

## 1. Introduction

- 1.1. The *Cliff Edge NI Coalition* welcomes the opportunity to contribute to the Committee's consideration of welfare policy in Northern Ireland. The Coalition comprises a broad range of organisations concerned about the impending cessation of the current welfare reform mitigations in Northern Ireland (NI). This submission draws from the collective experience of those working with and in support of those affected by the social security changes.
- 1.2. The current mitigation package (agreed as part of the *Fresh Start Agreement* in 2015) expires in less than twelve months' time at the end of March 2020. In general terms, the Coalition is concerned that NI is approaching a mitigations 'cliff edge' and that it is important that people impacted by welfare reform in NI continue to be able to access support beyond March 2020. This support should take account of the new challenges people are facing, particularly Universal Credit.
- 1.3. This paper responds to a number of the specific queries posed by the Joint Committee by way of preliminary general comments about social security in NI and the impact on certain groups. It then provides specific commentary in relation to a number of specific queries.

## 2. Social Security Policy in NI – General Comments

### *Universal Credit*

- 2.1. The introduction of Universal Credit (UC) presents new challenges for the social security system in NI. The Department for Communities (DfC) data indicates that, although there will be some 'winners' under UC, many

claimants will experience a considerable drop in income.<sup>1</sup> At present, most social security claimants in NI are unaffected by the UC roll out because they remain on legacy benefits. In addition, the potential impact of the full introduction of UC has been eased by some important differences, for example, direct payments to landlords and twice monthly payments to claimants, which will apply to its operation even after other welfare reform mitigations ends.<sup>2</sup>

- 2.2. As of May 2019, there were 40,133 live claims for UC and 45,190 claimants associated to these claims in NI.<sup>3</sup> An increasing proportion of claimants have now moved to UC via natural migration. Those who have migrated in this way are ineligible for Transitional Protection and, for a number of people, this results in a significant drop in monthly income. As reflected in the attached case studies, concerns have emerged that a number of claimants who have naturally migrated to UC have inappropriately made a claim to UC due to advice received from frontline staff in Jobs and Benefits Offices across NI.<sup>4</sup>
- 2.3. Managed migration to UC in NI is planned to begin in 2020 with the aim to complete by the end of 2023, after a DWP pilot is completed in July 2020. However, the onus is on claimants to make a fresh claim. Failure to make a claim within the tight specified timeframes will result in the legacy claim being terminated. If legacy benefits are terminated, the claimant is obliged to apply for UC without the benefit of Transitional Protection.<sup>5</sup>
- 2.4. Just £400,000 of the £7 million total allocation to the Contingency Fund has been paid from November 2017 – January 2019.<sup>6</sup> The purpose of the

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<sup>1</sup> Discounting transitional protection and any NI mitigation payments, 2018/19 estimates suggest that 114,000 households will experience an increased entitlement (average £26 per week), 126,000 will experience reduced entitlement (average £39 per week), with 72,000 households unchanged. This equates to an overall decrease in entitlements of approximately £105,000,000 per annum. See NI Audit Office 'Welfare Reforms in Northern Ireland' (17 January 2019) p41 <https://www.ni.auditoffice.gov.uk/sites/NIao/files/media-files/Welfare%20Reform%20Report%202019.pdf>; See also Appendix 2, Case Study 1.

<sup>2</sup> NI Housing Executive, 'Welfare Reform in Northern Ireland: A Scoping Report' (November 2018), p9.

<sup>3</sup> Confirmed in an email to Law Centre NI from Department for Communities' Universal Credit Customer Service on 3 May 2019.

<sup>4</sup> See Appendix 2, Case Studies 2-8.

<sup>5</sup> Law Centre NI, 'Universal Credit: protecting claimants through the migration process' (November 2018)

[https://www.nicva.org/sites/default/files/d7content/attachments-articles/wrg\\_recommendations\\_on\\_uc\\_managed\\_migration\\_nov2018.pdf](https://www.nicva.org/sites/default/files/d7content/attachments-articles/wrg_recommendations_on_uc_managed_migration_nov2018.pdf)

<sup>6</sup> Confirmed by the DfC at the Operational Forum on 21 January 2019.

