

**Poverty Impact Assessment of the
One Parent Family Payment Review**

Background to proposal

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.

Screening Tool

Is the policy, programme or proposal significant in terms of:	YES	NO	POSSIBLY
Overall National/Departmental Policy	Y		
The level 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 life cycle or other vulnerable groups</p> <p>Life cycle groups</p> <ul style="list-style-type: none"> • Children and younger people • People of working age • Older people • People with disabilities <p>Examples of vulnerable groups</p> <ul style="list-style-type: none"> • Women • Members of the travelling community • Prisoners and ex-prisoners • People experiencing rural disadvantage • People experiencing urban poverty • Migrants • Ethnic minorities • Other vulnerable group (this will impact on Lone Parents and other parents with a low income within all the above categories because of their status as parents rather than as a member of a vulnerable group) <p>Also need to consider potential impacts on inequalities which may lead to poverty.</p>	Y	N N N	
	Y	N N N N	
	Y		

*It should be noted that the extent and composition of these groups may change over time and so the focus of poverty impact assessment may change over the lifetime of the next round of the NAP/inclusion process.

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 (p.26) should be completed and returned to the Departmental social inclusion liaison officer, or directly to the Office for Social Inclusion 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.

STAGE 2 **Full Poverty Impact Assessment**

1. Consultation

Consultation was carried out by way of invited submission. Thirty-nine organisations were contacted, including organisations participating in social partnership, lone parent organisations, groups that made submissions to the family strategy and other relevant organisations. Submissions were received from thirteen of these. A summary of the main issues raised in the submissions are outlined in Appendix 3, together with some of the key recommendations made.

2. Policy Aims and Target Groups

2.1 What is the Primary objective of this policy proposal ?

The reform of social welfare income support for lone parents, proposed by the Review group aims to put in place a model 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.
- Recognises parental choice with regard to care of young children but with the expectation that parents will not remain outside of the labour force indefinitely.
- Changes the expectations surrounding receipt of OFP, introducing an expectation of participation but with supports provided in this regard.
- Is neutral in terms of influencing people's basic choices regarding choice of living arrangements.
- Ensures consistency of treatment across means tested social welfare schemes.

2.2 Who are the target groups and how would the proposal reach those groups ?

The target group of the proposal are all low income families with children, including those parenting alone. Within this group the proposed changes would impact on:

- current and new recipients of the One-Parent Family Payment,
- qualified adults in the social assistance system
- widows under age 66 years

The proposal implies the ending of the contingency of lone parenthood within the social welfare system and the introduction of a new Parental Allowance (PA) payable to all low income families (subject to a household means test). This necessarily implies the ending of the 'qualified adult payment' within social assistance, with those eligible moving to the new PA scheme and others applying for appropriate payments.

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

Part of the rationale from moving away from a single contingency of lone parenthood to a more general and inclusive PA is due to the fact that the current OFP payment does not recognise the diversity of those in receipt of the payment, in terms of age, route to becoming a lone parent, education and employment background and experience. This in turn means that supports are aimed at the contingency, rather than the diversity of needs of those within it. Under the proposed PA, those in receipt of payment would be engaged with in an active and systematic manner by the Department of Social and Family Affairs and other relevant departments and agencies e.g. FAS. Such engagement aims to ensure that the needs of those concerned are identified and appropriate supports are offered with the aim of facilitating the person to move into education, training and / or employment as appropriate.

In putting forward the proposal the review group acknowledges that its implementation is predicated on the availability and accessibility of adequate services/provisions including childcare and education and training resources. It is only in this scenario that the target groups can receive the full benefit of the proposal in terms of the objectives outlined. Co-ordination between departments and agencies will be important in this regard.

