

Introduction

In response to the Department of Social Protection's recent call for submissions on the proposed Working Family Payment (WFP), One Family welcome the opportunity to outline our concerns and recommendations in relation to this. Measures that support transition from social welfare to work, and address potential welfare traps, particularly in low paid work, are to be welcomed. The proposed measures, however, need careful consideration before commencement, as well as an inter-departmental approach.

One Family is Ireland's organisation for people parenting alone, sharing parenting, separating and those with crisis pregnancy. We were established in 1972 as Cherish, and provide specialist parenting and family support services around Ireland; we train professionals on working with one-parent families and we promote policies that positively impact on one-parent families. Children are at the centre of our work.

Context for Proposed Working Family Payment

It has been proposed that the development of the Working Family Payment will be underpinned by two key principles:

- To make work pay
- To reduce child poverty

It is also intended to:

- Specifically target low-income families
- Promote work over welfare by supplementing, for low income families, on a graduated basis, the income of a household, while at the same time incentivising more work
- Play a vital role in assisting families to remain in work, incentivise those moving from welfare to work, and prevent families from becoming at risk of poverty.

Below are a summary of the key commitments outlined in the Programme for Government¹ that pertain to in-work supports and the development of a Working Family Payment:

- The new Government must ensure that work always pays more than welfare. This involves recalibrating our social welfare system so that jobseekers are given every opportunity to work, while at the same time protecting the most vulnerable in society with fair income supports (pg 135)
- Committed to reducing poverty levels by improving the take-home pay of families on low-incomes (pg 39)
- Increase the minimum wage to €10.50/hour by 2021 (pg 135)

¹ http://www.merrionstreet.ie/MerrionStreet/en/ImageLibrary/Programme_for_Partnership_Government.pdf

- Ensure that the interests of low-paid workers and people in precarious work situations are adequately protected (pg 104)
- Introduce a new 'Working Family Payment', targeted at low-income families. Every parent working at least 15 hours per week will be guaranteed that every extra hour they work will result in more take-home pay (pg 39)
- By increasing income disregards for lone parents through the Working Family Payment scheme we can progressively support low and middle income lone parents in work (pg 39)
- In-work support for families on low incomes is vital in assisting families to remain in work, incentivise those moving from welfare to work and to prevent families from becoming at risk of poverty. The current Family Income Supplement creates major hurdles for unemployed parents transitioning from jobseeker's welfare payments into work, and also locks many parents into working fewer hours (pg 104)
- Introduce a new Working Family Payment that promotes work over welfare by supplementing, on a graduated basis, the income of a household, while at the same time incentivising more hours and full-time work (pg 104)
- Strengthen the role of the Low Pay Commission in relation to the gender pay gap and in-work poverty and strengthen regulation on precarious work (pg 40)
- Empower women to ensure that households headed by women are no longer at a higher risk of poverty. We will take measures to reduce the gender pay gap - inclusive of increasing investment in childcare, and reviewing the lower pay of women (pg 105)

It is imperative that Government is held to account regarding these commitments and appropriate and affirmative actions are taken to achieve them.

Child Poverty

An underpinning principle of the Working Family Payment is to reduce child poverty. Child poverty is of particular concern to One Family given that children living in one-parent families are more than twice as likely to be living in consistent poverty than other children². It is imperative, therefore, that the Working Family Payment is designed with these families in mind. To prevent families from becoming at risk of poverty the Working Family Payment will need to both increase household income for those below the income threshold and also ensure that lone parents are incentivised to stay in work so their income levels do not fall as a result of reducing hours of employment due to barriers such as lack of affordable, accessible childcare.

Family Income Supplement

One Family would suggest that, if it is designed appropriately, the Working Family Payment could replace the existing Family Income Supplement (FIS). The complexity of the existing system means that many parents experience difficulties in successfully accessing in-work supports. The existence of two payments with similar

² CSO SILC, 2015

remits would further compound the issue. We do not recommend that the Working Family Payment would incorporate other payments to families such as the One-Parent Family Payment. Lone parents have been subject to a number of changes to their social welfare entitlements over the past number of years and any further amalgamation of supports will result in significant confusion for these parents.

The Department have expressed concerns previously, that reducing the number of qualifying hours for FIS to 15 would make it more viable for employers to only offer low hour contracts and lower wages. These concerns are justified to an extent, however, the burden should not fall on vulnerable families in low paid work to solve these concerns. The State must design and implement measures to address low paid and precarious work and they must also provide appropriate in-work supports when families find themselves in employment of this type.