Contingency Fund is to “make emergency payments where hardship occurs as a result of difficulties which are not due to any fault on the part of the claimants.”<sup>7</sup> The eligibility criteria attached to the Contingency Fund is, however, restrictive and precludes some groups of claimants from this support in instances where they are at risk of hardship following the transfer to UC.<sup>8</sup> To be eligible for a grant from the Contingency Fund, a claimant must first have taken an Advance Payment loan. As of May 2019, 80% of the UC live load has taken out an Advance Payment. It is problematic that a prerequisite to access the Contingency Fund is further debt. Additionally, a claimant can only claim one grant per rolling year. As a result, if a claimant is in receipt of a Discretionary Support grant and wants to access the Contingency Fund due to additional hardship, this is not possible in the same rolling year.

### *Accessibility & Digital Literacy*

- 2.5. Although not a problem exclusive to NI, access to the internet and IT literacy is a particularly challenging problem in the administration of UC. UC is administered through the DWP computer system, making the administration of NI specific flexibilities more complicated. Split payments and direct payments to landlords have to be manually processed making the process less clear for claimants.
- 2.6. A significant percentage of households who will need to use the online UC portal do not have access to the internet. In 2016-17, it was estimated that 81% of households in NI had access to the internet (compared to 90% of UK households<sup>9</sup>). However, this leaves a significant minority of households which still do not have access to the internet and are not in a position to avail of digital services from home. The proportion of Housing Executive households

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<sup>7</sup> Welfare Reform Mitigations Working Group, 'Welfare Reform Mitigations Working Group Report' (Jan 2016) p14 <<https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/ofmdfm/welfare-reform-mitigations-working-group-report.pdf>> (accessed May 2019)

<sup>8</sup> For further discussion of difficulties regarding access to the Universal Credit Contingency Fund, please see response from Cliffedge NI Coalition member Housing Rights, to this Inquiry.

<sup>9</sup> Office for National Statistics, 'Internet access – households and individuals, Great Britain: 2018' (August 2018) <https://www.ons.gov.uk/peoplepopulationandcommunity/householdcharacteristics/homeinternetandsocialmedia/age/bulletins/internetaccesshouseholdsandindividuals/2018>

with internet access was 23% lower than the 2016-2017 NI average.<sup>10</sup> Less than two thirds (64%) of rural tenants have access to the internet from home, compared with three quarters (75%) of tenants in urban areas.<sup>11</sup>

- 2.7. Furthermore, IT literacy in NI is lower than the rest of the UK. Over one quarter of claimants in NI (27%) who responded to a DfC baseline survey do not use the internet at all.<sup>12</sup> 44% of respondents would not be willing to make an application for a benefit or Tax Credit online, with almost half (49%) citing the reason as a lack of skills. 60% of respondents would need help or support to use the benefits and tax service online.<sup>13</sup> In a Department for Work and Pensions (DWP) survey in GB, half (54%) of all claimants were able to register their UC claim online unassisted.<sup>14</sup>

### *Discretionary Support*

- 2.8. There has been a significant decrease in the number of discretionary grants and loans provided to claimants in financial crisis. There was a 60% reduction from 2014-15 to 2017-2018, with £24 million of funding not utilised.<sup>15</sup> The DfC has explained that the reduction is due to the criteria for loans and grants becoming more stringent.<sup>16</sup> However, the NIAO has pointed out that “setting specific eligibility criteria is at odds with the concept of discretionary awards and alleviating claimant vulnerability.”<sup>17</sup> Access to this vital support needs to be widened to ensure claimants facing hardship can benefit.

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<sup>10</sup> NI Housing Executive, 'Welfare Reform in Northern Ireland: A Scoping Report' (November 2018), p 33.

<sup>11</sup> NI Housing Executive, 'Welfare Reform in Northern Ireland: A Scoping Report' (November 2018), p 33.

<sup>12</sup> Department for Communities and NI Statistics & Research Agency, 'Welfare Reform (NI ) Claimant Baseline Surveys' p28 <https://www.Communities-NI.gov.uk/system/files/publications/Communities/wr-claimant-baseline-surveys-jan19.pdf>

<sup>13</sup> Department for Communities and NI Statistics & Research Agency, 'Welfare Reform (NI ) Claimant Baseline Surveys' p28 <https://www.Communities-NI.gov.uk/system/files/publications/Communities/wr-claimant-baseline-surveys-jan19.pdf>

<sup>14</sup> Department for Work and Pensions, 'Universal Credit Full Service Survey' (June 2018) p13 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/714842/Universal-credit-full-service-claimant-survey.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714842/Universal-credit-full-service-claimant-survey.pdf)

<sup>15</sup> NI Audit Office 'Welfare Reforms in Northern Ireland' (17 January 2019) p41 <https://www.NIauditoffice.gov.uk/sites/Nlao/files/media-files/Welfare%20Reform%20Report%202019.pdf>