3. Consideration of data and research

The Review takes into account and builds on the conclusions of the Review of the One-Parent Family Payment 2000, carried out by the Department of Social and Family Affairs. It also takes into account a range of reports and studies relating to child poverty and specifically to lone parents. These include: *Babies and Bosses*; *Reconciling Work and Family Life* (OECD 2003), *Jobs, Jobs, Jobs: Creating more Employment in Europe*; Report of the Employment Taskforce (Kok W,

2003), *Child Poverty in Ireland* (Economic and Social Research Institute, 2000) and *Lone Parents* (National Economic and Social Forum, 2001). At a broader level consideration is given to the proposals made by the National Women's Council with regard to the social welfare system (A Woman's Model for Social Welfare Reform) (2003) and by the National Economic and Social Council (NESC) in their recently published report entitled *The Developmental Welfare State* (2005).

Primary quantitative data required in the analysis was obtained from the Department of Social and Family Affairs, the Revenue Commissioners and the Central Statistics Office. This was supplemented with and informed by discussions within the working group and with key personnel in the Department of Social and Family Affairs and by the submissions made by various lone parent representative organisations and other relevant groups.

4. Assessment of impacts and consideration of 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 that the programme will have in terms of poverty		
	<i>None</i>	<i>Positive</i>	<i>Negative</i>
Life cycle groups			
Children and Young People		✓	
People of working age		✓	
Older people	✓		
People with disabilities	✓		
Other Vulnerable groups			
Women		✓	
Children and young people		✓	
Older people	✓		
People with disabilities	✓		
Members of the Travelling community	✓		
Prisoners and ex-prisoners	✓		
People experiencing rural disadvantage	✓		

People experiencing urban poverty	✓		
Migrants	✓		
Ethnic minorities	✓		
Other: Lone parents/low income parents		✓	

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 proposals would have a positive effect would it help to prevent people from falling into poverty: reduce the level of poverty and/or ameliorate the effects of poverty ?

Lone parents have been identified in the National Action Plan against Poverty and Social Inclusion (NAP/inclusion) to be one of the groups at greatest risk of poverty. 45 per cent of one-parent families live in consistent poverty in comparison with 11 per cent of the population overall (EU-SILC 2003). 42 per cent of one-parent families are at risk of poverty in comparison with 23 per cent of the overall population. Children in lone parent and larger families have been identified in the NAP/inclusion to be at greatest risk of poverty.

In terms of the characteristics of the households of children who are experiencing poverty, NESIC have indicated that parental employment rather than household type is the single most important factor associated with a high risk of child poverty (2005):

Almost 60 per cent of the households in which children experienced persistent poverty were reliant on social welfare for more than 75 per cent of their total income. Over half of children where the household reference person was unemployed experienced poverty and 46 per cent where the reference person was of working age but outside the labour force, having an unemployed man and woman in the house constituted the highest risk of all of experiencing persistent poverty.

It is notable that children in lone parent households where the parent was employed escaped persistent poverty altogether, while with regard to consistent poverty parental employment rather than family type was the single most important factor associated with a high risk of child poverty in 2000. For example, children of couples neither of whom were working ran a poverty risk four times as high as that of children of lone parents in work.

These findings clearly indicate a need to develop policy responses to child poverty in a way which both encourages parents to cross from non-employment to work, and which provides in-work supports to parents with low earnings and improves the educational and skill levels of lone parents to ensure that they do not become trapped in low paid employment.

The proposals being put forward in this Review of OFP aims to achieve both a reduction in poverty levels for lone parent families and their children and prevention of future poverty by:

The increase in household income which will accompany the payment of PA (approx. €50 for couple households) and the increase in level of CDA will have a positive impact on levels of child income poverty.

The increase in the income disregard (to €400) accompanying PA (as compared to the current upper limit of €298 under OFP) will also remove the poverty trap which currently exists and encourage increased earnings.

From a longer term perspective, ending the long term duration of the current OFP and providing supports to encourage people back into employment / education and training will increase the family income, lessen dependence on passive income support and facilitating people to become financially independent.

For qualified adults in social assistance, those with children under 7 years will move to PA, while those with no children under 7 years, will be able to apply for Unemployment Assistance and the supports which accompany this payment.

