issues that needed to be addressed, such as flexibility in provision of training, mismatch between educational attainment and skills required and needs of employers or occupational aspirations, childcare and other family commitments. In response, FÁS has developed a social inclusion model which was tested in two locations in the Dublin region, the results of which are currently being evaluated. The Department of Social Protection was involved in the test, together with FÁS and the lone parent support groups.

Despite this increase in activation measures, some commentators note that activation measures in Ireland should be greatly intensified. See in particular OECD Social, Employment and Migration: Activation Policies in Ireland.<sup>21</sup>

### **NESC Report: *The Developmental Welfare State***

Reference has already been made in chapters 1 and 2 to the NESC report on the developmental welfare state. It notes that the debate in Ireland as to whether and how income support systems should be fundamentally altered is not as strong as in other EU member states. The report also notes that the concept of an 'active' welfare state has become widespread and that there has been a retreat from using passive income transfers to facilitate labour market withdrawal and economic restructuring, and greater attention is

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<sup>21</sup> Grubb D, S.Singh and P. Tergeist (2009)



being given to the conditions, supports and assumptions surrounding income transfers to people of working age.

### How far have we got in reforming the system?

The steps in reforming social assistance payments are being carried out against the backdrop of EU and OECD developments, particularly anti-poverty strategies and other social exclusion initiatives with the overall recognition that the best way out of poverty is through employment.

Chapter 6 sets out some detail of welfare reform in other countries. Countries including the UK, Denmark, the Netherlands, the US, Canada, Australia and New Zealand have all introduced reforms to address the increase in the numbers of people in receipt of inactive benefits. Typically the revised systems include personalised support matched by clear obligations on individuals to engage with support. Incentives to take up employment or other supports are built in to these systems and sanctions also play an important role. One of the main features of welfare reform in the UK, for example, is the requirement for the individual to discuss his/her plans to leave benefit and take up employment or other supports. This gives responsibility to the individual to plan his/her future based on individual needs and circumstances.

Welfare reform in Ireland has been more gradual and there has not been any 'root and branch' reform as in other countries. Improvements made to schemes have revolved around creating incentives to take up work and removing disincentives. Changes to existing schemes or introduction of new ones are often in reaction to various pressure groups but without sufficient consideration as to implications for the overall objectives of the social welfare system. Programmes such as back to work allowance and back to education allowance have been successful and have helped many people back into work. There has also been increased activity on the activation side with emphasis on early intervention

Despite improvements in individual payments and an increase in the availability of other supports, commentators on welfare reform in Ireland point to the poor outcomes for people of working age receiving social assistance payments with the risk that people are not adequately supported in the current system and get categorised according to the payment he/she receives without much focus on removing barriers to enable him/her to return to work, education or training opportunities. The risk is that such people become socially excluded or fall into poverty.



### Summary: Welfare Analysis and Reform in Ireland

The Department's approach to reform of social assistance payments has largely been carried out through the VFM review procedure and has tended to focus on individual payments rather than taking a more holistic approach.

The main feature of welfare reform in Ireland in recent years has been around the rationalisation of the payment structure. Incentives to take up employment have revolved around more generous disregards and tapering arrangements but there are significant differences across schemes in how these are applied. There has also been increased use of activation measures in recent years and while the main emphasis has been on the unemployed efforts are being made to broaden the scope of activation measures.

On the other hand, there has been no fundamental review of payments for people of working age. In this respect Ireland may be behind many other countries that have embarked on reform programmes. Welfare reform in these countries is characterised by a shift from passive income support to a system of individualised support.

The NESc report - The Developmental Welfare State sets out a number of points in relation to payments for people of working age and advocates a more personal and individualised approach based on people's needs and less focus on assumptions made based on the payment type.

The reform of welfare systems should focus on the outcomes for people and reduce their risk of becoming socially excluded and/or at risk of poverty.

## Chapter 6: Welfare Reform in Other Countries

### Introduction

Many countries including the UK, the US, Canada, Denmark, the Netherlands, Australia and New Zealand have introduced reforms in response to the increase in the proportion of individuals of working age receiving non-employment type payments. Some of the emerging features of these reforms are as follows:

- typically they combine an increase in conditionality in return for support provided;
- greater focus on capacity to work and a movement away from the contingency approach;
- extension of activation measures to include those in receipt of non-employment or inactive benefits;
- use of profiling models to target those furthest from the labour market;
- the integration of employment and social welfare services;
- increased collaboration with employers and voluntary and private employers;
- sanctions and incentives are an integral part of the reforms.

In this chapter the main features of reform in some of these countries are set out in more detail.

Ireland, by being somewhat ‘behind the curve’, now has the opportunity to learn from experiences elsewhere. In this regard however it is important to point out that the literature on policy transfer cautions that partial or incomplete transfer of policy, or transfer to achieve different objectives, carries a high risk of failure.

### Welfare Reform in other EU States and outside EU

In the Netherlands, for example, people deemed to be furthest away from the labour market have a conditionality regime where they are required to pursue a personalised reintegration programme (IROs), which may include basic skills training and assistance in job search techniques, followed by temporary job placements. These IROs (individualised reintegration agreements) were introduced in the Netherlands in 2004.

As in the UK system, which is outlined in more detail in the paragraphs below, some of these services are delivered by private providers. One commentator<sup>22</sup> on the relative success of IROs in the Netherlands refers to its flexibility and greater control given to service users, coaches and providers. It also creates, he states, enhanced personalised support and user

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<sup>22</sup> Research in Public Policy Issue 7 Autumn 2008: Contracting out welfare-to-work reform Dan Finn Professor of social inclusion at the University of Portsmouth.

engagement within a managed and more individualised delivery of intensive employment assistance.

Since January 2009, the Centre for Work and Income (CWI) and the Institute for Employment Benefit Schemes (UWV) have been merged. Previously CWI was more involved with job search/placement and UWV with the payment of benefits. This reflects the position in most EU states where placement services are within the organisation responsible for paying benefits. Both employers and employees can contact the new organisation with questions regarding employment of personnel and information on the labour market. Unemployed persons can request unemployment benefits or assistance.

The welfare to work reform in Australia covered all aspects of the welfare system for people of working age: obligations for those who can work, services to help people into work, a compliance framework and an employer strategy to help promote employment of parents, those of mature age and people with disabilities. For certain unemployed people (mainly long term unemployed and younger people) the reform includes compulsory work for dole for 25 hours per week for 10 months of the year.

### Welfare Reform in UK

The UK Government's White Paper entitled *Raising Expectations and Increasing Support: reforming welfare for the future* (December 2008) sets out the background to the current phase of welfare reform. It is stated that prior to the current reform only around 30% of recipients of key working-age benefits had to do anything in return for their benefits and not enough support was provided. The Government sought to correct this in three phases of welfare reform:

- i. **The obligation to work was deepened** by the introduction of New Deal and the creation of Jobcentre Plus. These reforms meant that people signed up for work when they signed on for benefits. These obligations were matched by higher support, including by making work pay through the National Minimum Wage and the Working Tax Credit.
- ii. **The obligation to work was widened.** New Deal for Disabled People and Pathways to Work, the first employment programmes to help people on incapacity benefits to find work were piloted. The New Deal for lone parents was introduced on a voluntary basis. From October 2008, incapacity benefit was replaced with the Employment and Support Allowance and all new claimants have been required to go through Pathways to Work. From November 2008, lone parents whose youngest child is 12 years old are also required to look for work (reducing to 10 years from October 2009 and 7 years from October 2010).
- iii. The third phase of welfare reform is based on the idea that **no one is left behind**, that virtually everyone should be required to take up the support to overcome barriers to work.

The reform builds on the recommendations of two independent reviews: the Freud Report and the Gregg Review. The proposal in the Freud Report ‘invest to save’, where private and voluntary providers use future benefit spending to fund up-front investment to get more people back to work is being piloted.

The rights and obligations vision in the Gregg review is also being piloted and at the same time the benefit system is being simplified. The principle underlying reform is that instead of treating people according to the benefit they receive, support is personalised according to the barriers they face. Equally, sanctions are a built in feature of the reform and the personal rate of payment is progressively reduced where the person does not comply with his/her obligations.

The Gregg report also notes the conclusion of Martin and Grubb<sup>23</sup> that international evidence suggests that increased conditionality, linked with an emphasis on assistance in job search and, in some cases re-employment bonuses, have been effective in reducing unemployment in many OECD countries.

Welfare reform in the UK, which in many respects follows that in Australia, is characterised by the underlying expectation that almost everyone on benefits would be expected to take active steps towards work but those expectations are based on an individual’s needs and circumstances (personalised conditionality).

The main focus of reform is to explore the possibility of introducing a single income-replacement benefit for people of working age. The abolition of Income Support is seen as a step towards simplifying the system which would leave a dual benefits system based around **Jobseeker’s Allowance** and the **Employment and Support Allowance**. However, in line with recommendations in the Gregg report carers will not be required to engage in back-to-work activity and are not being moved from Income Support for the time being.

In July 2010, the UK Government launched a further consultation document entitled “21<sup>st</sup> Century Welfare” covering the following issues:

- a single integrated universal credit, which could bring together out-of-work benefits, tax credits and payments for needs such as housing;
- a single unified taper; and
- possible changes to the conditionality rules for benefit recipients.

The consultation closed in October 2010 and the responses are currently being analysed. More recent announcements indicate that the UK Government intend to introduce a single universal credit to replace a number of payments including income support, disability benefits, tax credits, jobseekers allowance and housing benefits.

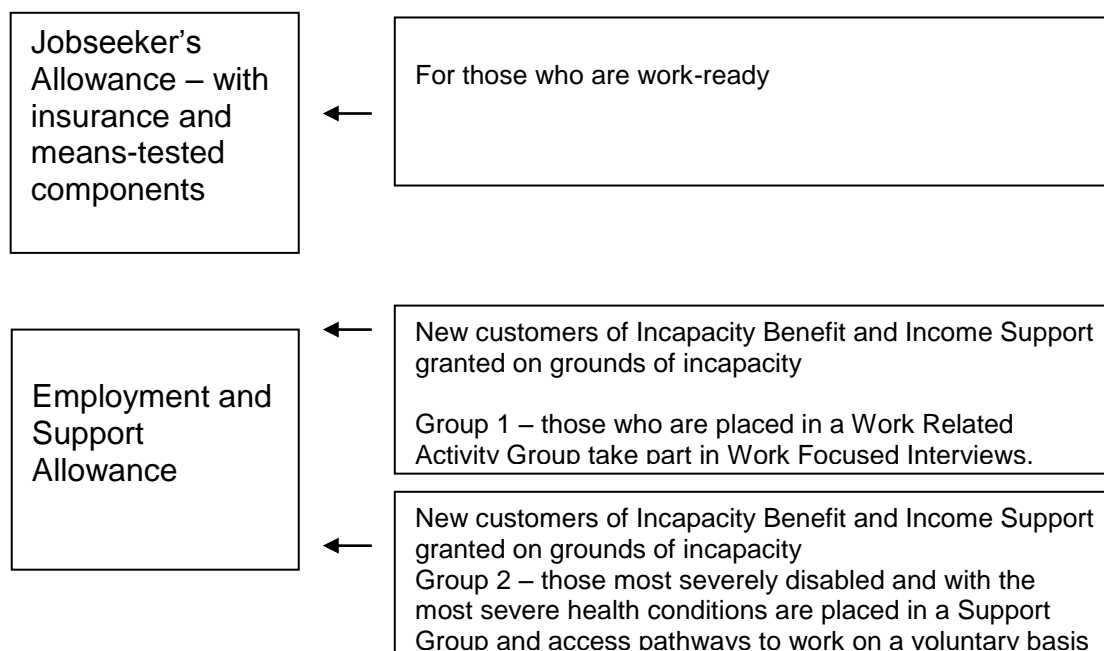
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<sup>23</sup> Martin, J.P. and Grubb, D, (2001), *what works for whom: a review of OECD countries experience with active labour market policies*. Office of Labour Market Policy Evaluation Working Paper No. 14

The review of the welfare system in the UK distinguishes between three groups:

- A **‘Work-Ready’** group for people who are immediately job-ready. This is largely rules-based and self-directed regime, with standard job-search requirements, based largely on the existing arrangements for people getting Jobseeker’s Allowance;
- A **‘Progression to Work’** group for people who cannot work at the present time or look for work but for whom returning to work is a genuine possibility with time, encouragement and support. People in this group co-produce a back-to-work plan with a Personal Adviser that is tailored to their individual circumstances. In theory this applies to the majority of people in receipt of the Employment and Support Allowance (those in the Work Related Activity Group) and lone parents and partners with young children;
- A **‘No Conditionality Group’** where there would be no requirement for any work-related activity, but where support would be available for people who chose to seek it. The review proposed that lone parents and partners with very young children, carers and the most disabled people should be in this group.

As outlined above the UK system has two payments for people of working age and can be summarised as follows:



## Study visit to the UK

As part of compiling this feasibility report a study visit to the UK was undertaken in June 2009 which included a visit to Staines Jobcentre Plus.

The following is a summary of the key points:

- UK welfare reform is characterised by shifting focus from the type of benefit a person is receiving to getting back to work or in the case of people with illnesses/disabilities preparing to return to work. Pathways to work is the flagship programme to help people off incapacity benefit and into work. Private providers are used to deliver Pathways to work in 60% of the country.
- This shift in focus is accompanied by a change in the way customers are supported e.g. there is face to face contact with all customers to establish firstly whether they should be placed in the work ready group or the support group. This face to face contact is continued for the duration of the customer's claim with the purpose of supporting the person to return to work or avail of other supports to assist a return to work in the future. It is therefore, very much future focused.
- The introduction of the Employment and Support Allowance was accompanied by a new robust medical assessment carried out by independent healthcare professionals.
- This level of interaction is onerous and, in addition to engaging professional staff, involves the training of staff to meet the new demands of the system.
- Decision making functions are centralised.
- Incentives and sanctions are built in to the reform.
- The development of an employer engagement strategy is regarded as essential to increase the number of disabled people getting into and retaining employment.
- Engagement of support groups at an early stage of the reform was an important part of successful introduction of reform.
- Reform in the UK is also characterised by extensive piloting over a long period of time.

In addition, reforms in the UK involved changes in provision outside the social welfare system e.g. development of tax credits to make work pay including support for childcare costs.

In taking the above approach, the UK drew on the best international welfare systems, such as the Dutch and the Scandinavian models where personalised support is matched by clear obligations on individuals to engage with support.

## Evaluation of international welfare reform

While much has been written on the detail of welfare reform in other countries there is a lack of information in relation to the evaluation of these reforms - much of the material infers that approaches designed to help people of working age off benefit is the right thing to do.

