

**Opening Statement on Lone Parent Reforms for
the Oireachtas Joint Committee on Social Protection
Thursday 6 October 2016
Simonetta Ryan, Department of Social Protection**

I would like to thank the Committee for meeting with the Department's Management Board recently and I welcome the invitation today for the opportunity to discuss the issue of lone parents in more detail today. I am joined today by my colleagues Niall Egan - Principal Officer of Working Age and Child Income Policy and Erika Klein - Assistant Principal Officer of Working Age and Child Income Policy and Fiona Ward - Divisional Manager of the Dublin South Division.

Since 1997 the one-parent family payment (OFP) scheme has played an important role in providing income support to lone parents. The scheme currently supports almost 41,000 lone parents and is estimated to cost approximately €500 million in 2016. The jobseeker's transitional payment (JST) supports almost 15,000 lone parent families and is estimated to cost approximately €177 million in 2016. In total more than €1 billion was spent by the Department on lone parents during 2015 across all schemes including Family Income Supplement (FIS), Back To Work Family Dividend, Child Benefit etc.

The OFP scheme has undergone significant reforms since Budget 2011 that have seen the age of the youngest child for receipt of the payment gradually reduce to 7 years of age. There are special exemptions for those who are recently bereaved, are caring or are in receipt of a Blind Pension.

Prior to the reforms the OFP scheme was payable until the youngest child was 18, or 22 if in full-time education, with limited engagement from the State. Spending on the scheme exceeded €1 billion per annum from 2008 until 2012. However, this support produced poor results in terms of tackling poverty rates among lone parent families.

The scheme was also administered centrally resulting in many lone parents being disconnected from the education and employment supports that were available to them.

The need to tackle these issues through an active labour market policy approach was addressed in detail in the OECD report, “Babies and Bosses: Reconciling Work and Family Life”, which was published in 2003. The report argued that passive income support policy towards lone parents until their youngest child was aged 18 or 22 years was a significant contributory factor to the low levels of employment and high levels of poverty among them.

The Department reached the same conclusion in its own report, “Proposals for Supporting Lone Parents”, published in 2006, which highlighted Ireland’s outlier status in terms of the maximum age of the youngest child. The report recommended that there was a need to bring the OFP scheme in line with international standards where there was a general movement away from long-term and non-conditional income support and towards a more active engagement approach.

The first reforms to the OFP scheme were introduced by the Social Welfare (Miscellaneous Provisions) Act 2010. On foot of this change from 27 April 2011, a new entrant could remain on the OFP scheme until their youngest child’s 14th birthday. Budget 2012 extended these reforms so that a lone parent’s entitlement to the OFP scheme would continue until their youngest child’s 7th birthday. The reduction in the age threshold of the youngest child was implemented on a phased basis for all recipients during the period 2013 to 2015.

As part of the Department’s wider reform programme, in particular the integration of the Community Welfare Service and the public employment service elements of FÁS into the Department, the administration of the OFP scheme was devolved to Intreo centres thereby connecting lone parents with the integrated services now available in those centres.

There were a number of changes made to the original reforms including;

- the introduction of the Jobseeker's Transitional payment, which was a significant change as it gives lone parents' whose youngest child is under 14 years of age choice around work and caring for their young children;
- extending the existing special provision for carers to lone parents caring for someone other than their child. This extended the existing arrangement where a lone parent with a child in receipt of the Domiciliary Care Allowance can remain on OFP until that child's 16th birthday ;
- extending payment of OFP for those in receipt of the Blind Pension; and
- the introduction of the Back to Work Family Dividend, which is paid on top of an individual's Family Income Supplement entitlement.

Lone parents affected by the reforms transition to alternative income supports including Jobseeker's Allowance (JA), the Jobseeker's Transitional (JST) payment and the Family Income Supplement (FIS). The reforms ensure that, for the first time, lone parents gain improved access to the Department's Intreo service. Those who transition to JST or JA have access to a Case Officer who assists them in producing a personal development plan. This tailored plan supports them towards appropriate education, training and employment support opportunities based on their individual circumstances and requirements.

The implementation of the reforms was thoroughly and carefully planned by the Department. The Department set-up an Implementation Group and a dedicated project team given the large numbers involved in 2015. In addition, the Department liaised with other Government Departments in relation to the reform most notably the Department of Education and Skills and the Department of Children and Youth Affairs.

The Department regularly engaged with lone parent representative groups in relation to the reforms. This involved consulting with them on the content of the correspondence issuing to lone parents and their feedback was taken on board. The lone parent representative groups

received regular information updates and regular briefings in advance of each July and after each Budget. Issues raised by the groups concerning specific individuals were followed up and resolved.

Since 2011 all affected customers have received a number of letters from the Department explaining the changes to the scheme. Approximately 18,000 people transitioned from the OFP scheme between July 2013 and June 2015 to alternative social welfare payments. The final phase took place on 2 July 2015 when approximately 25,500 recipients transitioned from the One-Parent Family Payment to another of the Department's income support.

Of the 25,500 customers affected by the OFP reforms on 2 July 2015 the majority of customers transitioned to the following schemes;

- 13,600 of them moved to the Jobseeker's Transitional Payment;
- 2,500 of them moved to the Jobseeker's Allowance scheme; and
- 8,100 of them moved to the Family Income Supplement scheme.

Affected customers were invited to an information seminar with staff in their local Intreo office. These seminars commenced in February 2015. Approximately 750 information seminars were held throughout the country and approximately 25,000 people attended these seminars.

Every effort was made to contact customers who did not respond to the invitation. In 96% of cases the transition to another social welfare payment was seamless. For the remainder a contingency plan was in place if a customer was without payment where a designated member of the Community Welfare Service was available in each Intreo office to arrange a Supplementary Welfare Allowance payment in the interim.

It will take several years before the full impact of the reforms can be assessed. This is due to the fact that lone parents on foot of the reforms will take up education, training or employment support programmes which will take time for them to complete.

However, early indications show some positives outcomes. More than 3,000 lone parents became new FIS recipients by the end of 2015 indicating that these customers entered or increased their employment. Through the combination of earnings and FIS these lone parents have been lifted out of poverty.

A total of 4,500 JST customers have either met a case officer or are being scheduled for an appointment. Of these 1,400 have met with a case officer, have agreed a personal plan and are progressing with this plan. Of that 1,400, just over half have moved into education and training ranging from personal development to third level.

Along with the changes to the reforms there were other measures contained in Budgets 2015 and 2016 which benefitted lone parents. For instance, Budget 2015 maintained the OFP income disregard at €90 and Budget 2016 introduced the following measures;

- The alignment of the JST means test with the more generous OFP means test;
- The FIS threshold was increased by €5 per week for each of the first two children;
- Child benefit was increased by €5 to €140 for each child per month from January, 2016;
- A 75% Christmas Bonus was paid to recipients of a long-term social welfare payment – including to OFP, JST and the Back to Work Family Dividend recipients; and
- The Fuel Allowance was increased by €2.50 to €22.50 per week from January, 2016.

The Department's social impact assessment of the cumulative impact of Budgets 2015 and 2016 showed an increase in the average household income of employed lone parents of 2.8% comparing favourably with an average household increase of 2%.

The Department is continuing to build on the OFP reforms and the key areas are;

- Childcare, where the Department of Children and Youth Affairs is the lead in relation to the development of the Single Affordable Childcare Scheme; and
- Barriers to third level for lone parents, where the Department of Education and Skills is taking the lead.

The Department of Social Protection is continuing to work with other Departments on these and other relevant issues.

Thank you for your time and I am happy to answer any further questions you may have.

ENDS.