Issues with Family Income Supplement

Currently parents are assessed for FIS on an annual basis and if they have a reduction in working hours during the year, they cannot apply for a corresponding increase in their FIS payment. This can often lead to a parent leaving work due to insufficient income. We would recommend that the Working Family Payment address this issue to prevent parents moving from work back to welfare due to financial constraints. For example, the Working Family Payment could be calculated based on an automated entitlement, linked to Revenue records rather than parents applying for the payment directly.

The requirement for employers to complete part of the FIS application form can serve as a barrier for many families who need to access the payment. Many employers have reservations with completing the form leaving families on low income even more vulnerable to poverty and deprivation. The role of employers in the application and assessment process needs to be carefully considered.

One Family have continually called for the qualifying hours for FIS to be reduced from 19 hours per week to 15 hours. There are a number of parents who are not in a position to work the required 19 hours due to childcare costs and other costs associated with work. Many parents who lost entitlement to their One-Parent Family Payment as a result of the reforms have been unable to increase their hours of work to qualify for FIS. One Family welcome the proposal in the Programme for Government that the Working Family Payment would be available to families working a minimum of 15 hours per week.

Many lone parents work in employment that traditionally is limited to seasonal work or a set amount of hours per week, for example Special Needs Assistants and childcare workers. Currently, these parents do not qualify for FIS as they do not meet the requirement to be working 38 hours per fortnight.

Interdepartmental Approach

The development of any social welfare or in- work support should involve and consider the roles of all Government Departments in ensuring its success. There are a number of Departments who should be involved in the development of the Working Family Payment:

- The Department of Social Protection- providing appropriate in-work supports to make work pay
- The Department of Jobs, Enterprise & Innovation- ensuring that low paid and precarious work is tackled and good quality jobs are available
- The Department of Children & Youth Affairs- enabling access to affordable childcare
- The Department of Housing- the provision of affordable and accessible housing
- The Department of Education- providing appropriate opportunities for lone parents to upskill which will increase both their earning potential and employment prospects.

An interdepartmental approach will also ensure that the Working Family Payment doesn't impact negatively on other State supports that a family may be receiving, which can often serve as a disincentive to increasing hours of work.

Make Work Pay

The Programme for Government stated that 'every parent working at least 15 hours per week will be guaranteed that every extra hour they work will result in more take-home pay'. One Family support the development of an in-work support that would ensure that work pays for lone parents. Currently there are a number of barriers in place that prevent this including low pay and the costs of housing and childcare.

One Family are also aware of cases where a lone parent is financially better off moving from Family Income Supplement to Jobseeker's Transition (JST) payment, particularly where they are in receipt of child maintenance. This is due to the income disregards available to JST recipients and the different assessment of maintenance under both payments.

Anomalies such as these need to be recognised by the Department to ensure that the Working Family Payment does in fact make work pay and ensures that a lone parent will never be worse off on the Working Family Payment or better off reducing their hours of work in order to increase their household income. However, to ensure that works pays by providing insufficient social welfare payments will not work in the longer term and will result in more lone parents and their children living in consistent poverty.

Incentivising more hours and full-time work

One of the stated aims of the proposed Working Family Payment is to incentivise increased hours and full-time work. According to the Quarterly National Household Survey, in Q2 2016, the employment rate of lone parents was 56.4%. This compares with 72.1% for adult members of couples with children. The employment rate of lone parents whose youngest child was aged 0 to 5 years was 46.0% in Q2 2016 compared to 57.2% where the youngest child was aged 6 to 11 and 56.4% where the youngest child was aged 12 to 17³. While there was a small increase in employment rates since 2015 for lone parents with children aged 0-11 years, there was a drop in the employment rate of lone parents with children aged 12 to 17. Patterns in employment for lone parents will need to be carefully considered and understood if the Department aim to increase the number of lone parents engaging in work.

It is important that the Department Of Social Protection have a clear understanding of why lone parents often work part-time as opposed to full-time hours. These include:

- There are not in a position to work full-time due to parenting responsibilities and other family commitments
- Lone parents often cannot afford to work full time due to the high costs of childcare, unaffordable housing costs and other work related expenses. In these cases, work simply does not pay
- There are no additional hours of work available to increase their employment to full-time hours

Offering additional payments through a Working Family Payment if a person increases their hours of work will not address the issue of availability of additional hours or the reality of balancing parenting and work. Payments made under the Working Family Payment would need to meet the costs of going to work to incentivise a lone parent to increase their hours to full time.

³ <http://www.cso.ie/en/releasesandpublications/er/qnhs-fu/qnhshouseholdsandfamilyunitsq22016/>