



Addressing the 'Cliff Edge of Welfare Reform'

Briefing Paper

9th January 2020

Summary

There are currently 370,000 living in *relative* poverty (households receiving 60% less than average household incomes) throughout NI. Research suggests this figure has remained relatively unchanged in the past 10 years however, from a service provider perspective, there is evidence to demonstrate the increase in poverty. There is no official measure of poverty creating confusion in identifying the problem. From 2015, Welfare Reform has been underway but Mitigation Packages under the "Fresh Start" agreement have delayed the most detrimental impacts on NI, including the bedroom tax, the benefit cap and the transition from DLA to PIP. Claims that new schemes are "be working" to reduce poverty appear to be based on employment rates, but studies show that employment does not necessarily end the poverty cycle.

Update

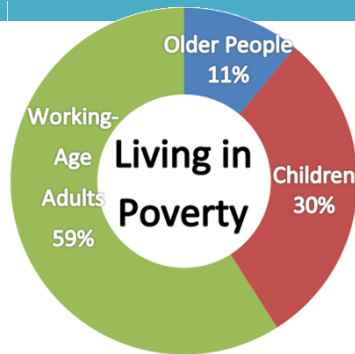
In the draft document released on 09.01.2020, "New Decade New Approach" the March 2020 'Cliff Edge' is addressed on page 9 with the following statement.

"The Executive will extend existing welfare mitigation measures beyond March 2020, when they are currently due to expire."

As of w/e 10th January 2020, mitigation as discussed within this paper will be extended past March 2020, however, in reality, this will delay dealing with the problem at a later date and will still have a significant impact on the community we provide services for. Therefore, the challenges posed in this paper are still valid concerns to be considered.

Poverty and the impact of the Welfare Reform in NI: A Summary

370,000 people in NI live in relative poverty and this has remained stable throughout the last ten years.



In 2011-13, healthy life expectancy at birth in the most deprived areas of NI, compared to the least deprived, was 14.2 years lower in females and 11.8 years lower in males.

Background

There has been an estimated £78 billion per year of public spending linked to dealing with poverty and its consequences, including on healthcare, education, justice, child and adult social services.¹ Government's view appears to be that the welfare reforms, implemented to tackle poverty are working, based on figures regarding employment rates. Government report employment at a record high with this growth benefiting the poorest 20 per cent of households and is attributed to the introduction of Universal Credit². There appears to be little evidence to ground these figures and statements and in reality, there are many measures and aspects of poverty which need assessed. For example, households in which someone has, for example, a part-time job or zero hours contract. These situations would not pull a household out of a state of poverty.

The Department of Work and Pensions claimed in June 2018 that *"the £2bn total cost of investment against a social return to the economy of £34bn over ten years; and an increase of people in employment of 200k"*³. Research and forecasts conducted by the National Audit concluded Universal Credit has not delivered value for money to date and is uncertain it ever will. It may cost more than the legacy benefit it replaces and many individuals have suffered difficulties and hardship during the period of rolling out the service. Of new claims made, 21 per cent have been made have not been paid in full and on time, with nearly 60 per cent of new claimants receiving a Universal Credit advance to help them manage⁴. These must be repaid in a relatively short period of time, being deducted from already meagre Universal Credit payments⁵.

The Human Rights Council compiled a report requesting data and personal stories about living with poverty. This research was contradictory of the state's claims above, recognising the Governments explicit goals, and the unwavering determination to focus only these goals. One main theme of their anti-poverty attempts was on employment, with this being the underpinning of every claim made regarding poverty. All poverty figures are evidenced with unemployment rates at a record low but evidence that shows that ***"living in a working household does not bring freedom from poverty, with nearly 60 per cent of those in poverty in a family where someone works"***⁶.

¹ <https://www.jrf.org.uk/report/we-can-solve-poverty-uk>

² Report of the Special Rapporteur on extreme poverty and human rights on his visit to United Kingdom of Great Britain and Northern Ireland- Comments made by the State. 30 May 2019. United Nations, General Assembly.

³ Universal Credit Programme Full Business Case Summary: Department for Work & Pensions. June 2018

⁴ Rolling Out Universal Credit, National Audit Office, HC 1123, 15 June 2018.

⁵ Report of the Special Rapporteur on extreme poverty and human rights on his visit to United Kingdom of Great Britain and Northern Ireland, 23 April 2019. United Nations.

⁶ Report of the Special Rapporteur on extreme poverty and human rights on his visit to United Kingdom of Great Britain and Northern Ireland, 23 April 2019. United Nations.