In a research report carried out by Middlesex University on behalf of the Department for Work and Pensions in the UK <sup>24</sup>the authors focus on active labour market policies in an international context and what can be learned from these. Summarising what works best among OECD countries the authors point to four key findings:

- There is a need for activation programmes providing personalised support and early intervention for those most in need;
- Adequate staff/client ratios are crucial for effective activation programme performance;
- Specific effort must be devoted to support harder to help customers with care to prevent drop-out;
- Subsidised work placements combined with on the job training and other appropriate measures achieve sustainable employment outcomes.

The OECD report entitled *From Inactivity to Work: the role of Active Labour Market Policies*<sup>25</sup> the authors, inter alia, examined the impact of reforms which extended work-availability requirements to new target groups and note that caseloads can be significantly reduced through such strategies.

### Examples of caseload impacts from the introduction of work-availability conditions

Experience suggests that the introduction of work-availability conditions on a particular labour market group, used in conjunction with labour market programmes or regular PES interventions can have a large impact on assistance caseloads.

In Ontario (Canada) a province that favoured a “work-first” approach, the social assistance caseload declined by about 21%, after the introduction of the “CHST reform” in 1996 (Gray, 2003 p.22)

In the United States, welfare reform coincided with a decline in benefit recipient caseloads by about two-thirds between 1994 and 2000. Schoeni and Blank (2000) confirm that welfare reform was a major cause of the decline of benefit caseloads recorded in the late 1990s. Many US studies have also found a positive impact on levels of working by lone parents. The impact of welfare reform on income and poverty is less clear-cut. By the end of the 1990s most single mothers had higher incomes, but this could reflect factors such as better economic conditions, higher minimum wages and a higher level of earned income tax credit. Econometric studies (Moffitt, 1999; Schoeni and Blank 2000) suggest that the reform slightly reduced the poverty rate among low-income women (by around 2 percentage points).

Source: OECD *From Inactivity to Work: The role of active labour market policies* Carcillo and Grubb p.18

<sup>24</sup> Department for Work and Pensions Working Paper No 59: Active labour market policies in international context: What works best? Lessons for the UK (2009)

<sup>25</sup> OECD *From Inactivity to Work: The role of active labour market policies*, Carcillo and Grubb (2006)



In the same report the authors examine the employment impact of work-focused interviews.

### The employment impact of work-focused interviews

Evidence from the United Kingdom concerning the impact of work-focused interviews (WFIs) has been mixed. In 1999 WFI were introduced for lone parents and disabled beneficiaries. In conjunction with the introduction of "ONE" pilots which co-located the administration of non-employment benefits with unemployment benefit administration and employment services. However, statistical evaluation found that this model of service delivery - and more specifically the WFIs- had little impact on labour market outcomes (Connolly, 2003; Kirby and Reilly, 2004).

However, more recent evaluation found that an extension of WFIs to new groups of lone parents (new claimants with young children and existing claimants with older children) in April 2002 induced a 1 percentage increase in benefit off-flows after 6 months and 2 percentage increase after 12 months for the existing claimants group. This is a significant increase given that the average annual off-flows rate is about 20% for this group (Knight and Lissenburgh, 2005). There is also evidence that compulsory participation in WFIs has approximately doubled rates of participation by short-term benefit claimants in the voluntary New Deal for Lone Parents (NDLP) programme (Evans, 2003). Since 2001, integrated Jobcentre Plus offices have progressively been introduced. This arrangement allows WFIs to be conducted in local employment offices, which was expected to increase their impact. As of late 2004, off-flow rates for lone parents were slightly higher than the offices which had integrated first (Corkett, 2005). Despite the somewhat mixed nature of the evidence, it seems plausible that compulsory WFIs combined with the voluntary NDLP programme have maintained and reinforced the slow downward trend in lone parent beneficiary numbers that started in the mid 1990s.

*Source: OECD From Inactivity to Work: The role of active labour market policies Carcillo and Grubb extract from p.36*

Statistical information published by the Department for Work and Pension in October 2009 shows the outcomes following the introduction of the Employment and Support Allowance in October 2008, which was also accompanied by a work capability assessment (WCA).

### Main Findings ESA & WCA Statistical Release (October 2009)

There were 195,500 new ESA claims between 27<sup>th</sup> October 2008 and 28<sup>th</sup> February 2009. 52% of these ESA claims were assessed resulting in the following outcomes:

- 5% were assessed as suitable for the support group
- 11% were assessed as suitable for the work related activity group
- 36% were assessed as being fit for work
- the remaining 48% either left ESA before completing assessment or assessment is still in progress.

It is expected that the number deemed fit for work will decrease as the decision making process proceeds. Initial data on the outcome from appeals shows that 69% of DWP decisions have been upheld.

Source: [http://research.dwp.gov.uk/asd/workingage/esa\\_wca/esa\\_wca\\_arc.asp](http://research.dwp.gov.uk/asd/workingage/esa_wca/esa_wca_arc.asp)



## Differences between international developments and Ireland

As outlined in chapter 5, Ireland's approach to welfare reform tended to examine payments as discrete entities in themselves. While this approach has many advantages, allowing for development of a payment to meet changing needs, questions arise as to whether such a system is appropriate in the medium to long term. Development of payments in this way has also led to complex rules, particularly with regard to means testing, disregards of income from employment and the interaction with other payments. More importantly it is considered that people of working age are categorised according to the payment they are receiving and there is less focus on work related activities resulting in people being left on payments for long periods of time. Questions therefore arise as to whether people are adequately supported in this type of system, not necessarily in monetary terms but in terms of the supports and services required to help them move off benefits.

In contrast, welfare reform in other countries is characterised by a shift towards systems consisting of rights and obligations - where the right to a payment is underpinned by clear obligations. In the UK for example, the goal for the future is to have a simpler benefits system and genuine choice where everyone of working age has personalised support and conditions to help them back to work.

Evidence suggests that this latter approach has been effective in reducing unemployment in many countries. This approach is also consistent with the views outlined in the NESC report - *the Developmental Welfare State* which advocates the abolition of the several contingency-based social assistance payments and the creation of a 'participation income' to cover basic needs with supplements and supporting services fostering progression.

### Summary: Welfare Reform in other countries and outside the EU

Many other countries have introduced reforms to address the increase in the numbers of people in receipt of inactive benefits. These reforms typically combine an increase in conditionality in return for support provided.

As part of this study the review group looked at welfare reform initiatives in some of these countries but with particular emphasis on welfare reform in the UK.

Reform in the UK builds on the recommendations of two independent reviews: the Freud report and the Gregg review. It is characterised by progressive implementation following extensive consultation and pilot programmes and underpinned by legislative reform which includes incentives and sanctions. The system is being built around a personalised conditionality and support regime where virtually everyone claiming benefits are required to engage in activity that will help them move towards, and eventually into employment. The UK Government's reform green paper: *No one written off* refers also to the possibility of introducing a single working age benefit. The Gregg review, while believing that the personalised conditionality regime could be even more effective if a single benefit were in place, cautions that two issues need to be considered in much more detail - the need for more sophisticated profiling and the position of carers.

There is evidence to suggest that increased conditionality linked with an emphasis on assistance in job search has been effective in reducing unemployment in many OECD countries. This approach is consistent with the views advocated in the NESC report - *the Developmental Welfare State*.

## Chapter 7: Framework of Single Payment Arrangements for people of working age

### Introduction

As outlined in chapter 6, many countries have embarked on a reform of their benefit systems. A common feature of all the reform programmes is the desire to ensure that the benefit systems provide appropriate individualised support and services to help people into employment, training, education or to take other opportunities which will improve the outcomes for people relying on support. This support is matched by clear obligations being placed on the individual.

In contrast, as outlined in chapter 5, Ireland's approach to reform has been more modest and movement towards a rights and responsibility regime is somewhat behind developments in other countries. Commenting on Ireland's current contingency-based system of payments for people of working age the NESC report - *The Developmental Welfare State*, points out this can operate to confirm a person's status as a person outside of the workforce rather than as an unemployed member of it. The report advocates a move towards a system of support based on rights and obligations.

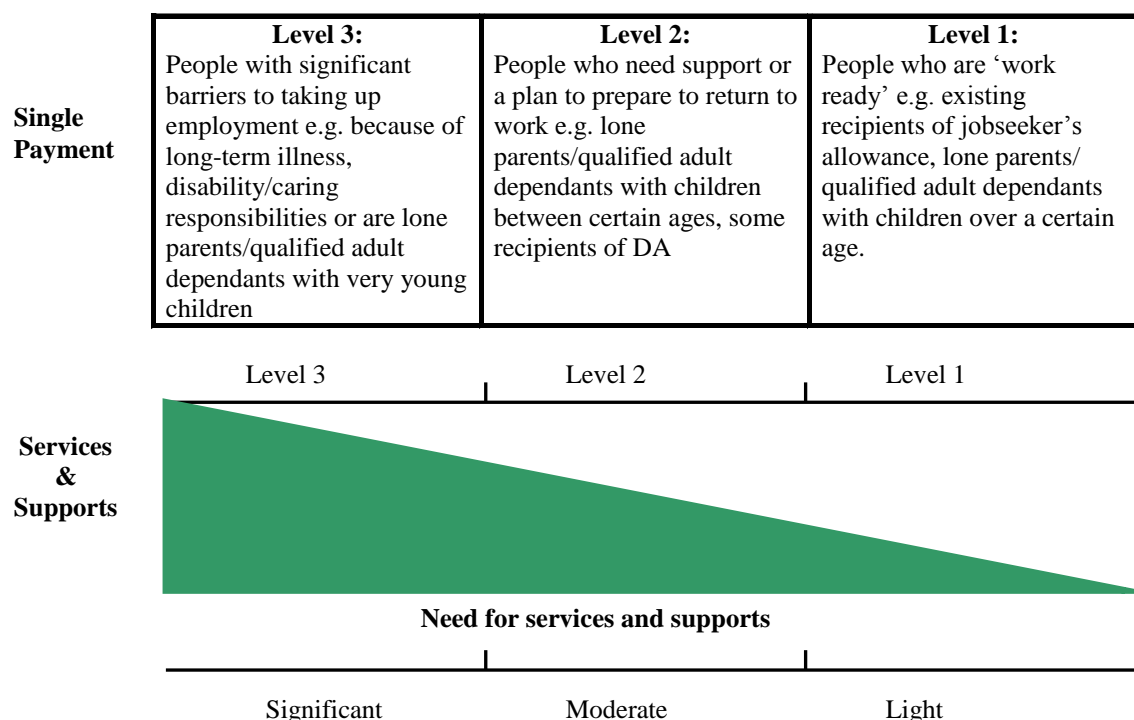
This chapter sets out how the Department could move from the several contingency-based payments and introduce a single social assistance payment for people of working age. The outline of such a payment, its scope and the main eligibility conditions are also set out.

### Overview of single payment

While it would be possible to take any of the existing social assistance payments as a framework for a single payment for people of working age, the existing jobseeker's allowance is being used in this review as a possible template on which to build a single payment. This approach also allows a direct comparison (chapter 8) to be made between the existing arrangements for people of working age and any new arrangements that may be put in place.

The single payment could consist of three tiers, allowing for tailoring of conditionality at each level in recognition of the person's individual circumstances, as set out below.

In this scenario the entry conditions (means, age etc.) would be the same for everyone but with different employment seeking requirements applying depending on which of the three levels the person enters the payment, as set out in the following diagram.



The operation of such a proposal is discussed at a broad level below. It is clear that distance from the labour market is directly related to the level of supports required. The detail would be worked out as part 2 of the implementation plan and would include discussions within the Department, at regional and local level, and agencies regarding service provision.

### Scope of single payment

In principle the single payment should cover assistance payments that are made to people of working age to include those who are:

- Unemployed
- Ill
- Disabled
- Lone parents
- Widowed
- Carers
- Qualified adults of working age attached to social assistance payments

The inclusion of carers within the scope of the single payment was examined in detail and they are included at this stage of the study so that the implications for this group of people are examined in the feasibility study. The pros and cons of their actual inclusion are set out later in this chapter.

An important point to note is that not all interventions are about getting people back to work as they also have a social dimension. Some interventions made by the Department, while not leading to employment, have positive impacts on motivation and self-confidence and can also have positive aspects for children in the families. Such interventions are of

particular relevance for people who face significant barriers to employment and for whom access to supports and services is hugely important.

There are some 72,000 qualified adults attached to social assistance payments for people of working age. In principle, while not abolishing the concept of qualified adult, this group should also come within the scope of the single payment and avail of the supports and services available under the scheme because their circumstances and needs are the same as other people of working age. The conditions attaching to the payment would equally apply to them. Equally they could access services and supports on the same basis as claimants. This approach would ensure equality of treatment with all other people in the same circumstances.

## Main eligibility conditions

### Common eligibility requirements

All claimants of the single working age payment must:

- Be 18 years of age and under 66 years;
- Be habitually resident in the State; and
- Satisfy a means test

### Conditions applying at each level

#### Level 1 - Light support

The conditions attaching to this group should be predominantly based on the current Jobseeker's Allowance regime and the majority of people in this group should not require much help with their job search activities. It should be largely rules based and self-directed with standard job search requirements. Nonetheless, an initial assessment carried out by a case manager at claim stage should endeavour to identify those who are capable and better placed to carry out job search activities without too much support from those who need more assistance.

Conditionality	Assessed By?	Support required	Who provides support
<p>At this level people would be required to be available for and genuinely seeking full-time employment.</p> <p>All claimants at this level would be required to prepare a Personal Return to Work Plan and attend regular meetings with a case manager, to check the plan against steps taken and adjust it if necessary.</p> <p>There should be a strong sense of personal ownership and responsibility of the Personal Return to Work Plan with clear sanctions where steps in the plan are not carried out by the claimant.</p>	<p>Case manager at claim stage</p> <p>In the case of people with a disability medical/capacity assessment by medical professional.</p>	<p>Need for training and/or other assistance at this level should only be marginal</p> <p>Out of school childcare</p>	<p>DSP/FÁS through profiling and intervention by a case manager</p> <p>Work Placement Programme</p> <p>DSP Back to Work &amp; Education Schemes</p> <p>D/Education &amp; Skills Employers VECs</p>

## Level 2 - Moderate support

People in this group will typically be those for whom returning to work is a reasonable prospect but who, for a variety of defined reasons, are not able to do so at this point in time. They face more barriers to taking up employment than those at Level 1 and consequently require greater support and less onerous conditions of seeking work. The idea is that with appropriate support and services people at this level will move to Level 1.