<sup>16</sup> NI Audit Office 'Welfare Reforms in Northern Ireland' (17 January 2019) p41 <https://www.NIauditoffice.gov.uk/sites/Nlao/files/media-files/Welfare%20Reform%20Report%202019.pdf>

<sup>17</sup> NI Audit Office 'Welfare Reforms in Northern Ireland' (17 January 2019) p42 <https://www.NIauditoffice.gov.uk/sites/Nlao/files/media-files/Welfare%20Reform%20Report%202019.pdf>

## *Conditionality*

- 2.9. The rate of sanctioning is lower in NI than in GB.<sup>18</sup> This reflects a previous commitment from the DfC that sanctions are a measure of last resort.<sup>19</sup>
- 2.10. However, UC has established an intensification of welfare conditionality.<sup>20</sup> The impact of financial sanctions, which have increased considerably in Great Britain, have been highlighted by a range of organisations across the sector and more widely.<sup>21</sup>

## **3. Women and Children**

- 3.1. The women's sector in NI has highlighted that the accumulation of a number of cuts to social security has had an acute impact on women and children.<sup>22</sup> This includes the benefits freeze, which is estimated to increase poverty more than any other policy.<sup>23</sup> Income through benefits is falling relative to minimum income standard budgets, with families and lone parents facing particular struggles.<sup>24</sup> It is estimated that in NI, women account for 92% of lone parents with dependent children.<sup>25</sup>

## *Split Payment Flexibilities*

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<sup>18</sup> In 2017-18 an average of 250 benefit claimants had their benefits stopped/reduced per month as a result of a sanction, a reduction from an average of 600 plus a month in 2015-16 (Freedom of Information response received from PPR from Department for Communities 22 August 2018 DFC/2018- 0196) See also Adam Tinson, 'Benefit sanctions in Northern Ireland are low and should stay low' <https://www.npi.org.uk/blog/social-security-and-welfare-reform/benefit-sanctions-northern-ireland-are-low-and-should-stay-low/>

<sup>19</sup> Letter from Sharon Russell, Department for Communities, to the Participation and the Practice of Rights Project. A copy of this correspondence can be accessed via this link <http://bit.ly/2ygd8Zd>

<sup>20</sup> P Dwyer and S Wright, 'Universal Credit, ubiquitous conditionality and its implications for social citizenship' (2014) 22(1) *Journal of Poverty and Social Justice* 27

<sup>21</sup> For example, Child Poverty Action Group, Joseph Rowntree Foundation, Public Law Project, Unite the Union, Depaul UK and Disability Rights.

<sup>22</sup> Consortium for the Regional Support for Women in Disadvantaged and Rural Areas, 'Impact of Ongoing Austerity: Women's Perspectives' (March 2019)

<sup>23</sup> A Hood and T Waters, *The Impact of Tax and Benefit Reforms on Household Incomes*, Institute for Fiscal Studies, 2017

<sup>24</sup> 'The minimum income standard is based on the items that members of the public think UK households need to be able to afford in order to meet material needs such as food, clothing and shelter, as well as to have the opportunities and choices required to participate in society.' See A Davis, D Hirsch, M Padley and C Shepherd, *A Minimum Income Standard for the UK 2008–2018: continuity and change*, Joseph Rowntree Foundation, 2018

<sup>25</sup> NI Assembly, 'Census 2011 – Key Statistics for Gender' (5 September 2014) <http://www.NIassembly.gov.uk/globalassets/documents/raise/publications/2015/general/3415.pdf>

- 3.2. A number of flexibilities and mitigations in NI were intended to address concerns about the impact of welfare reform on women and children. For example, the flexibility to make fortnightly payments and to split payments is in place in NI. Although the mechanism for split payment exists in NI, there is concern that it is not currently functioning properly.<sup>26</sup> As of May 2019, there were just 4 Universal Credit claims being paid in split payments.<sup>27</sup> This presents particular risks for women who are in an abusive or coercive relationship who may be unable to access their personal finances and may also act as a barrier to those trying to leave an abusive relationship.<sup>28</sup>
- 3.3. The women's sector note the on-going position that single payments are the default position with those seeking split payments having to specifically request an exception. This follows the practice in England and Wales rather than delivering on previous Ministerial commitments that 'no default position be applied' regarding split payments and instead every applicant would be offered a 'range of options'.<sup>29</sup> This is because the GB computer system, which is also used in NI, has set default positions. As a result, any mitigation or flexibility for NI is a problem from an IT perspective.