Mitigation Package

In 2015, the Northern Ireland Affairs and Working Pension Committee made the decision that NI should be protected from the harshest impacts of welfare reform. The NI Executive, through the Fresh Start Agreement, committed £585 million over four years to the welfare mitigations package. This has meant that people have been protected from a range of welfare reforms, including the 'bedroom tax' and benefit cap, through the provision of Welfare Supplementary Payments. The positive impact of the mitigations will be lost unless steps are taken to deal with the 'cliff edge' at the end of March 2020. The Cliff Edge Coalition was set up by a group over 100 organisations in NI to share concerns about this potential 'cliff edge'⁷.

Highlighting the Main Concerns

Benefit Cap

If there is no agreement to extend welfare reform mitigations beyond March 2020, the most recent statistics show that 1360 households will stop receiving their full entitlement and need to find an average of £208 per month to make up the Benefits Cap shortfall. Table 1 shows the existing welfare supplementary payment schemes and the estimated number of claimants who will be affected in 2020/21 by the cessation of the schemes at 31 March 2020. The table also includes forecasts for the number of Rising 16s who may be disallowed or see a reduction as a result of moving to Personal Independence Payment and the associated loss of Carer Payments linked to the Rising 16s (Rising 16s are claimants who reach 16 years of age and so cease to be eligible for Disability Living Allowance but may be eligible for Personal Independence Payment).

Table 1: Northern Ireland Welfare Supplementary Payment Schemes: Northern Ireland Executive. September 2019.

Welfare Supplementary Payment Scheme	Forecast for 2020/21 (at October 2019)
Benefit Cap	750 claimants*
Social Sector Size Criteria	32,000 claimants
Contributory Employment and Support Allowance Time-Limiting	Unavailable
Personal Independence Payment – Disallowance	960 claimants
Personal Independence Payment – Reduction	2,980 claimants
Personal Independence Payment – Conflict Related Injury	Unavailable
Loss of Disability-Related Payments	1,460 claimants
Loss of Carer Payments	450 claimants
Personal Independence Payment – Rising 16s	950 claimants
Loss of Carer Payments linked to Rising 16s	790 claimants
TOTAL	40,340 claimants

Impact on use of food banks

These caps have caused many pressures on households across NI. If we consider that 99,142 pupils in grant-aided schools are entitled to free school meals (this represents 29.3% of pupils), or the many experiencing delays in benefits as well as those who have seen changes, we need to consider how the reliance on food

⁷ Welfare Reform Mitigations: Briefing Notes. Cliff Edge Coalition NI. August 2019.

banks will increase in the capping of benefits⁸. The use of food banks in Northern Ireland is the highest it has ever been. This is an indication to households struggling under these welfare reforms. Craigavon Food Bank, which caters for those in difficulties across Portadown, Lurgan and Craigavon areas, has shown the biggest increase in usage in the last year with a 28% rise. More than 4,000 people in this area alone have been availing of its services - 2,483 adults and 1,597 children. Figures show that most of those who are in dire need are single people (30.13%) while the percentage of families using the foodbank is 22.82%⁹.

Two-Child Limit

As mentioned, an area of concern for families in Northern Ireland in the impact of the two-child policy coming with the implementation of Universal Credit, meaning that families can get support for a maximum of two children¹⁰. BASW have estimated that 100,000 children will be affected by these changes in NI, which is one in every four¹¹. Cliff Edge NI Coalition report that the impact of this means that a family of three or more children will be financially disadvantaged by £2780 per year per child for their third (or additional child)¹².

"..100,000 children will be affected by the two-child limit."

Adverse impact on Southern Trust Constituencies:

- Upper Bann: 2225 families and 7715 children
- Newry & Armagh: 2615 families and 9000 children
- Fermanagh & South Tyrone: 2180 families and 7480 children
- Lagan Valley: 1345 families and 4455 children
- Mid Ulster: 2345 families and 8175 children
- South Down: 2245 families and 7750 children¹³

The Institute of Fiscal Studies projected that between 2012 and 2020, relative child poverty in NI will increase by 5.5 per cent and absolute child poverty by 3.6 per cent¹⁴. Northern Ireland Commissioner for Children and Young People (NICCY) stated that the removal of the 'family element' in tax credit and Universal Credit for new claimants has been estimated to have affected 11,000 families, with each family losing £550¹⁵. See figure 1 for a personal experience of the impact of the two-child limit. This area of welfare reform has been based on population numbers in England, where the average family size is 2.4 (as of 2017)¹⁶, but in Northern Ireland the average household size is 2.54. There is also the potential for discrimination, as average family size in Catholic families is 2.72¹⁷.