Conditionality	Assessed By?	Support Required	Who Provides Support
Produce a back-to work plan with a case manager which is realistic having regard to individual circumstances.  Attend regular meetings with a case manager  Many people in this level are likely to be distant from work environment for a considerable period	In the case of people who would previously have qualified for DA there will be need to carry out a medical/capacity assessment.  A case manager to identify and try to overcome other barriers to returning to work: Childcare Disability Training/Re-skilling	Training or dedicated assistance with specific issues such as illiteracy etc  Access to healthcare professionals to manage illness/disability in a work context  Placement with employer in a work experience type of role	DSP/FÁS through profiling and intervention by a case manager  D/Health & Children and HSE D/Education & Skills Office of the Minister for Children & Youth Affairs  DSP/FÁS Local Employment Service Employers VECs Probation Service

## Level 3 - Significant support

This group would consist of people who currently qualify for disability allowance, carer's allowance and lone parents and partners/spouses with very young children.

For those who have a disability or illness an assessment would have to be carried out to establish the person's capacity for work and ultimately to decide at which level the person should enter the payment and consequently what conditions apply. Only those with a disability or illness which prevents them from any work-related activities should be at this level. However, there may be programmes (e.g. addiction programmes etc.) which the person can avail of which will in time render the person capable of some work activity.

Parents with young children, for whom the main issue in returning to, or taking up, work is the age of the child/ren should be required to attend interviews with a case manager at regular intervals. They should also be required to prepare a personal return to work plan, which should include what steps they are taking in order to make themselves available for work

at a known date in the future. The plan should include the barriers and the proposed steps to overcome the barriers.

Conditionality	Assessed By?	Support Required	Who Provides Support
<p>No job search conditionality</p> <p>Those for whom taking up work is a real prospect will be required to produce a back-to work plan with a case manager. The plan should be realistic and future focused having regard to individual circumstances.</p> <p>Attend regular meetings with a case manager (e.g. half yearly).</p>	<p>In the case of people who would previously have qualified for DA there will be need to carry out a medical/capacity assessment.</p> <p>A case manager to identify and try to overcome other barriers to returning to work: Childcare Disability Training/Re-skilling</p>	<p>Access to healthcare professionals</p> <p>Training or dedicated assistance with specific issues such as illiteracy, substance dependency etc.</p>	<p>DSP/FÁS through profiling and intervention by a case manager</p> <p>D/Health &amp; Children and HSE</p> <p>D/Education &amp; Skills Office of the Minister for Children &amp; Youth Affairs</p> <p>Community Groups</p> <p>VECs</p> <p>Probation Service</p>

As outlined in the NESC report access to services and other supports is critical to the success of a single payment. The NESC report - *The Developmental Welfare State* also notes that the radical development of services is the single most important route to improving social protection. The introduction of a single payment must therefore be accompanied by a fundamental development of supports and services and requires an all of Government response. Failure to have services and supports in place would undermine the rights and obligations approach which underpins the concept of a single payment. In the following section a number of factors which have been identified as labour market barriers are set out. The removal of such barriers is essential in this context also.

### Labour Market Barriers

The following table provides an overview of barriers to participation in employment and programmes. In the context of labour market marginalisation, barriers are rarely experienced individually, but in groupings or clusters. Moreover, these clusters are not confined to the characteristics of individuals but extend to the practices and preferences of employers and to the implications and anomalies of social policy. If comprehensive approaches to creating labour markets are to be identified it is necessary to engage with all the arenas within which barriers arise. The table shows individual barriers in terms of the spheres or arenas in which they are located.

## Labour market barriers and arenas in which they are located<sup>26</sup>

Personal Factors	Labour Market Factors		Economic Factors	Social Policy Factors
	Supply side	Demand Side		
<ul style="list-style-type: none"> <li>• Health issues</li> <li>• Literacy difficulties</li> <li>• Psycho-social problems</li> <li>• Homelessness</li> <li>• Prison records</li> </ul>	<ul style="list-style-type: none"> <li>• Limited information on jobs</li> <li>• Low educational attainment</li> <li>• Low skills levels</li> <li>• Lack of work history</li> <li>• Disaffected from the labour market</li> <li>• Language difficulties</li> </ul>	<ul style="list-style-type: none"> <li>• Informal recruitment practices</li> <li>• Minimum entry requirements</li> <li>• Prejudice</li> <li>• Lack of flexible working</li> <li>• Lack of supports for people with disabilities/ physical access</li> </ul>	<ul style="list-style-type: none"> <li>• No jobs</li> <li>• Sectoral shifts</li> <li>• Low wages</li> <li>• Precarious employment</li> </ul>	<ul style="list-style-type: none"> <li>• Anomalies in social welfare</li> <li>• Welfare traps</li> <li>• Participation costs</li> <li>• Childcare &amp; other social care</li> <li>• Transport</li> </ul>

One of the main implications of this approach is that the concept of good practice residing in a specific intervention has to be reconsidered. If good labour market practice is understood as enabling *individuals* make the transition from welfare dependency (or the risk of welfare dependency) to stable employment, then what is important is not that there are interventions or programmes that try to achieve this by anticipating the requirements of specific groups, but that all the elements necessary to identify and address the needs of individuals are in place at local level i.e. the focus is on the individual and not the system. In effect, an a la carte menu of services, from which every vulnerable individual can choose or be assisted to choose the appropriate elements which can work together to achieve a result. Within this perspective, good practice exists at the level of *local labour market inclusion strategies* which include the full range of elements to allow individuals select from them as appropriate to their own needs and circumstances. This also highlights the need for an all of Government response to the provision of services.

## Lessons from Gregg Review, UK

The outline of a possible single payment discussed in this chapter broadly reflects the approach taken by the UK (which in turn was partly modelled on the Australian approach and Scandinavian models) - albeit that in the UK there are 2 payments for people of working age. There are a number of points made in the Gregg Report in relation to identifying the appropriate

<sup>26</sup> Extract from 'A study of labour market vulnerability and responses to it in Donegal/Sligo and North Dublin' (report prepared by the Work Research Co-operative Social & Economic consultants for the NESF project team on creating an inclusive labour market).



group/level in which a person is placed and these points are also relevant in the context of the approach outlined in this review for a single payment:

- mechanisms need to be in place to avoid creating an incentive for large numbers of people at level 1 negotiating down the requirements that apply to them.
- For people in the Progression to Work Group (equivalent to proposed Level 2) an agreed action plan should be designed with the adviser that sets out work related steps towards taking up work. In terms of what constitutes work-related activity the report states that there is strong evidence that claimants' routes back to work vary a lot and frequently involve addressing issues that have very little to do with job-seeking directly. Consequently the requirements that would apply to this group need to reflect this and provide a tailored and supportive regime rather than requiring claimants to undertake only employment programme provision and job-seeking activities. The Welfare Reform Act 2007 in the UK resulted in a very broad definition of what would count as work-related activity. This includes any activity that helps claimants:
  - **Stabilise their own/family situation** (e.g. assessing childcare options, seeing a debt adviser about stabilising financial situation, resolving a housing situation or joining a Children's Centre);
  - **Manage their health for work** (e.g. Condition Management Programmes, drug and alcohol rehabilitation, 'Progress to Work' for drug misusers or therapy or physiotherapy for a common health condition);
  - **Improve their skills for work** (e.g. working with an NDLP or NDDP adviser to consider job-seeking ideas or independent job search); and
  - **Prepare for full-time employment** (e.g. through work tasters or work trials, permitted work, volunteering or preparation for self-employment and part-time work).

The Gregg Review recommends that this broad approach continues to be the basic framework for defining work-related activity and that there is also discretion for other activity from the outset to be accepted if it is relevant and necessary in an individual's case.<sup>27</sup>

### Determining the appropriate level

Determining at which level a person enters the payment should primarily be on the basis of individual characteristics e.g. lone parenthood and age of youngest child, degree of capacity for all people including those with health conditions or disability. However, this approach must be augmented by the involvement of a case manager who makes the determination on the appropriate level at which a person enters the payment at initial claim stage assisted by more sophisticated screening resulting from the profiling

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<sup>27</sup> Taken from Chapter 5 of Realising Potential: A Vision for Personalised Conditionality and Support by Professor Paul Gregg.

of customers. For example, in the case of people with disabilities or illnesses, the case manager would need advice from other professionals to ensure an accurate determination. The case manager (ideally the same person) should oversee the person's interaction with the Department and related services for the duration of the claim and should be free to determine what supports and services are required in individual cases. While general characteristics are used as a means of determining the level a person enters the payment this is only one aspect of the determination and a person should not be prevented from opting to be in a higher level and availing of the supports at that level. More sophisticated screening may be applied in future when results of profiling project are delivered. The National Disability Survey should help in profiling DA claimants. This survey was carried out in 2006 and sought to provide a comprehensive picture of the prevalence, severity and impact of disability and to provide more detail on the characteristics and situation of the population with a disability. The first module provides information on the prevalence and type of disability and the level of difficulty experienced with disability. The second module which is expected to be released in 2010 will provide an insight into disability and its effects on employment, transport, welfare and other key factors.

The single payment should therefore be dynamic and should not be regarded as 3 separate payments. The most important aspect of the payment is that a person is placed at the appropriate level depending on an assessment of his/her capabilities. The level at which a person is placed may change from time to time or over time having regard to the person's circumstances at any given time. There should therefore be fluidity between the levels so that people at levels 2 and 3 can easily move to level 1 over time. However, while recognising that some people currently at level 1 might be better supported if at level 2 and visa versa, mechanisms need to be in place to avoid creating an incentive for large numbers of people at level 1 negotiating down the requirements that apply to them. The operational detail of this approach would be worked out as part of the implementation plan.

The proposal in relation to case managers is in line with recommendations made by the consulting group who carried out the strategic review of customer facing services<sup>28</sup>. Recommendation 7 of the report envisages the creation of a new role of 'activation officer' to support the Department's goals in relation to activation. The consultants consider that this role should comprise a merger of the existing role of inspectors in relation to investigating entitlement to all means-tested schemes, which include an element of activation, with the existing role of facilitators. Recommendation 11 makes the link between the role of 'activation officers' and the importance of customer profiling and the need for coordination with the roll-out of these initiatives.

These recommendations, if implemented, would support the approach suggested in this review in relation to the Department's interaction with

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<sup>28</sup> Strategic review of customer facing services December 2008, Grant Thornton and Department of Social Protection

customers in the context of a single payment. One of the underlying principles is that the Department's resources are targeted to providing appropriate support to those most in need of support. The merger of the FÁS employment support services with the Department supports this approach.

### Interaction with other payments

As outlined in section 5 of chapter 4 under existing arrangements different conditions apply depending on the payment a person is receiving in order to determine eligibility to participate in a Community Employment (CE) scheme or to qualify for Family Income Supplement (FIS).

People while in receipt of jobseeker's allowance cannot participate in a CE scheme or claim FIS. Recipients of disability allowance and OFP, on the other hand, can continue to receive their social welfare payment and participate in a CE scheme or claim FIS.

In the context of a single social assistance payment for people of working age if JA is the payment being built on, it is arguable that recipients of the single payment should not participate in a CE scheme or claim FIS at the same time. Part of the rationale for not allowing double payment is to ensure that the single payment, as in the case of JA, continues to have a link with full-time employment in that one of the main conditions in order to qualify for JA is to be available for full-time work.

The original objective of FIS was to support families at work on low pay and thereby preserve the incentive to remain in employment in circumstances where the person might only be marginally better off than if he/she were claiming other social welfare payments. However, over the years this objective has become somewhat eroded due primarily to the flexibility introduced in the number of hours threshold (reduced progressively from 30 hours to 19 hours between 1984 - 1996) and the increase in the percentage of the difference between assessable income and the income limit applicable to family size that is payable (increased from its original 25% to current 60%) together with an increase in the income limits. Thus a family can have relatively high earnings from employment and still qualify for a FIS payment. Some of the arguments for and against paying FIS with a single payment are:

#### Pros:

- It would help to further align OFP and DA with JA rules.

#### Cons:

- The incentive for former DA and OFP recipients to combine some work with their primary payment would be removed.
- Reduction in household income.

The same arguments can be advanced in the case of people participating in CE schemes.

Overall the review group considers that this issue cannot be fully resolved until such time as the complete structure of the single payment itself has been fully worked out and other policy developments (e.g. DA review, LP proposals and child income support) are advanced further. The review group considers that all these aspects must be moved forward together in a comprehensive manner.

### Carer's Allowance - include or exclude?

Detailed consideration was given to whether carers should be included or excluded within the scope of the single payment. The following issues must be borne in mind in the context of this discussion:

- The most compelling argument in favour of including carers within the scope of the single payment is that caring responsibility is a temporary phase in a person's life and people providing care should be able to access supports and services during this time so that they are not further distanced from the labour market when their caring responsibilities cases.
- Recipients of carer's allowance are already working full time as the requirement in order to qualify for the allowance is to provide full time care and attention.
- Beneficiaries of care provided at home in general express a preference for home based care over residential care and the cost to the State of care at home is usually lower relative to the cost of residential care. Given aging populations this is not an insignificant consideration.
- Weekly means of €332.50 are disregarded in the case of a single person and €665 in the case of a couple.<sup>29</sup> This means that a couple with two children, earning a joint annual income of up to €37,200 can qualify for the maximum carer's allowance while such a couple earning €64,200 per annum will qualify for the minimum carer's allowance, plus the household benefits package and the respite care grant.
- The means test for carer's allowance is significantly less onerous than that which applies to all other means tested welfare payments. In the case of a similar type household, where, say, one applies for JA and the second of the couple is in employment, JA at the maximum rate will only be payable where income is less than €3,120 per annum and there is no entitlement once income exceeds €36,815<sup>30</sup>.
- The payment of half-rate carer's allowance with certain payments and the respite care grant must be taken into account when considering whether carers are brought within the scope of the

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<sup>29</sup> Includes means from all sources, including property, capital and self-employment.

<sup>30</sup> Gross income.

single payment. See chapter 4, Section 4 for more detail on these payments.

The review group is of the view that on balance carers should be excluded from the scope of a single payment, but again this is arguable.

### **Apply to all claimants or new claimants only?**

The review group is of the view that a single payment should only apply to new claimants from the date of introduction of the payment. While recognising that maintaining a dual system in to the future is administratively difficult, the review group considers that it would not be administratively possible to transfer existing claimants to the single payment from the same date nor would it be possible to guarantee the services and supports that underpin the payment all at once. To attempt to do so would seriously jeopardise the success of the payment. The review group is of the view that the only realistic option is to transfer existing claimants on a phased basis within clearly defined timeframes to correspond with the ability of the Department to manage this process and the availability of services and supports. Issues of implementation are considered further in chapter 9.

For illustrative purposes, the implications of aligning the current social assistance payments for people of working age to a single payment based on current JA rules are considered in more detail in chapter 8.

### Summary: Proposed Single Payment Arrangements for people of working age

This chapter identifies the broad structure of a single social assistance payment for people of working age. The existing Jobseeker's Allowance payment could be the overarching payment for people of working age structured in such a way that conditions can be tailored across the spectrum in accordance with individual circumstances. This reflects the approach based around rights and responsibilities as envisaged by NESC. It is envisaged that the payment would consist of three levels allowing for tailoring of conditionality at each level and related to the level of supports required by the individual.