### *Support for Employment*

- 3.4. The Cost of Living Allowance mitigation that would have provided an additional payment to meet some of the costs of work has not been implemented. Difficulties faced by Universal Credit claimants seeking work in NI are compounded by the decreasing number of childcare vacancies<sup>30</sup> and the lack of affordable quality childcare in NI. Whilst a childcare strategy

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<sup>26</sup> NICVA, 'NICVA Universal Credit Roundtable Discussion' (30 November 2018) <https://www.NIcva.org/article/Nicva-Universal-credit-roundtable-dicussion>

<sup>27</sup> Confirmed in an email to Law Centre NI from Department for Communities' Universal Credit Customer Service on 3 May 2019.

<sup>28</sup> NICVA, 'NICVA Universal Credit Roundtable Discussion' (30 November 2018) <https://www.NIcva.org/article/Nicva-Universal-credit-roundtable-dicussion>

<sup>29</sup> Letter from Mervyn Storey, Minister for Social Development, to church leaders on 20 October 2014, <https://webarchive.nationalarchives.gov.uk/20141203165711/http://www.dsdNI.gov.uk/church-leaders-group-oct14.pdf>

<sup>30</sup> There were 14,167 vacancies notified in the fourth quarter of the 2017/18 financial year, a decrease of 2% when compared against the same period in the 2016/17 financial year. NI SRA, 'NI Labour Market Research' (June 2018)

remains in draft form, the lack of affordable quality childcare will continue to be a barrier that impacts particularly on women entering the labour market.<sup>31</sup>

### *Two-Child Policy*

- 3.5. The impact of the two-child policy in NI is also of particular concern given family size. Evidence from the Children's Commissioner is that the two-child policy in NI has affected an estimated 2,518 families in 2017-18, which equates to at least 7,500 children. It is estimated that this will rise to 11,870 families and at least 35,610 children affected in 2019-20.<sup>32</sup> NI's abortion law framework<sup>33</sup> means that abortion is not available in most circumstances in NI and accordingly, women in NI are likely to be impacted by this policy to a greater extent than women in GB.<sup>34</sup> Differences in criminal law in NI may also make it difficult for women to rely on the 'rape clause' exemption.<sup>35</sup>
- 3.6. The impact of the two child policy means that a family with three or more children will be financially disadvantaged by £2,780 per year per child for their third (or additional child).<sup>36</sup> This will deepen the impact of poverty in NI. Already 24% of children in NI are living in poverty and the problem is forecast

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<sup>31</sup> Equality Commission NI, 'Investment in childcare' (2017) <https://www.equalityNI.org/Blog/Articles/June-2017/Investment-in-Childcare-must-be-a-policy-priority>; See also Appendix 2, Case Study 9.

<sup>32</sup> NI Commissioner for Children and Young People (NICCY), 'Submission to Special Rapporteur on Extreme Poverty and Human Rights prior to visit to the United Kingdom of Great Britain and NI in November 2018' (4 September 2018) p5 <https://www.niccy.org/media/3133/NI-ccy-submission-to-sr-on-extreme-poverty-14-sept-18.pdf>

<sup>33</sup> The 1967 Abortion Act does not extend to NI and instead NI continues to operate under the Offences Against the Person Act 1861. This means that a woman can face criminal prosecution if she 'procures' an abortion. See also In the matter of an application by the NI Human Rights Commission for Judicial Review (Northern Ireland) Reference by the Court of Appeal in NI pursuant to Paragraph 33 of Schedule 10 to the NI Act 1998 (Abortion) (Northern Ireland) [2018] UKSC 27 <https://www.supremecourt.uk/cases/docs/uksc-2017-0131-judgment.pdf>

<sup>34</sup> For a fuller discussion of this issue, please see submission by Cliffedge NI Coalition member, Womens Regional Consortium.

<sup>35</sup> Section 5(1) of the Criminal Law (NI) Act mandates that all serious crimes must be reported to police - thus any woman who applies for the 'rape exemption' should expect to have the case reported to the police. This puts frontline workers at jobcentres and social workers, who have been categorised as an 'approved third party' by DWP, in a very difficult position where they must report the disclosure to the police or risk being charged with a crime themselves. However, guidance issued by the Attorney General for NI states that it is highly unlikely to be in the public interest to prosecute a person for failure to report information received about a rape to the police where the information was disclosed as part of a social security application.