⁸ Statistical Bulletin 3/2019, School Meals in Northern Ireland, 2018/19. Department of Education. April 2019.

⁹ Years of austerity blamed as use of NI Foodbank soars by 28%. Portadown Times. December 2019

¹⁰ Two-child limit: Twenty-third report of session 2017-19. House of Commons Work and Pensions Committee. 10 Jan 2019.

¹¹ British Association of Social Workers

¹² Cliff Edge NI Coalition's submission to the Joint Inquiry into Welfare policy in Northern Ireland, May 2019.

¹³ Welfare Reform Mitigations: Constituency Statistics. Cliff Edge Coalition. August 2019

¹⁴ Institute for Fiscal Studies, 'Child and Working-Age Poverty in Northern Ireland from 2010 to 2020- an update' (2014) p23

¹⁵ Submission to Special Rapporteur on Extreme Poverty and Human Rights prior to visit to the United Kingdom of Great Britain and Northern Ireland in November 2018. NICCY. 14 Sept 2018.

¹⁶ Office for National Statistics (2017)

¹⁷ BASW (2019)

Samantha's story*

Samantha works part-time in a café/restaurant and lives alone with her three children in Belfast, following her divorce. Samantha became pregnant with her youngest child, whilst on contraception: *'I would never have an abortion, but even if I was to look for one, I couldn't afford to fly to England to pay for it.'* Samantha is now heavily reliant on the disability benefits she receives for her youngest child, as well as the support of family and friends.

Before her marriage broke down, Samantha describes herself as: *'quite financially decent'*. Even after a difficult period in which she lost her job, got divorced and had to go onto income support for eight months, Samantha ensured that her rent and car payments were always made. Samantha got back into work and was getting back on her feet, before she unexpectedly became pregnant.

Before the birth, Samantha describes how she began to rely on the support of friends and family: *'When I was on maternity leave things were fine but it was trying to buy everything on top of that, car seats, prams... I had a lot of financial help from my friends and family.'* Just three months after the birth of her youngest child, the financial pressures of looking after her baby daughter without the additional support, became too great: *'I did breastfeed, but after 8 weeks going through two cartons a week, that's £22 a week on that alone, and then nappies on top of that and baby wipes on top of that and I was only receiving £13 a week for her in child benefit...'*

Samantha describes how desperate her situation became: *'I had to let my credit card payments go, it got to the point where I was just burying my head in the sand... I just basically had to ring up the people that I owed money to and said, 'Look I'm sorry I shouldn't have done this, but something had to give'.*

Samantha is now managing her debts, but admits that the disability benefits and carer's allowance she receives for her youngest daughter are a lifeline. Despite this, Samantha continues to be reliant on family: *'There was one point I had to ring my dad and say "can you come up to my house and lend me £5 so I can buy electric?"...Sometimes, I would ring my dad and say "Any chance you can have me and the kids down for dinner tomorrow night? I'm skint and I can't afford to make dinner".'*

Samantha feels embarrassed that her two daughters, aged 7 and 10, are *'missing out'*, as she is unable to afford school trips and other activities. She also says her own mental health is suffering as a result of her financial struggles, which leaves her socially isolated: *'I've been out one night in the last 8 months and the only reason I was able to go was because I got tipped quite a lot that day... I see friends of mine all over Facebook and they're like having a drink here and there and I can't even afford to have a cheap bottle of wine in the house.'*

Samantha's worries are heightened by the impending rollout of universal credit in Northern Ireland which she fears will leave her £42 a week worse-off. Samantha is trying to save a little so that she isn't left without any money when she is on the 'waiting list' for universal credit (referring to the initial five week wait for payment). But this is very difficult when she is struggling to make ends meet. *'It's those unexpected things that can knock you off course really...Just the one bill'.*

** All names have been changed.*

Figure 1: All Kids Count: the impact of the two-child limit after two years. Christians Against Poverty and Church of England. June 2019.

Personal Independence Payment

Personal Independence Payment (PIP) was introduced to replace the Disability Living Allowance (DLA) in December 2016. There have been concerns with this shift for those living with illness or disability. The application is confusing, with many complaints reporting those carrying out the assessments from Capita and an average of 15 weeks for decisions to be made. Those suffering with a terminal illness are only able to claim PIP with a prognosis of six months or less. If terminally ill Universal Credit claimants who are in financial difficulty apply for an advance, this forces highly vulnerable people to go through another bureaucratic application process¹⁸.