The inclusion of certain groups, namely carers and qualified adults, was considered by the review group who concluded that a single payment should in principle cover all people of working age who meet the conditions of the payment.

The availability of services and supports, not all of which come within the remit of the Department of Social Protection, would have to be guaranteed.

The payment should be applied to new claimants only. The extension of a new payment to existing claimants would need to be managed over a period of time corresponding with the Department's ability to deal with such large numbers and the availability of services and supports.

## Chapter 8: The Means Test and implications of aligning working age social assistance payments to current Jobseeker's Allowance rules.

### Introduction

For illustrative purposes, this chapter examines the implications of aligning the current social assistance payments for people of working age to JA rules if JA was taken as the overarching payment for a single payment. The current rules applying to these payments are set out in chapter 4. In light of the points made in chapter 7 that in principle a single payment should cover assistance payments made to all people of working age this analysis covers all such payments. As stated in chapter 7 the review group is of the view that the payment should apply to new entrants only and that carers should be excluded from the scope of the payment. However, the implications for all groups are included in this analysis for illustrative purposes and to again highlight the differences in the current payment arrangements, as outlined in chapter 4.

Section 1 of this chapter covers the application of the rules relating to limitation on entitlement and Section 2 illustrates the effects of aligning the current social assistance payments for people of working age to JA rules where employment is involved. Section 3 examines the implications of aligning the working age social assistance payment to current JA rules where CE and FIS are a feature. This analysis does not take account of any additional allowances that a person may qualify for and therefore in certain cases the losses may not be as great as illustrated. For instance certain people who qualify for rent supplement under current rules may qualify for a higher supplement in the context of the single payment (paid at a lower rate).

### Section 1: Limitation on entitlement

For illustrative purposes, the single payment for people of working age (SPWA) is based on the means testing and “limitation” arrangements which generally apply in the case of the current JA scheme. Table 8.1 shows the application of the limitation arrangements in the various payment combinations under current arrangements.

In the case of couples, a limitation on the total amount receivable by a couple applies where both of a couple are entitled to a payment in their own right. This amount is capped at the total amount a couple can receive if one of the couple was entitled to a payment and the other was a qualified adult of that claimant. A typical example is where both of a couple are entitled to JA in their own right or where one is entitled to JA and the other to JB. However, it should be noted that limitation does not apply in the case

of some combinations of payments e.g. JA and carer's allowance or JA and disability allowance.

**Table 8.1**

LIMITATION		
Payment Combination	Existing Rules	SPWA
	Y/N	Y/N
JA/FA & JA	Y	Y
JA/FA & DA	N	Y
JA/FA & Carer's Allowance	N	Y
JA/FA & IB	Y	Y
JA/FA & Disablement Pension	Y	Y
JA/FA & OIB	Y	Y
JA/FA & Invalidity Pension	Y	Y
JA/FA & SNCP	Y	Y
JA/FA & SCP	Y	Y
JA/FA & SP (Transition)	Y	Y
JA/FA & JB	Y	Y
DA & Carer's Allowance	N	Y
DA & DA	N	Y
JA/FA & Blind Pension	N	Y
DA & Blind Pension	N	Y

JA - Jobseeker's Allowance; FA - Farm Assist; DA - Disability Allowance; IB - Illness Benefit; OIB - Occupational Injuries Benefit; SNCP - State Pension( Non Contributory); SCP - State Pension (Contributory); SP - State Pension (Transition); JB - Jobseeker's Benefit.

Table 8.2 shows the application of the limitation arrangements in the various payment combinations if the arrangements for a single payment are based on current JA rules and makes a comparison between that and the current arrangements. By definition, losses will arise in certain circumstances and these are illustrated as follows:

**Table 8.2: Comparison of current v future situation of a couple in receipt of various payments with nil means no children**

Current Arrangements	Future Arrangements
<b>Illness Benefit/Carer's Allowance</b> IB: €196.00 Carer's: €212.00 Total: €408.00	<b>Illness Benefit /SPWA</b> IB: €196.00 SPWA: €130.10 Total: €326.00  Because limitation will apply their future weekly income will be: €326.00 Loss of: €82.00 (€4,264.00 p.a.)



<b>Disability Allowance/Carer's Allowance</b>	<b>SPWA/SPWA</b>
DA: €196.00	SPWA: €163.05
Carer's: €212.00	SPWA: €163.05
Total: €408.00	Total: €326.10
	Because limitation will apply their future weekly income will be: half of €326.10 Loss of: €81.90 (€4,258.80 p.a.)
<b>Disability Allowance/Disability Allowance</b>	<b>SPWA/SPWA</b>
DA: €196.00	SPWA: €163.05
DA: €196.00	SPWA: €163.05
Total: €392.00	Total: €326.10
	Because limitation will apply their future weekly income will be: half of €326.10 Loss of: €65.90 (€3,426.80 p.a.)
<b>Jobseeker's Allowance/Carer's Allowance</b>	<b>SPWA/SPWA</b>
JA: €196.00	SPWA: €163.05
Carer's: €212.00	SPWA: €163.05
Total: €408.00	Total: €326.10
	Because limitation will apply their future weekly income will be: half of €326.10 Loss of: €81.90 (€4,258.80 p.a.)

## Section 2: Aligning the current social assistance payments for people of working age to Jobseeker's Allowance rules where employment is involved.

Tables 8.3 - 8.6 illustrate the outcomes for a single person who is employed and Tables 8.7 - 8.12 illustrate the outcomes for couples where the claimant and /or the spouse is/are employed.

If JA is the payment on which a single payment is based the following main means testing arrangements for JA should be borne in mind:

- In the case of earnings from employment, the first €20 per day worked is disregarded, subject to a maximum of €60 per week, and the balance is assessed at 60%. This applies to the individual earnings of each member of a couple if both are in employment.
- Profit from self-employment is assessed on a € for € basis.

The outcome under the illustrative SPWA arrangements for single persons engaged in employment is set out in Tables 8.3-8.6

#### Single Person & Earnings from Employment

**Table 8.3: Single Payment v. Disability Allowance/Blind Pension**

Qualified Children	Employment Earnings - Weekly Net	Single Payment	Disability Allowance	(Loss)/Gain	Blind Pension	(Loss)/Gain
	€	€	€	€	€	€
None	100	172.00	196.00	-24.00	196.00	-24.00
	200	112.00	156.00	-44.00	163.50	-51.50
	300	52.00	106.00	-54.00	113.50	-61.50
	Cut-Off Earnings	384.00	430.00	-44.00	434.00	-50.00
One	100	201.80	225.80	-24.00	225.80	-24.00
	200	141.80	185.80	-44.00	193.30	-51.50
	300	81.80	135.80	-54.00	143.30	-61.50
	Cut-Off Earnings	432.00	460.00	-28.00	465.00	-33.00
Three	100	261.40	285.40	-24.00	285.40	-24.00
	200	201.40	245.40	-44.00	252.90	-51.50
	300	141.40	195.40	-54.00	202.90	-61.50
	Cut-Off Earnings	532.00	520.00	12.00	525.00	7.00

Currently, where a DA recipient takes up employment of a rehabilitative nature, the first €120 per week is disregarded and the balance is assessed at 50%, up to a maximum total earnings of €350 per week.

Accordingly, under the SPWA illustrative arrangements, there are losses at all earnings levels illustrated.

Blind pension has the same arrangements in relation to earnings from rehabilitative employment. However, blind pension also provides for a general income disregard of €7.60 per week which results in slightly higher losses.

**Table 8.4: Single Payment v. OFP/Widow/er's Pension (Non Con)**

Qualified Children	Employment Earnings - Weekly Net	Single Payment	One-Parent Family Payment	(Loss)/Gain	Widow/er's Pension (Non Con)	(Loss)/Gain
	€	€	€	€	€	€
None	100	172.00	N/A	N/A	196.00	-24.00
	200	112.00	N/A	N/A	103.50	8.50
	300	52.00	N/A	N/A	3.50	48.50
	Cut-Off Earnings	384.00	N/A	N/A	301.00	83.00
One	100	201.80	225.80	-24.00	N/A	N/A
	200	141.80	205.80	-64.00	N/A	N/A
	300	81.80	155.80	-74.00	N/A	N/A
	Cut-Off Earnings	432.00	425.00	7.00	N/A	N/A
Three	100	261.40	285.40	-24.00	N/A	N/A
	200	201.40	265.40	-64.00	N/A	N/A
	300	141.40	215.40	-74.00	N/A	N/A
	Cut-Off Earnings	532.00	425.00	107.00	N/A	N/A

Currently, where a OFP recipient is engaged in employment, the first €146.50 per week is disregarded and the balance is assessed at 50%. Entitlement to a payment ceases once gross earnings exceed €425 per week. OFP also provides for a general income disregard of €7.60 per week.

Accordingly, under the SPWA illustrative arrangements, there are losses at all earnings levels illustrated. However, under the SPWA arrangements, entitlement would continue at earnings levels in excess of €425 per week - this would mean that certain lone parents would (a) continue to have an entitlement to OFP once earnings exceeded the threshold and (b) other lone parents would gain an entitlement for the first time.

In the case of WP, the current arrangements provide for a disregard of the first €100 per week of earnings, the balance being assessed at 100%. This means that the new illustrative arrangements would result in a gain at certain income levels. However, the numbers affected would be very low.

**Table 8.5: Single Payment v. Farm Assist**

Qualified Children	Farming Income - Weekly	Single Payment	Farm Assist	(Loss)/ Gain
	€	€	€	€
None	100	96.00	126.00	-30.00
	200	0.00	56.00	-56.00
	300	0.00	0.00	0.00
	Cut-Off Income	196.00	286.00	-90.00
One	100	125.80	159.20	-33.40
	200	25.80	89.20	-63.40
	300	0.00	19.20	-19.20
	Cut-Off Income	225.80	324.00	-98.20
Three	100	185.40	227.40	-42.00
	200	85.40	157.40	-72.00
	300	0.00	87.40	-87.40
	Cut-Off Income	285.40	420.00	-134.60

Currently, where a FA recipient is engaged in self-employment, income from self-employment is assessed at 70%. There are additional disregards for children, namely €254 per child for the first two children and €381 per child for each subsequent child.

Accordingly, under the SPWA illustrative arrangements, there are significant losses at all self-employment levels illustrated and entitlement to a payment would cease at significantly lower income levels. This arises because income from self-employment would be assessed at 100% under the SPWA arrangements in line with current JA arrangements.

**Table 8.6: Single Payment v. Carer's Allowance**

Qualified Children	Employment Earnings - Weekly Net	Single Payment	Carer's Allowance	(Loss)/ Gain
	€	€	€	€
None	100	172.00	212.00	-40.00
	200	112.00	212.00	-100.00
	300	52.00	212.00	-160.00
	400	0.00	152.00	-152.00
	500	0.00	52.00	-52.00
	600	0.00	0.00	0.00
	700	0.00	0.00	0.00
	800	0.00	0.00	0.00
	900	0.00	0.00	0.00
	1,000	0.00	0.00	0.00
	Cut-Off Earnings	384.00	550.00	-166.00
1 child	100	201.80	241.80	-40.00
	200	141.80	241.80	-100.00
	300	81.80	241.80	-160.00
	400	21.80	181.80	-160.00
	500	0.00	81.80	-81.80
	600	0.00	0.00	0.00
	700	0.00	0.00	0.00
	800	0.00	0.00	0.00
	900	0.00	0.00	0.00
	1,000	0.00	0.00	0.00
	Cut-Off Earnings	432.00	576.00	-144.00
3 children	100	261.40	301.40	-40.00
	200	201.40	301.40	-100.00
	300	141.40	301.40	-160.00
	400	81.40	241.40	-160.00
	500	21.40	141.40	-120.00
	600	0.00	41.40	-41.40
	700	0.00	0.00	0.00
	800	0.00	0.00	0.00
	900	0.00	0.00	0.00
	1,000	0.00	0.00	0.00
	Cut-Off Earnings	532.00	630.00	-108.00

Currently, in the case of carer's allowance, a general means disregard of €332.50 per week applies in the case of a single carer.

Accordingly, under the SPWA illustrative arrangements, there are significant losses at all employment levels illustrated and entitlement to a payment would cease at very significantly lower income levels.

It should be noted that recipients of carer's allowance can only work for a maximum of 15 hours per week. This has the effect of limiting potential earnings levels.

Carer's allowance recipients who are caring for more than 1 person are entitled to a payment at 1½ times the normal rate. In these cases the losses would be even more substantial.

The outcome under the illustrative SPWA arrangements for couples where one is engaged in employment is set out in Tables 8.7-8.12.

### Couples - Claimant in employment

**Table 8.7: Single Payment v. Disability Allowance/Blind Pension**

Qualified Children	Employment Earnings - Weekly Net	Single Payment	Disability Allowance	(Loss)/ Gain	Blind Pension	(Loss)/ Gain
	€	€	€	€	€	€
None	100	302.10	326.10	-24.00	326.10	-24.00
	200	242.10	286.10	-44.00	305.30	-63.20
	300	182.10	236.10	-54.00	259.50	-77.40
	Cut-Off Earnings	600.00	565.00	35.00	635.00	-35.00
One	100	331.90	355.90	-24.00	355.90	-24.00
	200	271.90	315.90	-44.00	335.10	-63.20
	300	211.90	265.90	-54.00	289.30	-77.40
	Cut-Off Earnings	650.00	595.00	55.00	695.00	-45.00
Three	100	391.50	415.50	-24.00	415.50	-24.00
	200	331.50	375.50	-44.00	394.70	-63.20
	300	271.50	325.50	-54.00	348.70	-77.40
	Cut-Off Earnings	748.00	655.00	93.00	815.00	-67.00

The examples assume that the DA recipient is earning. There are losses at the income levels illustrated. However, entitlement would continue at higher income levels under the SPWA payment as a taper (60%) would apply at all income levels while, in the case of DA, the taper (50%) only applies up to a maximum of €350 per week.

The losses, in the case of blind pension couples, are slightly higher - as a consequence of the loss of the general means disregard of €7.60 per week. The numbers involved are very low.

**Table 8.8: Single Payment v. Farm Assist**

Qualified Children	Farming Income - Weekly	Single Payment	Farm Assist	(Loss)/ Gain
	€	€	€	€
None	100	226.10	256.10	-30.00
	200	126.10	186.10	-60.00
	300	26.10	121.80	-95.70
	Cut-Off Income	326.10	478.00	-151.90
One	100	255.90	289.30	-33.40
	200	155.90	219.30	-63.40
	300	55.90	149.30	-93.40
	Cut-Off Income	355.90	510.00	-154.10
Three	100	315.50	357.50	-42.00
	200	215.50	287.50	-72.00
	300	115.50	217.50	-102.00
	Cut-Off Income	415.50	607.00	-191.50

Currently, where a FA recipient is engaged in self-employment, income from self-employment is assessed at 70%. There are additional disregards for children, namely €254 per child for the first two children and €381 per child for each subsequent child.