<sup>36</sup> Where any of the children were born following 6 April 2017, in comparison to families with children born before the introduction of the limit. See NI Commissioner for Children and Young People (NICCY), 'Submission to Special Rapporteur on Extreme Poverty and Human Rights prior to visit to the United Kingdom of Great Britain and NI in November 2018' (4 September 2018) p5 <https://www.niccy.org/media/3133/NI-ccy-submission-to-sr-on-extreme-poverty-14-sept-18.pdf>



to increase.<sup>37</sup> The Institute of Fiscal Studies has projected that between 2012 and 2020, relative child poverty in NI will increase by 5.5% and absolute child poverty by 7.3% (compared to an increase in relative child poverty in the UK as a whole of 3.6% and in absolute child poverty of 5%).<sup>38</sup>

- 3.7. This policy may also disproportionately affect families from specific cultural and religious backgrounds where there is a trend for bigger families. There are twice as many large poor families in NI as there are in Scotland and the South West of the UK.<sup>39</sup> No equality assessment has been carried out as to the impact of this change on women specifically.

#### **4. Disability and Illness**

- 4.1. The NI context is that there is a higher prevalence of disability and illness in NI in comparison with GB. The Department of Health note a 25% higher overall prevalence of mental illness in NI than in England.<sup>40</sup> Approximately 30% of Northern Ireland's population suffers from mental health problems and almost half of these cases were directly related to the Troubles.<sup>41</sup> Incidents of suicide in NI have risen from 138 in 1981 to 297 in 2016, an increase of 115%.<sup>42</sup> There has been an increase of 307% in incidents of suicide from 1970 to 2016.<sup>43</sup>

#### *Personal Independence Payment*

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<sup>37</sup> Women's Policy Group, 'Opposing the two child tax credit cap and rape clause' (2017)

<http://www.womensaidNI.org/assets/uploads/2017/05/opposing-the-two-child-cap-and-rape-clause.pdf>

<sup>38</sup> Institute for Fiscal Studies, 'Child and Working-Age Poverty in Northern Ireland from 2010 to 2020- an update' (2014) p23 <https://www.ifs.org.uk/uploads/publications/bns/BN154.pdf>

<sup>39</sup> A Hood and T Waters, 'Living standards, poverty and inequality in the UK: 2017-2018 to 2012-22 (IFS, 2017) <https://www.ifs.org.uk/uploads/publications/comms/R136.pdf>

<sup>40</sup> Department of Health, Social Services and Public Safety, 'Making Life Better: A whole system strategic framework for public health 2013-2023' (2014) [https://www.health-ni.gov.uk/sites/default/files/publications/dhssps/making-life-better-strategic-framework-2013-2023\\_0.pdf](https://www.health-ni.gov.uk/sites/default/files/publications/dhssps/making-life-better-strategic-framework-2013-2023_0.pdf)

<sup>41</sup> Commission for Victims and Survivors, 'Towards A Better Future: The Trans-generational Impact of the Troubles on Mental Health' (March 2015) <https://www.cvsNI.org/media/1171/towards-a-better-future-march-2015.pdf>

<sup>42</sup> Office for National Statistics, 'Suicides in the UK' (December 2017) <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/datasets/suicidesintheunitedkingdomreferencetables>

<sup>43</sup> NISRA, 'Suicide Statistics' (2017) <https://www.ni.sra.gov.uk/publications/suicide-statistics>



- 4.2. The changes to disability benefits and the mitigations agreed by the Executive are against this backdrop. The prevalence of disability and mental health issues in NI suggests that any impacts arising from the transfer from DLA to PIP may be felt more acutely in NI than in other parts of the UK.<sup>44</sup> Up to 29,490 claimants who were previously in receipt of DLA have been disadvantaged when assessed for PIP, either because they are not awarded PIP or because they receive less under PIP than DLA.<sup>45</sup> It is envisaged that claimants reassessed for PIP are collectively set to lose up to £19.1m per year if the mitigation package is discontinued.<sup>46</sup> In addition, up to 1,500 carers could prematurely lose support of £2.2 million annually from March 2020.<sup>47</sup>
- 4.3. Supplementary payment is available as a mitigation to those who are reassessed as not being entitled to PIP where a claimant has lodged an appeal against that decision. Between June 2016 – May 2018, 16,040 people in NI were assessed as not having entitlement to a PIP award.<sup>48</sup> Over a similar period, 5,490 people received supplementary payments.<sup>49</sup> A significant proportion of claimants are missing out on the transitional support offered by this welfare reform mitigation.