In the longer term, the increased activation and labour force participation of women in particular will ensure that social insurance records are established by the individuals concerned, in turn building pension entitlements for old age.

Overall the proposal is to support parents in caring for young children while facilitating and providing supports for them to move into the labour force after a period of time, thus improving their financial situation and facilitating financial independence.

4.4 If the proposal would have a negative effect (e.g. by increasing 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 NAP/Inclusion targets ?

It is expected that the proposal would, in the longer term, and if accompanied by appropriate supports lead to:

- a reduction in the numbers of adults, particularly women, who are consistently poor,
- a reduction in the numbers of children who are consistently poor,
- a reduction in the numbers of people living in areas of urban disadvantage who are consistently poor.

4.6 Would the proposal address the inequalities which may lead to poverty ?

(Equality legislation in Ireland recognises that inequality can occur under any of ‘nine grounds’; gender, family status, marital status, age, disability, sexual orientation, race religion and membership of the Traveller community).

The proposal being made has a particular relevance with regard to gender and family status. This is in the context of 97 per cent of OFP recipients being women and the majority of qualified adults being women.

Numerous reports have described the Irish welfare system as displaying aspects of the ‘male breadwinner’ model of welfare (Curry 2003, Department of Social and Family Affairs, 1999, National Women’s Council of Ireland, 2003). Welfare systems within this model are based on the tradition of the male as family breadwinner, and the female as homemaker or carer. Within this, women have had derived rights through their husbands social insurance records, with payments to women defined in relation to their husbands.

Features of the Irish welfare model which highlight its male breadwinner focus are; equivalence rates¹, qualified adults payments, limitation².

The effect of these is:

- that while ostensibly gender neutral, they have a greater negative impact on women than men, particularly with regard to their economic independence and incentives to activation.

¹ The income support system ‘enables’ adult claimants to have financial responsibility for ‘dependents’ both adult and children. A claimant is eligible to claim for a Qualified Adult Allowance (QAA) if that adult has no social welfare payment in their own right and has means of less than €88.88 per week. The QA rate is generally around 0.7 (equivalence rate) of the main claimant rate of payment, the rationale for which is presented as the economies of scale of a couple living together.

² In a couple household, where both adults have an entitlement to a payment in their own right, based on a household means test, the operation of the limitation rule means that the amount paid to the couple is limited to a half of the amount payable where only one partner claimed a personal rate and an adult dependent allowance e.g. where one of a couple claims Unemployment Assistance, a personal rate of €148.80 plus an increase of €98.70 (QAA rate) in respect of the claimants partner may be payable i.e. €247.50. However, where both of a couple claim the payment and have an entitlement, they do not receive €148.80 each, but half €247.50 i.e. €123.75. The rule has resulted in a greater number of women being classified as qualified adults and not declaring their eligibility for a social welfare payment, as there is no financial incentive to do so. This, in turn affects women’s eligibility to participate in a range of Live Register linked programmes and supports.

- they lead to a loss of income to the OFP recipient if they decide to marry or cohabit and a disincentive to family formation or declaration of same.

In terms of its gender impact, the proposal for reform moves the system away from the male breadwinner model. It ends the concept of qualified adult within the system of social assistance, and enables people to apply for payment in their own right and to receive the supports attached to that payment.

In terms of family status, the proposal ends the contingency of lone parenthood in the social welfare system. In doing so it recognises the changes which have taken place in Irish society in terms of family formation. Instead, a payment will be made to parents with a low income who care for young children: a parent will receive payment in their own right. This proposal thus removes any stigma associated with lone parenthood and reflects the changing nature of family formation in Ireland.

By lifting the limitation on payments in couple households where one is in receipt of a PA payment and the other is in receipt of another means tested social welfare payment – it removes some of the disincentives for lone parents to form stable relationships, and facilitates a more neutral social welfare system with regard to people's choices regarding general life style or choice of living arrangements.

5. Make Decision and Arrange Monitoring

5.1 Will this proposal be adopted?

This review was published as a discussion document. A consultation forum is planned for 27th April 2006. The final decision on the reports recommendations will be a matter for government.