Accordingly, under the SPWA illustrative arrangements, there are significant losses at all self-employment levels illustrated and entitlement to a payment would cease at significantly lower income levels. This arises because income from self-employment is assessed at 100% under the SPWA arrangements.

## Couples in receipt of 1 Carer's Allowance Payment

Table 8.9: Single Payment v. Carer's Allowance - second of the couple is in employment and not in receipt of a welfare payment

Qualified Children	Employment Earnings - Weekly Net	1 Single Payment	1 Carer's Allowance	(Loss)/ Gain
	€	€	€	€
None	100	183.80	212.00	-28.20
	200	153.80	212.00	-58.20
	300	123.80	212.00	-88.20
	400	93.80	212.00	-118.20
	500	63.80	212.00	-148.20
	600	33.80	212.00	-178.20
	700	3.80	202.00	-198.20
	800	0.00	152.00	-152.00
	900	0.00	102.00	-102.00
	1,000	0.00	52.00	-52.00
	1,100	0.00	2.00	-2.00
	1,200	0.00	0.00	0.00
	Cut-Off Earnings	740.00	1115.00	-375.00

This table illustrates typical caring situations where one of the couple is in receipt of carer's allowance and the other is in employment and not in receipt of a social welfare payment in their own right.

In the case of a couple's income the first €665 of their combined weekly income is disregarded.

Accordingly, under the SPWA illustrative arrangements, there are significant losses at all employment levels illustrated and entitlement to a payment would cease at very significantly lower income levels. This table shows that the carer would either lose entitlement or get a substantially reduced level of payment. The losses are particularly stark at earnings levels between €500 - €800. Large numbers would fall out of entitlement.

It should be noted that recipients of carer's allowance can only work for a maximum of 15 hours per week. This has the effect of limiting potential earnings levels.

Carer's allowance recipients who are caring for more than 1 person are entitled to a payment at 1½ times the normal rate. In these cases the losses would be even more substantial.



## Couples in receipt of 2 Payments

**Table 8.10: Single Payment v. Carer's Allowance - Second of couple in receipt of Illness Benefit**

Qualified Children	Employment Earnings - Weekly Net - Carer working	Single Payment & Illness Benefit	Carer's Allowance & Illness Benefit	(Loss)/ Gain
	€	€	€	€
None	0	314.10	408.00	-93.90
	100	284.10	408.00	-123.90
	200	254.10	408.00	-153.90
	300	224.10	408.00	-183.90
	400	196.00	408.00	-212.00
	500	196.00	408.00	-212.00
	600	196.00	408.00	-212.00
	700	196.00	398.00	-202.00
	800	196.00	348.00	-152.00
	900	196.00	298.00	-102.00
	1,000	196.00	248.00	-52.00
	1,100	196.00	198.00	-2.00
	1,200	196.00	196.00	0.00
	Cut-Off Earnings	485.00	1,100.00	-615.00
1 child	0	355.90	437.80	-81.90
	100	343.90	437.80	-93.90
	200	313.90	437.80	-123.90
	300	283.90	437.80	-153.90
	400	253.90	437.80	-183.90
	500	223.90	422.90	-199.00
	600	196.00	422.90	-226.90
	700	196.00	412.90	-216.90
	800	196.00	362.90	-166.90
	900	196.00	312.90	-116.90
	1,000	196.00	262.90	-66.90
	1,100	196.00	212.90	-16.90
	1,200	196.00	196.00	0.00
	Cut-Off Earnings	540.00	1,118.00	-578.00
3 children	0	415.50	497.40	-81.90
	100	403.50	497.40	-93.90
	200	373.50	497.40	-123.90
	300	343.50	497.40	-153.90
	400	313.50	497.40	-183.90
	500	283.50	452.70	-169.20
	600	253.50	452.70	-199.20
	700	196.00	442.70	-246.70
	800	196.00	392.70	-196.70
	900	196.00	342.70	-146.70
	1,000	196.00	292.70	-96.70
	1,100	196.00	242.70	-46.70
	1,200	196.00	196.00	0.00
	Cut-Off Earnings	635.00	1,178.00	-543.00

Table 8.10 illustrates other typical caring situations where one of the couple is in receipt of carer's allowance and the other is in receipt of illness benefit.

**Table 8.11: Single Payment v. Carer's Allowance & Disability Allowance - Carer's Allowance Claimant working**

Qualified Children	Employment Earnings - Weekly Net	2 Single Payments - 1 working	1 DA & 1 CA where the CA Claimant is working	(Loss)/ Gain
	€	€	€	€
None	100	302.10	396.00	-93.90
	200	242.10	366.00	-123.90
	300	182.10	336.00	-153.90
	400	122.10	306.00	-183.90
	500	62.10	276.00	-213.90
	600	2.10	246.00	-243.90
	700	0.00	198.50	-198.50
	800	0.00	144.50	-144.50
	900	0.00	94.50	-94.50
	1,000	0.00	44.50	-44.50
	1,100	0.00	0.00	0.00
	1,200	0.00	0.00	0.00
	Cut-Off Earnings	600.00	710 for DA & 1095 for CA	

In Table 8.11 the effect of limitation and tapering/disregards arrangements come in to play and impact negatively on the situation of the couple.

**Table 8.12: Single Payment v. Disability Allowance**

Qualified Children	Employment Earnings - Weekly Net	2 Single Payments - 1 working	2 DA Payments & only 1 working	(Loss)/ Gain
	€	€	€	€
None	100	302.10	380.00	-77.90
	200	242.10	330.00	-87.90
	300	182.10	275.00	-92.90
	Cut-Off Earnings	600.00	900 for worker & 708 for 2nd DA	

Table 8.12 also illustrates the negative impact of limitation and tapering/disregards arrangements.

In this table the impact of the disregard for each of the couple is illustrated i.e. €120 disregard for the worker and €60 disregard for spouse from the other person's employment - the worker's payment is withdrawn at a slower rate than the withdrawal rate for that person's spouse.

### Section 3: Aligning the current social assistance payments for people of working age to JA rules where CE and FIS are involved.

As outlined in chapter 4 a person in receipt of JA cannot participate in a CE scheme or receive FIS in conjunction with a JA payment. Recipients of DA, OFP, widow's/widower's ( non-con) pension and blind pension can participate in a CE scheme and continue to receive their social welfare payment adjusted to take account of the income from the CE scheme. Recipients of DA, OFP, and blind pension can receive FIS and continue to receive their social welfare payment adjusted to take account of earnings from employment. Aligning working age social assistance payments to current JA rules would result in reduced household income for certain claimants. Some examples are set out in the following table:

**Table 8.13: Comparison of current v future situation of a person in receipt of various payments where CE or FIS is a feature**

Current Arrangements	Future Arrangements
<b>DA recipient/CE</b> Single person Nil means DA payment = €196.00. CE = €250. Disregard €120 + ½ remainder applies = €65 means assessed. New Income: CE: €250 DA: €131 Total: €381	<b>SPWA</b> CE : €250 SPWA: Nil Total: €250  Future weekly income will be: €250.00 Loss of: €131.00 (€6,812.00 p.a.)
<b>OFP recipient/CE</b> Family with 1 child Nil means. OFP = €225.80. CE = €250 - €146.50 = €103.50 of which €51.75 assessed as means. New Income: CE: €250 OFP: €174.05 Total: €424.05	<b>SPWA</b> CE: €250 SPWA: Nil Total: €250  Future weekly income will be: €250 Loss of: €174.05 (€9,050.60 p.a.)
<b>DA/FIS</b> Husband and partner +2 children Nil means. DA payment = €385.70 Takes up employment for 19 hours per week at €9 per hour = €171. Disregard €120 +½ remainder applies = €25 means assessed. New Income: Employment:€171 DA reduced to €360.70 FIS entitlement: €42.18 Total: €573.88	<b>SPWA</b> Maximum SPWA: €385.70 Disregard €60 & 60% of remainder assessed as means = €66.60 SPWA: €319.10 Employment: €171 FIS: Nil future weekly income will be: €490.10 Loss of: €83.78 (€4,356.56 p.a.) <u>OR</u> <b>FIS</b> Income Limit: €602 Assessable Income €171 Difference: €431 x 60% += €258.60 FIS payment + €171 from employment = €429.60 Loss of €144.28 (€7,502.56 p.a.)
<b>OFP/FIS</b> Family with 1 child Nil means OFP =€225.80 Takes up employment for 19 hours per week at €9 per hour = €171. Disregard €146.50 +½ remainder applies = €12.25 means assessed. New Income: Employment:€171 OFP reduced to €213.55 FIS entitlement: €72.87 = Total €457.42	<b>SPWA ( based on O 25 rate)</b> Maximum SPWA: € 225.80 Disregard €60 & 60% of remainder assessed as means = € 99.50 SPWA: €126.30 FIS: Nil future weekly income will be: €297.30 Loss of: €160.12 (€8,326.24 p.a.) <u>OR</u>

	<b>FIS</b> Income Limit: €506 Assessable Income €171 Difference: €335 x 60% += €201 FIS payment + €171 from employment = €372 Loss of €85.42 (€4,441.84 p.a.)
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## Conclusion

The examples set out in this chapter illustrate that there are significant losses in all categories when the various working age payments are aligned to current JA rules. The examples also illustrate the effect of application of the limitation on entitlement of couples. Under current rules the limitation does not apply in any combination of payments which includes disability allowance, blind pension or carer's allowance. If JA is the overarching payment for the single payment, limitation on entitlement of couples would apply. There are also implications where CE and FIS are involved, as under current rules, JA is not payable with CE or with FIS.

If, on the other hand, the single payment is aligned at a higher level than JA, significant costs will be involved and current recipients of JA would arguably have to be aligned upwards.

The argument advanced in this review is that the lower level of payment is compensated for by the availability of increased services and supports which in turn ensures that people of working age should not have to depend on a social welfare payment for long periods of time.

The main conclusions and key issues to be resolved before introducing a single working age payment are considered further in chapter 9, together with a road map to monitor progress on related issues that are considered by the review group to be critical to this project.

**Summary: The Means Test and implications of aligning working age social assistance payments to current JA rules.**

The tables contained in this chapter illustrate the effect of aligning working age social assistance payments to the current rules of Jobseeker's Allowance.

The effect of the different disregards, tapering arrangements and thresholds is also demonstrated.

The tables show:

- the effect of the application of the rules relating to the limitation on entitlement of couples
- the outcome for a single person who is employed
- the outcomes for couples where one or both are employed
- the effect of aligning all working age social assistance payments to current JA rules where CE and FIS are involved.

There are losses in all categories at almost all income levels. The losses are greater for carer's allowance, OFP, DA and FA. In certain cases entitlement to a payment would cease at significantly lower income levels than at present and in some cases entitlement to a payment would cease or be substantially reduced. There are gains at certain income levels for certain categories (WP) but the numbers affected are low. In the case of OFP certain people would qualify or have continued entitlement to the single payment who do not qualify under current rules due to the higher income threshold.

## Chapter 9: Conclusions, issues, and next steps

### Introduction

This chapter focuses on the conclusions regarding the desirability and feasibility of introducing a single working age payment (section 1) and the issues, both policy (section 2) and operational (section 3), that should be addressed as the development of such a payment is progressed. The next steps in taking a proposal forward are also identified and set out in section 4.

### Section 1: Conclusions

Chapters 1 and 2 set out the rationale for the introduction of a working age payment positioning it as an element of the NESC developmental welfare state and in the overall context of international developments. Later chapters set out the issues and implications. While it can be concluded that it is desirable and feasible to move to a single payment, the review team considers that the most important question to consider are the barriers to this and how these can be overcome successfully and in what timescale. With regard to the personal scope of a single payment, the review team concludes that, on balance, carers should be excluded from the scope of the single payment and the payment, if introduced, should apply to new claimants only (chapter 7).

The rationale for a single payment is built on the premise that it is not sufficient to only provide a social welfare payment. The availability of other supports and services is essential to ensure that people can avail of opportunities that enable them to move off benefits in a shorter period of time and ultimately improve their standard of living. There should therefore be a greater focus on achieving better outcomes for people relying on the payment.

The review team concludes that the following elements are critical to a transition to a single payment and must be addressed as part of an overall project to introduce a single payment.

- Resolve key policy, legal and statistical issues (detailed below) in relation to different treatments of the current population of social welfare recipients of working age. Overall the policy when operational has to ‘make work pay’ at the individual level.
- Access to a wide set of services is crucial to the tailored progression envisaged in the outline of a single payment as discussed in chapter 7. As outlined in chapter 2, the NESC report states that these services include education, health, childcare, eldercare, housing, transport and employment services.
- The availability of adequately trained staff to act as case managers.

- Access to medical professionals to assess capacity to work or provide advice in relation to other actions to improve capacity to work.
- Progress a number of projects currently being pursued within the Department in synchronisation with any proposal to introduce a single working age payment. In particular, the review team considers that the ability to profile customers and the related link to successful case management is critical.
- Progress proposals in relation to reform of the one-parent family payment in a manner that is in keeping with any proposal for a single working age payment.
- Maintain and co-ordinate at a high level the link to all other projects and developments in the Department in the operational, technological and logistical areas. The current projects of relevance are identified in chapter 5.
- As outlined above, the introduction of a single working age payment will impact on the Department's structure and operations. For these reasons the implementation of the recommendations in the report on the customer facing services should also be progressed in a manner that supports the administration of a single working age payment. The same point relates to any outcomes from the current project relating to the Department's organisational structure (details below).

## Section 2: Policy and related Issues that were identified in the course of this review

A key theme of this review, as set out in chapters 1 and 2, is that any proposal for people of working age has to 'make work pay' i.e. overall the individual has to be better off financially and his/her life chances need to be improved. This is achieved through a combination of the social welfare payment, the availability of required services (services dividend) and in-work benefits (whether delivered through the social welfare system or by other state mechanisms).

In this regard, it is evident from the discussion in earlier chapters that a number of issues need to be addressed in order to have a smooth transition to a single payment. These arise because the outline of a single payment envisaged in this review would be an overarching of existing schemes with their disparate means testing and eligibility requirements.

The key policy issues to be resolved include the following:

- The differences in the treatment of income from employment and self-employment in respect of both the claimant and his/her spouse.
- The differences in treatment of other elements of the means test in respect of both the claimant and his/her spouse.