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<sup>44</sup> NI Housing Executive, 'Welfare Reform in Northern Ireland: A Scoping Report' (November 2018) p43 <https://www.ni.he.gov.uk/getmedia/2b5db9a7-6fd8-420c-9265-da85a29d70b0/welfare-reform-ni-a-scoping-report.pdf.aspx?ext=.pdf>

<sup>45</sup> Department for Communities, 'DLA to PIP Reassessment: June 2016 to May 2018' (September 2018) <https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dla-to-pip-reassessment-summary-may18.pdf>

<sup>46</sup> This is based on figures from Department for Communities, 'Annual Report Welfare Supplementary Payments Discretionary Support Standards of Advice and Assistance Sanctions' (November 2018) <https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-annual-report-welfare-supplementary-payments-2017-2018.pdf>

<sup>47</sup> This is based on figures from Department for Communities, 'Annual Report Welfare Supplementary Payments Discretionary Support Standards of Advice and Assistance Sanctions' (November 2018) <https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-annual-report-welfare-supplementary-payments-2017-2018.pdf>

<sup>48</sup> Department for Communities, 'DLA to PIP Reassessment: June 2016 to May 2018' (September 2018) <https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dla-to-pip-reassessment-summary-may18.pdf>

<sup>49</sup> See Department for Communities, 'Welfare Supplementary Payments, Sanctions, The Operation of Discretionary Support, and Standards of Advice and Assistance Provided' p10 <https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-annual-report-welfare-supplementary-payments-2016-2017.pdf> and Department for Communities, 'Annual Report Welfare Supplementary Payments Discretionary Support Standards of Advice and Assistance Sanctions' (November 2018) p11 <https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-annual-report-welfare-supplementary-payments-2017-2018.pdf>

## *Employment & Support Allowance*

- 4.4. In relation to ESA, the proportion of claimants in receipt of ESA in NI is high. At May 2018, there were 129,000 claimants of ESA in NI, of whom 47% suffered from psychiatric disorders.<sup>50</sup> This particular group of claimants may require particular support to navigate a new UC claim and make the new claim on time.<sup>51</sup>

## **5. Housing**

- 5.1 The mitigation package has provided crucial protection from some of the housing issues that have arisen as a result of welfare reform. For example, the DfC identified that the mitigation of the Social Sector Size Criteria (SSSC) has saved approximately 42,020 households an average of £50 per month.<sup>52</sup> If the mitigations were to cease there would be serious implications on housing such as a rise in arrears, housing stress and homelessness.<sup>53</sup> Research carried out by the Northern Ireland Housing Executive (NIHE) showed that, of the 72 tenants who had lost their Social Sector Size Criteria (SSSC) mitigation payment by June 2018, average arrears per household had increased from £46 to £174.12 by November 2018.<sup>54</sup>
- 5.2 However, the protections offered to social tenants have not been absolute - for example, between April 2017 and March 2019, 214 tenants lost their SSSC mitigation payments as a result of their move to a property where they

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<sup>50</sup> NI Audit Office 'Welfare Reforms in Northern Ireland' (17 January 2019) p19 <https://www.NI.auditoffice.gov.uk/sites/Nlao/files/media-files/Welfare%20Reform%20Report%202019.pdf>

<sup>51</sup> Law Centre NI, 'Universal Credit: protecting claimants through the migration process' (November 2018) [https://www.NI.cva.org/sites/default/files/d7content/attachments-articles/wrg\\_recommendations\\_on\\_uc\\_managed\\_migration\\_nov2018.pdf](https://www.NI.cva.org/sites/default/files/d7content/attachments-articles/wrg_recommendations_on_uc_managed_migration_nov2018.pdf)

<sup>52</sup> Department for Communities, 'Review of Welfare Mitigation Schemes' (March 2019) p 36 <<https://www.communities-ni.gov.uk/system/files/publications/communities/dfc-review-of-welfare-mitigation-schemes-2019.pdf>> (accessed May 2019)

<sup>53</sup> Research carried out by the Northern Ireland Housing Executive (NIHE) showed that, of the 72 tenants who had lost their Social Sector Size Criteria (SSSC) mitigation payment by June 2018, average arrears per household had increased from £46 to £174.12 by November 2018. It is therefore reasonable to presume that there would be a significant rise in arrears should the mitigations cease, which in turn could lead to housing stress and homelessness. See also Appendix 2, Case Study 10.