Those living with MS are part of the population who have been negatively affected by the change and have risen from particular concerns. The biggest area of loss within this population is the mobility component, in which it states that if the individual living with MS can walk further than 20 metres, they are not eligible. Under DLA the highest rate was given to people who couldn't walk 50 metres. 94 per cent of working aged adults with MS were receiving supports under DLA, but with the introduction of PIP only 66% received the equivalent mobility award. MS Society have conducted research which found that the inappropriate nature of PIP for MS is having an effect on the NHS, with spending on GP services increasing by £1.8 million per year and £5.9 million per year on Emergency Department hospital services. This is costing the NHS £7.7 million per year when only considering these two services and the effect on MS sufferers alone.¹⁹

"My partner lost his battle with Motor-Neurone Disease three-and-a-half years ago and we had to wait eight months for any financial support. I cannot begin to describe how stressful it all was."

Six Months To Live? APPG for Terminal Illness. July 2019.

"We've had to cut back on everything – food, heating, general maintenance... Losing the heating has been really hard because the cold makes by MS worse. It makes me slower and less able to move around. To move 20 metres is no distance at all. And it's such an arbitrary figure. All I know is that the bus stop is further than that and I can't walk

MS Society, Political briefing. PIP: A step too far. Comments from MS sufferers.

"You were observed to walk aided for 20 metre at a slow pace. That's the key thing, that's why I did not get it. I should have gone in a wheelchair and have someone tip me out like a wheelbarrow."

Bedroom Tax

There are currently 32850 social housing tenants in receipt of Welfare Supplementary Payments to offset the impact of bedroom tax, because they have more bedrooms than they are deemed to require under bedroom tax rules. If the mitigations end as planned in March 2020, these households will no longer be protected from the bedroom tax and therefore risk losing up to a quarter of their housing benefits. Households will need to find an average £12.50 per week to make up the shortfall in Northern Ireland.

¹⁸ Six Months To Live? APPG for Terminal Illness. July 2019

¹⁹ PIP: A step too far. Political Briefing. MS Society, June 2018.

Basic Human Right

Considering the statistics, and conflicting opinions on poverty, it is fair to make the statement that regarding poverty and the impact of the welfare reform, we are confused and in crisis. There is no official measure of poverty, definitions cannot be agreed upon, the Government shows employment rate rising and claim poverty is decreasing, meanwhile non-government agencies and research carried out by the UN shows that it's higher than ever.

Article 25 of the Universal Declaration of Human Rights

1. Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

As stated above, it is a human right that everyone has the right to a standard of living adequate for the health and well-being of himself and his family. This is not currently the reality for many living in our country.

Conclusion

Challenges

We know from the experiences on Local Authorities in England and Scotland that Welfare reform has increased demand on the social services workforce, especially those in third sector, care and support roles.²⁰ High level messages on the impact on the workforce are

- Workers have been emotionally affected by the impact of welfare reform on clients lives and have felt angry, distressed, as well as disappointed and frustrated in their ability to help
- Workers have been diverted from other tasks to help reassure people affected by welfare reform and guide and signpost them through the system
- Additional workloads and emotional stresses come on top of an already difficult work-life balance, decreasing job security and pay and conditions with possible implications for recruitment and retention.

The Scottish Human Rights Commission (2016) summarizes those groups most vulnerable to reforms as:

- Unemployed/Low Income
- Disabled
- Vulnerable woman
- Children
- Migrants
- Unpaid Carers

²⁰ The Institute for Research and Innovation in Social Services (Iriss) (2016)

As a Trust, there is a need to proactively address challenges in advance of mitigation arrangements being withdrawn:

- The need for proactive early intervention to analyse extent of reforms across all programmes of care and to develop a collaborative approach to “reach out” and offer support before reform hits
- Targeting support to those households where it will have the greatest impact is crucial as the Statutory Services continue to find ways to deliver more with less.
- Learning Lessons from others, ie Croydon, Tower Hamlets in their work to reassess the design of local support services
- Exploring existing foras to ensure collaborative buy in to address impact, i.e. Southern Outcomes Group; Community Planning
- The focus should not only be on the outcomes for clients, but on the needs of the workforce that deal with a number of daily stresses as part of increasingly pressurised conditions.

To this end I am proposing the establishment of a working group co-chaired by Paul Morgan and a Non-Executive, with input from Education; Council; Community/Voluntary Sector; Promoting Health & Wellbeing; Operational Director nominees across Programmes of Care etc.

PAUL MORGAN

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16 January 2020