- Access to the household benefit package and free travel.
- The interaction of a single payment with FIS and with CE?
- The interaction of a single payment with allowances such as Back to Work and Back to Education.
- The payment of half rate social welfare payment(s) with a single payment.
- Should 'limitation of entitlement' apply?
- Should the '3 in 6' rule apply?
- €190,500 from the sale of a person's principal residence currently available to DA and Blind Pension recipients - should the disregard be extended to all recipients of a single working age payment?
- The formula for assessing capital is more generous in the case of DA - should it be aligned to other schemes or should the higher disregard apply to a single working age payment?
- DA is payable from age 16 whereas a working age payment should be for those between 18 and 66 - the position of 16 -18 year olds must therefore be addressed.
- There is no lower age limit for OFP - the position of single parents under 18 years of age must also be addressed.

These issues need to be resolved in the context of a single payment having regard to the individual reviews of some of the above issues that are ongoing, as outlined in chapter 5.

### Proposal to rename existing working age payments

In the course of the review it was suggested that as a lead-in or interim measure the existing payments for people of working age could be renamed as working age jobseeker's allowance, working age disability allowance, working age carer's allowance, working age one-parent family payment and so on. The following is a summary of the arguments for and against such an approach:

#### Pros

- should help to shift focus from contingency to conditions relating to job seeking and work related activities;
- should help to change the mindset that payments will continue indefinitely if the contingency continues to exist;
- would sow the seeds of the expectation that people in receipt of the payments should focus on future plans to take up employment and/or training/education (the conditionality part of the single payment);
- is a positive step towards changing the way people think about their payment and should increase personal responsibility in getting off benefit and ultimately facilitate greater numbers of people taking up employment and/or training/education.

#### Cons

- could be a barrier to the ultimate introduction of a single payment with new conditions attached. Name change alone could lead people



to think that no other changes are envisaged and thus make it more difficult to introduce the single payment.

- is difficult from an administrative point of view - any name changes to schemes is complex and can be confusing for customers and expensive involving changes to IT systems, all related forms and information leaflets and other points of information both within and outside the Department.

The review team acknowledges the validity of the arguments for and against but, on balance, remains to be convinced of the value of the proposal.

### Implications for EU Regulations (883/2004 (replaced 1408/71)<sup>31</sup> & 1612/68) & the habitual residence condition

The implications of EU legislation and national legislation in developing a single payment as proposed must be borne in mind. The classification of social welfare payments for the purposes of EU Regulations 883/2004 and 1612/68 are of importance. Equally, the habitual residence condition under Irish legislation must be considered.

#### Regulation 883/2004

Regulation 883/2004 applies to all national legislation covering the usual branches of social security - sickness, unemployment, old age, family benefits etc. and is the main instrument for coordination social security schemes within the EU. While certain payments, mainly social insurance based payments, must be paid abroad, this does not apply to special non-contributory benefits. These latter benefits are listed in an Annex to the Regulation and are only payable to a person residing in the State (e.g. Jobseeker's Allowance is a special non-contributory benefit). Payments that are classified as family benefits must be paid in respect of family members residing in another Member State (e.g. Child Benefit and One-Parent Family Payment are family benefits).

The proposed single payment will represent a change from passive income support for those caring for children and other dependent persons, to active supports, including income support, designed to support and facilitate employment participation and greater self sufficiency. As such it is considered that it will come under the unemployment related provisions of the EU Regulations rather than those on family benefits.

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<sup>31</sup> From 1st May 2010 Regulation 1408/71 & its implementing Regulation 574/72 were replaced respectively by Regulations 883/2004 & 987/2009.

## Regulation 1612/68

Regulation 1612/68 covers the free movement of workers within the EU. The Regulation is based on the general principle of eliminating any direct or indirect discrimination based on nationality as regards employment, remuneration and other working conditions, access to accommodation and a worker's right to be joined by his/her family. A worker on the territory of another Member State is entitled to the same treatment as the nationals of that Member State as regards access to available employment and to the same assistance as that afforded by the host Member State's employment offices to their own nationals seeking employment. They also have the same entitlement to occupational training and retraining measures. A worker on the territory of another Member State shall enjoy the same social and tax advantages as national workers.

The term 'worker' is not defined but the ECJ has ruled that it must have a Community meaning (thereby eliminating national definitions) and it must not be interpreted narrowly.

It is possible that a person does not come within the scope of Regulation 883/2004 but may come within the personal scope of Regulation 1612/68.

The ECJ has held that social benefits guaranteeing the minimum means of subsistence, such as Supplementary Welfare Allowance, is a social advantage within the meaning of Regulation 1612/68. Accordingly, on the basis of the principle of equal treatment workers from other EEA States must be treated in the same way as Irish workers in determining entitlement. This means that a person who comes within the scope of Regulation 1612/68 is entitled to SWA without the need, for example, to show that he/she is habitually resident in the State.

If a single social assistance payment is introduced, the implications, if any, need to be considered in the context of Regulation 1612/68.

## Habitual Residence Condition

The habitual residence condition applies to all of the social assistance payments for people of working age, except Farm Assist (but given that a person must be engaged in farming to qualify for this payment it is de facto a requirement to be habitually resident in the State). It should also be noted that for the purposes of EU social security rules, OFP is classified as a family benefit and as such residence requirements in national legislation are overruled. This means that a person coming within the scope of the EU social security Regulations does not have to be habitually resident in the State in order to receive this payment.

In keeping with existing rules, the habitual residence condition should also apply to a single social assistance payment. However, the implications of EU Regulations should be legally examined in more detail when the final structure of the payment is determined.

## The Live Register

The live register is compiled from returns made for each local office to the Central Statistics Office by the Department. It comprises people under 65 years of age in the following categories:

- All claimants for jobseeker's benefit excluding systematic short-time workers;
- Applicants for jobseeker's allowance excluding smallholders/farm assists and other self-employed people;
- Other registrants including applicants for credited contributions but excluding those directly involved in a trade dispute.

While the live register is not designed to measure unemployment (this is measured by the Quarterly National Household Survey), it is a high profile indicator. It includes part-time (those who work up to three days a week), seasonal and casual workers entitled to jobseeker's allowance or jobseeker's benefit.

In the context of counting those in receipt of a single social assistance payment there are a number of options available and these could be discussed with the CSO in due course:

- That the live register would comprise all claimants of the single payment;
- That the live register would comprise all claimants of the single payment but with a breakdown for each category; or
- That only those in the 'work ready' category would make up the live register. This latter option reflects the current situation more closely but also continues the demarcation that currently exists.

## Section 3: Operational and Organisational issues (staffing, training, costs)

Earlier chapters deal with a possible structure of a single payment and the implications for people availing of the payment. However, the introduction of a single payment will also have a significant impact on the way the Department delivers its service, both in terms of the structure of the Department and expertise required by staff.

Under the current structure payments for people of working age are administered from a range of offices throughout the country, including local offices (JA, FA and OFP), Longford (DA & carer's allowance) and SWS Sligo (some OFP, widow's/widower's (Non-Con) & blind pension).

In the context of introducing a single payment for people of working age it would be appropriate that the payment be administered through the social welfare local office network. Accordingly, if it is decided to introduce a single payment for people of working age this should be factored in to any

development of the local office network and supporting systems and business processes. In particular, it should be taken into account in formulating a plan for the operation of enhanced customer facing services of the future.

The success of a single payment for people of working age will depend on the extent to which it meets the objective of helping as many people as possible to take up employment and/or education and training opportunities and providing appropriate support to all people at the various levels of the payment. This involves engaging with all customers at a different level than at present so that the Department has knowledge of its customers to enable as many people as possible to be matched to appropriate employment (the labour market) and that barriers to employment are identified and removed (services such as childcare, other care services e.g. elderly or disabled people, training & education services). This level of engagement will impact on:

- the organisational structure of the Department at local level and raises the question as to the level and type of engagement with the client at the various stages of the claim process;
- the level of expertise required by staff, including the availability of some professional staff such as health care professionals;
- the claim process itself including the design of forms and online capabilities;
- the Department's ability to forge strong links with other service providers in order to develop a system which enables the delivery of the services dividend. The success of any proposal to introduce a single payment hinges on the achievement of a whole of Government approach.

In addition to the above, there could be capacity considerations given the increase in the social welfare population that would require active case management at local level. This would fall to be examined in the context of the overall utilisation of the range of staff and agencies currently involved in activation and the extent of the overlap, if any, between their various functions. Current services include those of the Department's facilitators, employment service officers in FÁS, staff in the Partnership companies and in the Local Employment Services (LES).

A key part of this agenda will be addressed when responsibility for community employment schemes, work placement services, emergency income support and redundancy and insolvency payments which will involve working with other Departments and agencies including the HSE, FÁS and Pobal is integrated with the benefit payment functions of the Department.

## Section 4: Next Steps

This section sets out the actions required in order to move towards the introduction of a single working age payment. It also takes account of the progression of projects being pursued within the Department that are relevant in this context.

### Publication and other actions

The review will be published and presented to either or both of the Senior Officials' Group on Economic Reform and the Senior Officials' Group on Social Inclusion and to the relevant Cabinet Committee(s). To meet the objective of getting a whole of Government approach, which is required to achieve the services dividend, it is proposed that the most appropriate Senior Officials' Group would drive and coordinate the interdepartmental actions required.

In relation to the Department, opportunities to streamline existing payments and means tests should be taken as these arise. Issues relating to availability of supports should be addressed with an interdepartmental approach and it is recommended that this process be commenced immediately. Within the Department, it is proposed that progress generally be monitored by the Policy Committee who, as stated already, acted as a project board for this review.

### Road map

The following table sets out a monitoring tool (road map) that could be utilised for the introduction of a single working age payment. The road map reflects the various actions that must be monitored as any proposal for a single payment develops, e.g. related projects are contained in the blue section and the services element is contained in the green section. Details of each project are then set out.

The timeframe for the introduction of a single payment will largely be driven by the projected timeframe for the completion of other related projects and the extent to which required services and supports are developed. Progress on individual projects can be indicated, for example, on a quarterly basis, by moving the corresponding arrow so that the road map will then provide a picture of progress at a specific point in time. It is proposed that this road map be used as a template for tracking the progression of various elements identified as being critical to the introduction of a single working age payment and can be adjusted as those projects develop.

As outlined in chapter 6, welfare reform in the UK was introduced following intensive piloting in various regions of the country. While in general this Department does not have a history of piloting programmes it is proposed that further consideration be given to the merits of testing the introduction of a single payment on a voluntary/pilot basis as part of the implementation phase.

Type of Action	Actions	Owner of Project	Time Framework (to be updated)													
			2010	2011			2012			2013			2014		2015	
Working Age payment	New claimants		●													
	Childcare		●													
Services	Out of school hours care		●													
	Healthcare		●													
	Services related to caring		●													
Related Projects in DSP	Transfer of functions - Business and Organisational Change Programme		●													
	Transfer of Functions between HSE and the Department		●													
	Activation: Customer Case Management, Profiling and support services		●													
	Customer Facing Project/Local Office of the future		●													
	LO Process Modernisation - linked to Local Office of the future project in particular recommendation 22 re expansion of Service Delivery Modernisation (SDM) to local office and branch office schemes		●													
	Information channels strategy		●													
	Working group on means testing across the public sector		●													
	Lone Parent Policy developments and initiatives		●													
	Review of the Disability Allowance scheme		●													
	Introduction of partial capacity payment		●													
	Child Income Support Policy - the in work support element		●													
	Required Actions	Amendment to legislation		●												
Staff training			●													

Brief details of these projects are set out below.

Project Title and Description
<p><b>Transfer of Functions - Business and Organisational Change Programme</b></p> <p>This major business led change programme arises from a reconfiguration of Departmental responsibilities with the transfer to it of additional functions including the employment and community services programmes from FÁS, the Rural Social Scheme, Community Services Programme and Redundancy and Insolvency Payments. The scale and impact of these functions is such that a wide ranging business transformation and organisational change programme is required with the objective of defining a new mandate for the Department and providing integrated services for the customer. The programme will also put in place the structures and enablers to facilitate these changes.</p>
<p><b>Transfer of Functions between the HSE and the Department</b></p> <p>The Government decision on the Core Function Programme involves the transfer of three sets of services (General Register Office (GRO), Disability Payments and the Community Welfare Service) from the Health Sector to the Department of Social Protection and the development of plans to transfer treatment benefit services from the Department to the HSE. Responsibility for GRO and Domiciliary Care Allowance has already transferred to the Department. The scale of the transfer will require a wider organisation reconfiguration of DSP. The transfer of the Community Welfare Service is by far the largest element of the programme and involves the transfer of the administration of the SWA scheme. Project planning on remaining elements is well advanced.</p>
<p><b>Activation: Customer Case Management, Profiling and support services</b></p> <p>The intention is that the Department will have the capacity to implement an active case management service, with appropriate supports, for people of working age receiving social welfare payments. This service will be supported by a profiling tool which can be used to segment and target those who require services to meet the objective of supporting people back to work, education and/or training and other developmental opportunities. The Department, in cooperation with the ESRI, have completed a report on national profiling of the unemployed and it is expected that measures to apply profiling will be in place towards the end of 2010. A review of the current processes under the National Employment Action Plan is also being carried out by an interdepartmental working group with changes to be implemented commencing Qtr 3 2010.</p>
<p><b>Customer Facing project / Local Office of the future</b></p> <p>The strategic review of customer facing services was completed in December 2008. It is anticipated that implementation of agreed recommendations will take 3-5 years to fully realise the vision of the local office of the future. Recommendations are being implemented at individual local office level as opportunities arise.</p>
<p><b>Local Office Process Modernisation - linked to Local Office of the future project in particular recommendation 22 re expansion of Service Delivery Modernisation (SDM) to local office and branch office schemes</b></p> <p>This project was set up to look at the possibilities of using technology, particularly the facilities offered by the SDM system, to streamline or eliminate high volume, labour intensive procedures in Local Offices. The aim is to identify and review work that is secondary to claim processing so as to allow a focus on essential claims work. Work, which will lead to significant process improvements is well advanced.</p>



### Information Channels Strategy

The Information channels strategy aims to support customer contact channels that maximise customer service and minimise cost of delivery. Its objectives are to deliver services that are timely and minimise direct contact by customers and where possible build on inter-agency initiatives such as those implemented in the Child Benefit system. It also aims to provide secure electronic services, allowing customer to not only access information but also complete claims, get updates on claims status, and receive their payments electronically, will free up resources to support more direct communications.

### Working Group on means testing across the public sector

This inter-departmental working group was established in March 2009, on foot of a recommendation in the Task Force Report *Transforming Public Services*, to undertake a detailed study on the feasibility and value of introducing mechanisms to simplify the provision of means information to all public bodies. The group reported in November 2009, and has now been reconstituted to oversee implementation of the recommendations in the report. The recommendations include developing a single data set, providing for the sharing of means information between public bodies and a progressive simplification of means assessment within individual sectors.