Northern Ireland Housing Executive, 'Welfare Reform in Northern Ireland: A Scoping Report' (November 2018), p 47 [https://www.nihe.gov.uk/welfare\\_reform\\_ni\\_a\\_scoping\\_report.pdf](https://www.nihe.gov.uk/welfare_reform_ni_a_scoping_report.pdf)

<sup>54</sup> Northern Ireland Housing Executive, 'Welfare Reform in Northern Ireland: A Scoping Report' (November 2018), p 47 [https://www.nihe.gov.uk/welfare\\_reform\\_ni\\_a\\_scoping\\_report.pdf](https://www.nihe.gov.uk/welfare_reform_ni_a_scoping_report.pdf)

were under occupying by the same or greater extent.<sup>55</sup> It is important to recognise that in NI there is a significant mismatch between the type of social housing stock available and the type required to meet demand. While just 18% of social stock has one bedroom, single applicants consistently account for 45% of the waiting list.<sup>56</sup> Therefore, many households have had no choice but to move to homes in which they under occupy. The characteristics of housing stock availability in NI have therefore meant that loss of protection was unavoidable for many tenants.

5.3 Whilst the protection offered to social tenants has been welcome, their introduction has underlined the need to offer protection to low income private tenants who do not have access to similar protection despite similar size criteria rules having been in place there since 2012.<sup>57</sup> This is despite the fact that in NI there are significantly more households at-risk-of-poverty after housing costs in the Private Rented Sector (PRS) than in the SRS.<sup>58</sup> Indeed, since 2008, social security changes such as the Local Housing Allowance, the Shared Room Rate and the Benefit Freeze have made it increasingly difficult for low income private renters to meet their housing costs.<sup>59</sup> Research by the Chartered Institute of Housing in 2016 identified that more than 80% of Local Housing Allowance rates in NI had fallen below the 30<sup>th</sup> percentile.<sup>60</sup> This position has worsened according to Housing Rights research which is due to be published in autumn 2019 and which is referenced in their submission to this Inquiry. The mitigations package should take account of the needs of

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<sup>55</sup> Department for Communities, 'Social Sector Size Criteria: Welfare Supplementary Payments' (May 2019) <https://www.communities-ni.gov.uk/publications/social-sector-size-criteria-welfare-supplementary-payments>. It is important to note that the only scenario under which a tenant could retain their mitigation payment, having moved to a property where they continued to under occupy, is if the move was via Management Transfer Status.

<sup>56</sup> Northern Ireland Housing Executive, 'Welfare Reform in Northern Ireland: A Scoping Report' (November 2018), p 43 [https://www.nihe.gov.uk/welfare\\_reform\\_ni\\_a\\_scoping\\_report.pdf](https://www.nihe.gov.uk/welfare_reform_ni_a_scoping_report.pdf)

<sup>57</sup> For further on the experience of low income private renters and the impact of welfare policy, please see submission by Cliffedge NI Coalition member, Housing Rights.

<sup>58</sup> There are close to 34,000 households at-risk-of-poverty after housing costs in the private rented sector, compared to just over 29,000 households in the social rented sector.

P MacFlynn and L Wilson, 'Housing Provision in Northern Ireland and its Implications for Living Standards and Poverty' (April 2018) p 27 [https://www.nerinstitute.net/download/pdf/neri\\_working\\_paper\\_housing\\_final.pdf](https://www.nerinstitute.net/download/pdf/neri_working_paper_housing_final.pdf)

<sup>59</sup> According to Northern Ireland Housing Executive research, 87% of private renters in receipt of Local Housing Allowance, have a shortfall between this amount and the amount of rent they pay to their landlord. Advice NI, Housing Rights and Law Centre NI, 'Welfare Reform: Mitigations on a Cliff Edge' (November 2018) p 14 <<https://www.housingrights.org.uk/sites/default/files/policydocs/Welfare%20Reform%20Mitigations%20on%20a%20Cliff%20Edge.pdf>> (accessed May 2019)

<sup>60</sup> CIH, 2016, Mind the Gap, the growing shortfall between private rents and help with housing costs. <<http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/Mind%20the%20gap.pdf>> (Accessed May 2019)

those most badly affected by these cuts in the PRS, as has been recommended in a joint report by Advice NI, Housing Rights, and Law Centre NI.<sup>61</sup>

- 5.4 In their recent Review, the DfC suggested that Discretionary Housing Payments (DHP) could be used to continue to mitigate the SSSC and Benefit Cap.<sup>62</sup> If they are to be relied upon in this way, a considered appraisal of DHPs would be required in order to maximise their use.<sup>63</sup>