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

Data from the CSO EU-SILC will provide statistics on the experience of poverty among some of the groups concerned.

More specific indicators have not yet been agreed upon to monitor the impact of the reform. The intention is that the proposal be published for discussion and observation. Indicators would be required relating to poverty and activation impacts if the proposal was to be implemented.

The proposal outlined relates not only to income support arrangements for low income families, but to a range of supports to be offered in an integrated and positive manner. For this reason, formulation of agreed upon indicators and their monitoring will require consultation and co-ordination with stakeholders including other departments and agencies.

It is important that any such indicators are both qualitative and quantitative in nature. If the focus is purely on quantitative objectives, the danger is that the focus is then on through-put of clients, with the problem of 'churning' of people between work and welfare, rather than responding to need. For some income support recipients, significant barriers may exist to participating in education/training or employment, with supports required over a long term period. Also, the aim of the proposed scheme is to facilitate those concerned to access higher quality, well paid employment.

6. Publish Results

The review was published and included the Poverty Impact Assessment in an appendix.

7. Return summary sheet to Social Inclusion Liaison Officer

Sent to OSI

POVERTY IMPACT ASSESSMENT - SUMMARY SHEET

Where a policy has been screened and it has been decided that it is not necessary to carry out a full poverty impact assessment, or where a full poverty impact assessment has been carried out, this summary sheet should be completed and returned to your department's social inclusion liaison officer. If there is no liaison officer a copy of this sheet should be sent direct to the Office for Social Inclusion.

Department Name: Social & family Affairs

Programme/Policy Title: OPF review Date of implementation

Brief description of programme/policy (please specify the target group):

Review of current One Parent Family Payment scheme

Date poverty impact assessment was carried out: 12 January 2006

Stage at which PIA was carried out (e.g. design, review): Review stage

Brief summary of results:

Lone parents and children of lone parent families have been identified in the National Action Plan against Poverty and Social Inclusion to be one of the groups at greatest risk of poverty. In terms of the characteristics of the households of children who are experiencing poverty, NESI have indicated that parental employment rather than household type is the single most important factor associated with a high risk of child poverty (2005). It is in this context that the review was carried out. The proposals being put forward aim to achieve both a reduction in poverty levels for lone parent families and their children and prevention of future poverty by:

- Increasing household income for those with young children.
- Increasing the income disregard accompanying PA, which will also remove the poverty trap which currently exists and encourage increased earnings.
- Ending the long term duration of the current OFP and providing supports to encourage people back into employment / education and training thereby increasing the family income, lessen dependence on passive income support and facilitating people to become financially independent.
- In the longer term, the increased activation and labour force participation of women in particular will ensure that social insurance records are established by the individuals concerned, in turn building pension entitlements for old age.

The proposal being made has a particular relevance with regard to gender and family status. In terms of its gender impact, the proposal for reform moves the system away from the male breadwinner model. It ends the concept of qualified adult within the system of social assistance, and enables people to apply for payment in their own right and to receive the supports attached to that payment. In terms of family status, the proposal ends the contingency of lone parenthood in the social welfare system. Instead, a payment will be made to parents with a low income who care for young children. This proposal thus removes any stigma associated with lone parenthood and reflects the changing nature of family formation in Ireland. By lifting the limitation of payments in couple households where one is in receipt of a PA payment and the other in receipt of another means tested social welfare payment – it removes some of the disincentives for lone parents to form stable relationships, and facilitates a more neutral social welfare system with regard to people's choices regarding choice of living arrangements.

If these results were published please specify where they are available. If they were not published, please explain why.

Results of PIA available as part of published review and also on departmental website, www.welfare.ie

Contact Information:

Name: _____
Address: _____
Telephone Number _____ *Email address:* _____

Signed: _____ **Date:** _____

Note to Social Inclusion Liaison Officer: Please keep the original summary sheet and send a copy to the Office for Social Inclusion, Floor 1, Gandon House, Amien Street, Dublin 1