### Lone parent policy developments and initiatives

This is a review of income support policy to examine issues arising for people parenting alone. Changes to OFP have been published in the Social Welfare (Miscellaneous Provisions) Act 2010. From April 2011, the qualifying age for receipt of OFP will be reduced to when the youngest child reaches age 14. This provision will apply to new claimants only. For existing customers, provision is made to incrementally reduce the upper age limit to 17 years in 2013, 16 years in 2014, 15 years in 2015 to 14 years in 2016.

### Review of the Disability Allowance scheme

This is a value for money (VFM) review of the Disability Allowance scheme including a survey of DA claims. It is completed.

### Introduction of partial capacity payment

Examination of the scope for introducing a partial capacity scheme which would seek to address the limitations of the existing strict binary approach (whereby people are categorised as only being 'fit for work' or 'unfit for work'). The existing exemption arrangements for insurance-based illness and disability schemes are being reviewed in this context. It is planned to bring forward proposals in the context of forthcoming legislation to permit piloting of certain aspects in order to address some of the problems which have developed over time with the exemptions systems and which will test the potential effectiveness of a partial capacity scheme.

### Child Income Support Policy - the in work support element

This review is of public policy in the area of child income support and associated spending programmes and is completed. The purpose of the review was to examine the objectives of child income support (CIS) policy, consider if they remain valid, if programme spending and associated administrative costs are well configured to meet these objectives and if alternative approaches would achieve better outcomes and impacts.



### Summary: Conclusions, issues and next steps

The introduction of a single payment will have significant impact on the way the Department delivers its services, both in terms of structure of the Department and the composition and expertise of staff.

Services are a crucial part of the overall proposal and must be in place or adequately developed to support the introduction of a single payment. This aspect must be advanced in conjunction with other government Departments and agencies.

It is important to make links with related projects and developments in the Department and for these projects to make the link with this project. There is also a need for co-ordination of these projects at a high level.

The classification of a single payment for the purposes of EU regulations on co-ordination of social security schemes within the EU and on the free movement of workers must be borne in mind. The application of a habitual residence condition must also be considered in this context. A decision must be taken as to the compilation of returns for the purposes of the live register.

Progress on the various required actions must be monitored and for this purpose a road map has been developed as part of the project plan.

## Appendix A: Means Test rules applying to working age payments

**Table 1: Exclusions and the working age payments to which they apply:**

<b>Exclusions</b>	<b>JA</b>	<b>FA</b>	<b>DA</b>	<b>OPFP</b>	<b>Carer's</b>	<b>Widows</b>	<b>Blind</b>
1. Maintenance Grant Rule 1(2) (b)(i) Parts 2 (in the cases that may be prescribed) Rule 1 (2) (b) (i) of Part 5 Blind Pension &OPFP specified	The maintenance portion of Local Authority Higher Ed Grant	The maintenance portion of Local Authority Higher Ed Grant	The maintenance portion of Local Authority Higher Ed Grant	The maintenance portion of Local Authority Higher Ed Grant	n/a	n/a	The maintenance portion of Local Authority Higher Ed Grant
2. Maintenance payments up to maximum amount Rule 1(2) (b)(ii) Parts 2 & 5 Article 143 of SI 142/2007	Max €4,952	Max €4,952	Max €4,952	Max €4,952	n/a	Max €4,952	Max €4,952
3. Expenses for meals and travel while attending courses – up to a certain limit Rule 1(2)(b) (iii) of Parts 2 & 5 (no limit prescribed)	✓	✓	✓	✓	✓	✓	✓
4. Income under Blind Person Act 1920 Rule 1(2)(b)(iv) of Part 5 (excluded on an admin basis for all schemes)	n/a	n/a	n/a	n/a	n/a	n/a	✓
5. Rent but for which the person would live alone Rule 1 (2)(b)(v) of Part 5	n/a	n/a	n/a	n/a	n/a	✓	n/a

Exclusions	JA	FA	DA	OPFP	Carer's	Widows	Blind
6. Sums arising from investment or profitable use of property (not personally used or land leased) Rule 1 (2)(b)(vi) of Part 5	No specific rule but same rule applies in practice as for payments under Part 5	No specific rule but same rule applies in practice as for payments under Part 5	No specific rule but same rule applies in practice as for payments under Part 5	✓	✓	✓	✓
7. Prescribed amount of earnings from employment Rule 1(2)(b)(vii) of Part 5 Article 149 of SI 142/2007	n/a	n/a	n/a	n/a	n/a	First €100 of net earnings disregarded	n/a
8. Any earnings including wages and profit from self-employment Rule 1(2)(b) (viii) of Part 5 Article 147 of SI 142/2007	n/a	n/a	n/a	€146.50 of gross earnings + 50% of remainder up to income limit of €425 Where income exceeds €425 payment <u>may</u> continue for 6 months	n/a	n/a	n/a
9. Any earnings including wages and profit from self-employment other than employment of a rehabilitative	n/a	n/a	n/a	n/a	n/a	n/a	€400 p.a. in respect of the pensioner €265 p.a. in

Exclusions	JA	FA	DA	OPFP	Carer's	Widows	Blind
nature with certain limitation Rule 1(2)(b) (ix) of Part 5 Article of SI 142/2007							respect of a qualified adult €133 p.a. in respect of a qualified child
10. Prescribed amount of earnings from rehabilitative employment Rule 1(2)(b)(x) of Part 5 Article 150 of SI 142/2007	n/a	n/a	n/a	n/a	n/a	n/a	€120 disregard 50% of earnings between €120 - €350 assessed Over €350 fully assessed Earnings threshold €432
11. Prescribed amount of earnings from employment or self-employment of a rehabilitative nature Rule 1(2)(b)(viii) of Part 2	n/a	n/a	€120 disregard 50% of earnings between €120 - €350 assessed Over €350 fully assessed Earnings threshold €432	n/a	n/a	n/a	n/a
12. Contract of service Rule 1(2)(b)(iv) of Part 2 Claimant Spouse	✓ n/a	✓ ✓	n/a n/a	n/a n/a	n/a n/a	n/a n/a	n/a n/a

Exclusions	JA	FA	DA	OPFP	Carer's	Widows	Blind
13. Insurable employment of a seasonal nature Rule 1 (2)(b)(v) of Part 2 Claimant Spouse	✓ ✓	✓ ✓	n/a n/a	n/a n/a	n/a n/a	n/a n/a	n/a n/a
14. Prescribed amount of moneys earned by claimant's spouse from insurable employment Rule 1(2)(b)(vi) of Part 2 Article 153 of SI 142/2007	✓	✓	✓	n/a	n/a	n/a	n/a
15. Income from REPS/SACS With certain limits Rule 1(2)(b)(ix) of Part 2	✓	✓	n/a	n/a	n/a	n/a	n/a
16. Income derived by a fisherman Rule 1(2)(b)(x) of Part 2	✓	✓	n/a	n/a	n/a	n/a	n/a
17. Income where the claimant or spouse engaged in fishing on a seasonal basis Rule 1(2)(b)(xi) of Part 2	✓	✓	✓	n/a	n/a	n/a	n/a
18. Harvesting of seaweed Rule 1(2)(b)(xii) of Part 2 Ref 19 of Table 1 of 3 <sup>rd</sup> Schedule & Article 152 of SI 142/2007	€1,270 p.a.	€1,270 p.a.	n/a	n/a	n/a	n/a	n/a

**Table 2: Items taken into account, disregards & tapering Arrangements – Main Schemes**

Elements of the means test	JA	FA	DA	OPFP	Carers	Widows	Blind
1.The weekly value of property Rule 1(1) (a) & (b) of Part 2; Rule 1(1) of Part 5	Table 1 & Article 141 of SI 142/2007 for exemptions	Table 1 & Article 141 of SI 142/2007 for exemptions	Table 2 & Article 141 of SI 142/2007 for exemptions	Table 1 & Article 141 of SI 142/2007 for exemptions	Table 1 & Article 141 of SI 142/2007 for exemptions	Table 1 & Article 141 of SI 142/2007 for exemptions	Table 1 & Article 141 of SI 142/2007 for exemptions
2. (i) All income in cash  &  (ii) certain non-cash benefits  Rule 1(2) of Parts 2 & 5 Article 142 of SI 142/2007	(i) Except exclusions listed in Table 1 above  (ii) Value of housing costs incurred & paid by a liable relative above €4,952 pa  Value of direct provision paid by DJ&LR	(i) Except exclusions listed in Table 1 above  (ii) Value of housing costs incurred & paid by a liable relative above €4,952 pa  Value of direct provision paid by DJ&LR	(i)Except exclusions listed in Table 1 above  (ii) Value of housing costs incurred & paid by a liable relative above €4,952 pa  Value of direct provision paid by DJ&LR	(i) Except exclusions listed in Table 1 above  (ii) Value of housing costs incurred & paid by a liable relative above €4,952 pa  Value of direct provision paid by DJ&LR	(i) Except exclusions listed in Table 1 above  (ii) n/a  n/a	(i) Except exclusions listed in Table 1 above  (ii) Value of housing costs incurred & paid by a liable relative above €4,952 pa  Value of direct provision paid by DJ&LR	(i) Except exclusions listed in Table 1 above  (ii) n/a  n/a
3. The yearly value of advantage to claimant/spouse from the use of property/land Rule 1(3) of Parts 2 & 5 Article 156 of SI 142/2007	Covers use of property other than main dwelling & leasing of a farm. Value of advantage ascertained by deducting expenses from gross income	Covers use of property other than main dwelling & leasing of a farm. Value of advantage ascertained by deducting expenses from gross income	Covers use of property other than main dwelling & leasing of a farm. Value of advantage ascertained by deducting expenses from gross income	Covers use of property other than main dwelling & leasing of a farm. Value of advantage ascertained by deducting expenses from gross income	Covers use of property other than main dwelling & leasing of a farm. Value of advantage ascertained by deducting expenses from gross income	Covers use of property other than main dwelling & leasing of a farm. Value of advantage ascertained by deducting expenses from gross income	Covers use of property other than main dwelling & leasing of a farm. Value of advantage ascertained by deducting expenses from gross income

Elements of the means test	JA	FA	DA	OPFP	Carers	Widows	Blind
4. Weekly earnings (including wages and profit from any form of self-employment) S.173(3);Rule 1(4) of Part 5 Article 151&151A of SI 142/2007	n/a	n/a	n/a	€146.50 + ½ of the amount in excess of €146.50 disregarded Threshold: €425	n/a	n/a	n/a
5. Weekly means of a carer  (i) carer who is not one of a couple Rule 1(5) of Part 5 Article 144(a) of SI 142/2007  (ii) where the carer is one of a couple Rule 4(3) of Part 5 Article 144(b) of SI 142/2007	n/a	n/a	n/a	n/a	Disregard of €322 per week (ex SW payment from another State)  Disregard of €665 per week (ex SW payment from another State)	n/a	n/a
6. Expected contribution by caree to support the carer Rule 1(6) of Part 5	n/a	n/a	n/a	n/a	An amount determined by Minister to be reasonable but excluding social assistance/SWA payments to the caree	n/a	n/a

<b>Elements of the means test</b>	<b>JA</b>	<b>FA</b>	<b>DA</b>	<b>OPFP</b>	<b>Carers</b>	<b>Widows</b>	<b>Blind</b>
7. Income/value of property which the claimant/spouse has deprived him/herself of Rule 1(4) of Part 2 and Rule 2 of Part 5	All income and the value of property taken in to account	All income and the value of property taken in to account	All income and the value of property taken in to account	All income and the value of property taken in to account but certain exceptions apply in the case of an assignment to a child/children	All income and the value of property taken in to account but certain exceptions apply in the case of an assignment to a child/children	All income and the value of property taken in to account but certain exceptions apply in the case of an assignment to a child/children	All income and the value of property taken in to account but certain exceptions apply in the case of an assignment to a child/children
8. Income from employment under a contract of service Rule 1(5) of Part 2 Rule 1(8) of Part 2 Article 145 of SI 142/2007	Earnings less deductions (PRSI etc.) Disregard of €20 per day, max €60 per week Balance assessed at 60%	Earnings less deductions (PRSI etc.) Disregard of €20 per day, max €60 per week Balance assessed at 60%	n/a	n/a	n/a	n/a	n/a
9. Income from insurable employment of a seasonal nature Rule 1(6) of Part 2 Rule 1(8) of Part 2 Article 146 of SI 142/2007	Earnings less deductions (PRSI etc.) Disregard of €20 per day, max €60 per week Balance assessed at 60%	Earnings less deductions (PRSI etc.) Disregard of €20 per day, max €60 per week Balance assessed at 60%	n/a	n/a	n/a	n/a	n/a



Elements of the means test	JA	FA	DA	OPFP	Carers	Widows	Blind
10. Income of spouse from insurable employment of a seasonal nature Rule 1(7) of Part 2 Rule 1(8) of Part 2 Article 154 of SI 142/2007	Earnings less deductions (PRSI etc.) Disregard of €20 per day, max €60 per week Balance assessed at 60%	Earnings less deductions (PRSI etc.) Disregard of €20 per day, max €60 per week Balance assessed at 60%	n/a	n/a	n/a	n/a	n/a
11. <u>Farmer or spouse</u> income from current personal or seasonal employment Rule 1(8) of Part 2 Article 154 of SI 142/2007		Earnings less deductions (PRSI etc.) Disregard of €20 per day, max €60 per week Balance assessed at 60% (limited to the season)	n/a	n/a	n/a	n/a	n/a
12. Fisherman – gross income from self-employment Rule 1(2)(x) Rule 1((9)(a) of Part 2	less expenses, less €254 pa in respect of each of first 2 children & €381 in respect of each subsequent child 30% of remainder not counted as means	See 13 below	n/a	n/a	n/a	n/a	n/a

Elements of the means test	JA	FA	DA	OPFP	Carers	Widows	Blind
13. Farmer – expected gross annual income of farmer <u>or spouse from farming or other self-employment</u> Rule 1(9)(b) of Part 2	See 12 above	less expenses, less €254 pa in respect of each of first 2 children & €381 in respect of each subsequent child 30% of remainder not counted as means/ 70% assessed as means	n/a	n/a	n/a	n/a	n/a
14. Yearly value of benefit or privilege Rule 1(10) of Part 2 Article 157 of SI 142/2007 Calculation set out in Guidelines	Yearly value of B&P assessed where person is u.25 and resides with a parent/step-parent	n/a	n/a	n/a	n/a	n/a	n/a
15. Sale of the principal residence for more suitable accommodation Rule 2 of Part 2 and Rule 3 of Part 5 & Art 158 of SI 142/2007	n/a	n/a	€190,500 (max) Example: Sells: €200,000 Buys: €150,000 Disregard: €50,000	n/a	n/a	n/a	€190,500 (max) Example: Sells: €450,000 Buys: €200,000 Disregard: €190,500 Means: €59,500

Elements of the means test	JA	FA	DA	OPFP	Carers	Widows	Blind
16. Calculating the means of a person who is one of a couple Rule 4 of Part 5	n/a	n/a	n/a	n/a	Means taken to be ½ the total means of the couple Where the spouse receives a SW pension from another State, an amount equal to the max of Irish SP(C) + ½ IQC is disregarded (not €665) Payments under a separation order disregarded where couple live apart	n/a	Means taken to be ½ the total means of the couple
17. Payment of ‘another pension’ to claimant or the spouse Rule 5 of Part 5 Point 16 of Table 2 to Third Schedule	n/a	n/a	n/a	This rule applies to prevent a reduction in the SW payment greater than the increase in ‘other pension’	This rule applies to prevent a reduction in the SW payment greater than the increase in ‘other pension’	This rule applies to prevent a reduction in the SW payment greater than the increase in ‘other pension’	This rule applies to prevent a reduction in the SW payment greater than the increase in ‘other pension’

Elements of the means test	JA	FA	DA	OPFP	Carers	Widows	Blind
18. Disregard of certain army/military payments Point 16 of Table 2 to Third Schedule	€104 per year from an allowance dependants allowance, disability or wound pension under the Army Pensions Act, 1923 to 1980 (including a British War Pension), or a combination of such allowances and pensions	€104 per year from an allowance dependants allowance, disability or wound pension under the Army Pensions Act, 1923 to 1980 (including a British War Pension), or a combination of such allowances and pensions	€104 per year from an allowance dependants allowance, disability or wound pension under the Army Pensions Act, 1923 to 1980 (including a British War Pension), or a combination of such allowances and pensions	€104 per year from an allowance dependants allowance, disability or wound pension under the Army Pensions Act, 1923 to 1980 (including a British War Pension), or a combination of such allowances and pensions	€104 per year from an allowance dependants allowance, disability or wound pension under the Army Pensions Act, 1923 to 1980 (including a British War Pension), or a combination of such allowances and pensions	€104 per year from an allowance dependants allowance, disability or wound pension under the Army Pensions Act, 1923 to 1980 (including a British War Pension), or a combination of such allowances and pensions	€104 per year from an allowance dependants allowance, disability or wound pension under the Army Pensions Act, 1923 to 1980 (including a British War Pension), or a combination of such allowances and pensions
19. Disregard of certain army/military payments Rule 6 of Part 5	n/a	n/a	n/a	All payment under the Army Pensions Acts 1923 to 1980 or the Military Service (Pensions) Acts 1924 to 1964 <u>for service in period 23 April 1916 to 30 Sept 1923.</u> Full amount of pension under the Connaught Rangers (Pensions) Acts	All payment under the Army Pensions Acts 1923 to 1980 or the Military Service (Pensions) Acts 1924 to 1964 <u>for service in period 23 April 1916 to 30 Sept 1923.</u> Full amount of pension under the Connaught Rangers (Pensions) Acts	All payment under the Army Pensions Acts 1923 to 1980 or the Military Service (Pensions) Acts 1924 to 1964 <u>for service in period 23 April 1916 to 30 Sept 1923.</u> Full amount of pension under the Connaught Rangers (Pensions) Acts	All payment under the Army Pensions Acts 1923 to 1980 or the Military Service (Pensions) Acts 1924 to 1964 <u>for service in period 23 April 1916 to 30 Sept 1923.</u> Full amount of pension under the Connaught Rangers (Pensions) Acts 1936 to 1964. Includes payments in respect of dependents

				1936 to 1964. Includes payments in respect of dependents	1936 to 1964. Includes payments in respect of dependents	1936 to 1964. Includes payments in respect of dependents	
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## Acronyms used in report

BP	Blind Pension
BTEA	Back to Education Allowance
BTW	Back to Work
CE	Community Employment
CIB	Citizens Information Board
CWO	Community Welfare Officers
DA	Disability Allowance
DCA	Domiciliary Care Allowance
DETE	Department Enterprise, Trade and Employment
DSP	Department of Social Protection
DWB	Deserted Wives Benefit
EAP	Employment Action Plan
ECJ	European Court of Justice
ECS	Early Childcare Supplement
ESA	Employment and Support Allowance
FA	Farm Assist
FIS	Family Income Supplement
GSW	Genuinely Seeking Work
HBP	Household Benefit Package
HSE	Health Service Executive
IA	Island Allowance
IB	Illness Benefit
JA	Jobseekers' Allowance
JB	Jobseekers' Benefit
LAA	Living Alone Allowance
LO	Local Office
LP	Lone parents
MRAS	Medical Review and Assessment Service
NESC	National Economic and Social Council
O80	Over 80
OECD	Organisation for Economic Cooperation and Development
OMCYA	Office of Minister for Children and Youth Affairs

OFP	One Parent Family Payment
PRETA	Pre-retirement Allowance
PRSA	Personal Retirement Savings Account
QA	Qualified Adult
REPS	Rural Environmental Protection Scheme
SACS	Special Area of Conservation
SDM	Service Delivery Model
SFSS	Social and Family Support Service
SPT	State Pension Transition
SPWA	Single Payment for People of Working Age
SW	Social Welfare
SWA	Supplementary Welfare Allowance
SWS	Social Welfare Services
VFM	Value for Money
VTOS	Vocational Training Opportunities Scheme
WCPS	Widow's Contributory Pension
WP	Widow's Pension

## Poverty Impact Assessment

**STAGE 1 Screening** – This will inform the policy maker as to whether or not it is necessary to carry out a full poverty impact assessment. A brief overview or background of the proposal should be set out at this stage.

Screening Tool			
Is the policy, programme or proposal significant in terms of:	YES	NO	POSSIBLY
Overall National/Departmental Policy			Y
The level and/or proportion of expenditure involved.			Y
The change it will bring about in an existing policy or procedure (specify).			Y
<p>Its relevance to some or all of the lifecycle or other vulnerable groups</p> <p><b>Life cycle groups</b></p> <ul style="list-style-type: none"> <li>• Children and younger people</li> <li>• People of working age</li> <li>• Older people</li> <li>• People with disabilities</li> </ul> <p><b>Examples of vulnerable groups</b></p> <ul style="list-style-type: none"> <li>• Women</li> <li>• Lone parent families</li> <li>• Families with large numbers of children</li> <li>• People with disabilities</li> <li>• Unemployed</li> <li>• Members of the Travelling community</li> <li>• People experiencing rural disadvantage</li> <li>• People experiencing urban poverty</li> <li>• Homeless</li> <li>• Migrants and Ethnic minorities</li> </ul> <p>Also need to consider potential impacts on inequalities which may lead to poverty.</p>	<p>Y</p> <p>Y</p> <p>-</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>-</p> <p>Y</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p>	<p>-</p> <p>-</p> <p>N</p> <p>-</p> <p>-</p> <p>N</p> <p>N</p> <p>-</p> <p>N</p> <p>N</p> <p>N</p> <p>N</p> <p>N</p>	

If the answer is **NO** in all cases then it is not necessary to carry out a full poverty impact assessment. In that case the summary sheet should be completed and returned to the Departmental social inclusion liaison officer, or directly to the Social Inclusion Division if there is no liaison officer.

If the answer is **YES** or **POSSIBLY** to any of the above a full poverty impact assessment should be carried out following the steps outlined in Stage 2.<sup>32</sup>

<sup>32</sup> Where, however, it is very clear that a policy, programme or proposal would have no impact from a poverty or social inclusion perspective, even though it may be significant, e.g., in terms of expenditure, then a full PIA would not be necessary. The rationale for such a decision should be set out when completing the summary sheet.



A formal consultation exercise was not conducted at this stage of the process. The intention is to publish the report as a discussion document at which point an opportunity will be given to the social partners and community, voluntary groups and other stakeholders to submit views. Stakeholders that were consulted included officials from the Department of Finance, the Department of Education and Skills and the Office of the Minister for Children and Youth Affairs.

**Step 2: Define Policy Aims and Target Groups**

The primary objective of the review is to examine and report on the desirability and feasibility, both from a policy rationale and operational perspective, of introducing a single social assistance payment for people of working age; and explore the extent to which such a payment could facilitate people on social assistance payments to take up employment and undertake education and training and other development opportunities, as appropriate, having regard to the current economic situation and existing policy in relation to income and other supports for people of working age and policy proposals currently being examined in these areas.

The focus of the review is to explore options to provide income support to people of working age which

- Prevents long term dependence on social welfare income support and facilitates financial independence.
- Facilitates participation in employment /education and training in a positive and systematic way.
- Removes poverty traps from the system of income support.
- Provides income support at a level sufficient to enable full participation in society.
- Changes the expectations surrounding receipt of social assistance payments, introducing an expectation of participation but with supports provided in this regard.
- Ensures consistency of treatment across means tested social welfare schemes for people of working age.
- Improves outcomes for this group and their families.

The target groups considered in the review are people of working age whether they be unemployed, ill/disabled, parenting alone or caring. The review considers whether there is a need to rationalise the current contingency based payments for people of working age into a single payment in order to provide targeted support which encourages participation in employment and/or other activities which is likely to lead to employment and better outcomes. Any changes to the current structure would therefore potentially impact on:

- New claimants of working age who have an income support need arising from unemployment, illness/disability, parenting alone or caring;
- Qualified adults of the above recipients in so far as their needs for support (other than income support) are concerned.

The review of the desirability and feasibility of introducing a single payment for people of working age implies the ending of the various contingencies that exist at present. The review group considers that qualified adults of working age should also come within the scope of a single payment and avail of supports and services on the same basis as claimants. However, the review does not foresee the abolition of the concept of being a qualified adult.

### 2.3 What are the differences within the target group/between the target groups which might lead to them benefiting from the policy/programme in different ways and how could these be addressed?

The review is informed by the rationale that moving from a contingency based system to a single payment allows for tailored conditionality based on the person's circumstances as opposed to categorising the person according to the payment he/she is receiving.

The review identifies a framework for a single payment consisting of three tiers, allowing for tailoring of conditionality at each level in recognition of the person's individual circumstances. Under a single payment regime, those in receipt of the payment would be engaged with in an active and systematic manner by the Department of Social Protection and directed to supports and services based on his/her circumstances. Such engagement would ensure that appropriate supports and services are provided with the aim of facilitating the person to move into employment or education and/or training.

**Step 3: Consider Available Data and Research**

Consider what data is available within own organisation, other departments or agencies or from alternative sources. Identify data or indicators against which progress can be measured.

A range of data and research sources was utilised to provide quantitative analysis of working age social assistance payments. The main data sources that were used included:

- DSP Statistical Information on Social Welfare Services
- Survey on Income and Living Conditions
- Census and population data
- Quarterly National Household Survey
- Household Budget Survey

A range of reports and studies relating were also examined including:

- NESC Report: *The Developmental Welfare State*
- International practice and in particular research material from UK on welfare reform
- previous reviews and relevant research on minimum income/social assistance schemes including reports from EU and OECD
- relevant legislation and background information,
- scheme guidelines and relevant case history,
- Information on the organisational delivery of the current supports,
- Management information reports

**Step 4: Assess Impacts and Consider Alternatives**

4.1 What type of impact on poverty (either in terms of numbers in poverty or level of poverty) would the proposal have for each of the vulnerable groups listed in the table?

Vulnerable Group	Likely impact of the programme / project in terms of poverty		
	None See Q.4.2	Positive See Q.4.3	Negative See Q.4.4
Life cycle groups			
Children and Young People		√	
People of working age		√	
Older people	√		
People with disabilities		√	
Other Vulnerable Groups			
Women		√	
Lone parent families		√	
Families with large numbers of children	√		
Unemployed		√	
Members of Travelling community	√		
Prisoners and ex-prisoners	√		
People experiencing rural disadvantage	√		
People experiencing urban poverty	√		
Migrants	√		
Ethnic minorities	√		
Others: (please specify)			

- 4.2 If the proposal would have no effect on poverty what options might be identified to produce a positive effect?

Not applicable

- 4.3 If the proposal would have a positive effect would it help to prevent people falling into poverty, reduce the level (in terms of numbers and depth) of poverty or ameliorate the effects of poverty?

The review explores a prototype of a single payment based on the current rules applying to the JA scheme. However, the review does not go any further than this and significant work would need to be carried out if a decision was made to pursue this policy. In particular, the role of FIS and other in-work incentives would need to be examined. For these reasons it is difficult to determine the poverty impacts of any reform to introduce a single payment, owing to the difficulties associated with the range of assumptions that would need to be made. However, the primary policy rationale for pursuing a single payment would be to support all people of working age and encourage employment and/or education/training for the optimal achievement of peoples' potential so as to reduce poverty and increase incentives to participate in the labour market.

- 4.4 If the proposal would have a negative effect (i.e. it would increase either the numbers in poverty or the level of poverty experienced) what options could be considered to ameliorate this effect?

Not applicable

- 4.5 Would the proposal contribute to the achievement of the NAPinclusion goals and targets?

It could be expected that better outcomes resulting from the implementation of the reforms outlined in the review would include reductions in poverty rates. Such a reduction would assist in the achievement of the overall poverty reduction target contained in the NAPinclusion.

The review explores a possible prototype for a social assistance single payment and as such does not make a specific proposal. However, the underlying principle is that people of working age are engaged with to ensure that interventions are targeted at assisting people with progression to work and or other appropriate progression so as to improve outcomes for this group. In order to improve outcomes many other interventions may be necessary, most notably in the provision of services and supports. This latter aspect is identified in the report.

With regard to inequality on the basis of equality legislation under the nine grounds recognised in Ireland (gender, family status, marital status, age, disability, sexual orientation, race, religion, and membership of the Traveller community), the review has particular relevance in respect of the disability ground as this group will come within the scope of a single payment.

The review also has particular relevance for women in that the review states that in principle qualified adults, the majority of whom are women, attached to social assistance payments should also come within the scope of a single payment and benefit from the supports and services available under any such scheme. The review does not have any particular impact on the other grounds.

**Step 5:            Make Decision and Arrange Monitoring****5.1      Will this proposal be adopted?**

The decision to introduce or not introduce a single social assistance payment for people of working age will be a matter for the Department/Government to decide. The current review explores a possible prototype and the issues arising.

**5.2      If the proposal is to be adopted, how will its impact on poverty be monitored?**

As part of the implementation phase a set of performance indicators would be identified

Data from the CSO's Survey on Income and Living Conditions would also provide statistics for some key indicators such as consistent poverty rates, depth of poverty and adult poverty rates.

**Step 6:            Publish Results**

The report on the desirability and feasibility of introducing a single social assistance payment for people of working age, which contains the PIA will be published on the Department's website: [www.welfare.ie](http://www.welfare.ie)

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