### *Universal Credit and Housing*

- 5.5 In addition to the widespread housing issues raised in the Work and Pensions Committee Inquiry into UC rollout,<sup>64</sup> there have been various UC issues specific to NI which the Coalition wishes to highlight:

- 5.6 In Northern Ireland the Housing Element of UC is payable directly to landlords. However due to UC payment schedules, social landlords have found that there is one payment cycle in which they are not paid UC housing costs.<sup>65</sup> The NIHE have termed the arrears that tenants are accruing as a result 'residual arrears,' as they are never paid by UC. As a result, claimants never receive the full housing costs to which they are entitled.<sup>66</sup>

- 5.7 The rise in arrears caused by the five week wait before claimants receive their first UC payment is well documented in the SRS. In 2018/19 the average arrears for NIHE tenants on UC were £700.05, compared to an average of

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<sup>61</sup> See page 18 Advice NI, Housing Rights and Law Centre NI, 'Welfare Reform: Mitigations on a Cliff Edge' (November 2018)

<<https://www.housingrights.org.uk/sites/default/files/policydocs/Welfare%20Reform%20Mitigations%20on%20a%20Cliff%20Edge.pdf>> (accessed May 2019)

<sup>62</sup> Department for Communities, 'Review of Welfare Mitigation Schemes' (March 2019) p 46

<<https://www.communities-ni.gov.uk/system/files/publications/communities/dfc-review-of-welfare-mitigation-schemes-2019.pdf>> (accessed May 2019)

<sup>63</sup> See Appendix 2, Case Study 11. For a fuller discussion of the policy and operational issues relevant to this, please see submission by Cliffedge NI Coalition member, Housing Rights.

<sup>64</sup> Universal Credit rollout inquiry – publications: <<https://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/inquiries/parliament-2017/inquiry/publications/>> (accessed May 2019)

<sup>65</sup> UC housing costs are paid on a 4-weekly schedule, therefore there are 13 payment periods in a year. However, as UC is calculated as a monthly payment, social landlords only receive 12 payments per year. There is therefore one payment cycle in which no UC housing costs are paid to social landlords.

<sup>66</sup> See Appendix 2, Case Study 12.

£191.82 for Housing Benefit claimants.<sup>67</sup> Additionally, these arrears have particularly serious implications for those in the PRS in NI as most private landlords only have one or two properties<sup>68</sup> and are therefore much less likely to be able and willing to withstand these arrears.<sup>69</sup>

## Specific Questions

### 6. What has been the effect of the NI Executive social security ‘mitigation package’?

- 6.1. The mitigation package has been instrumental in insulating claimants in NI from some of the most severe impacts of the Government’s Welfare Reform programme. The delayed effect of the reforms in NI also provides an opportunity to learn from experience in other parts of the UK.<sup>70</sup>
- 6.2. However, the full potential of the mitigation package has not been realised. A significant underspend of £109.52 million has emerged when comparing departmental data on expenditure with the mitigations package expenditure projections detailed in the *Welfare Reform Mitigations Working Group Report*.<sup>71</sup>
- 6.3. A significant reason for underspend is the failure to operationalise the ‘Cost of Work Allowance’ designed to provide additional income to support people in work who have low incomes. £35 million per year was allocated beginning in 2017/18 but due to a flaw in the Department’s design of the scheme, and a subsequent need to review the legislation – which requires Ministerial

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<sup>67</sup> Statistics provided by Northern Ireland Housing Executive Welfare Project Team on 14/05/19. See also Appendix 2, Case Study 13.

<sup>68</sup> According to the Department for Communities’ Landlord Registration Scheme, 84% of private landlords in Northern Ireland own 1 or 2 properties.

<sup>69</sup> Between July 2018 and December 2018, calls to Housing Rights’ Landlord Helpline regarding UC increased by 600% with delays in initial payments being one of the top issues raised.

<sup>70</sup> NI Housing Executive, ‘Welfare Reform in Northern Ireland: A Scoping Report’ (November 2018) <https://www.ni.he.gov.uk/getmedia/2b5db9a7-6fd8-420c-9265-da85a29d70b0/welfare-reform-ni-a-scoping-report.pdf.aspx?ext=.pdf>

<sup>71</sup> Welfare Mitigations Working Group Report, January 2016 <https://www.ni.cva.org/sites/default/files/d7content/attachments-articles/welfare-reform-mitigations-working-group-report.pdf>

authority- the money is unspent and it is not clear whether it can be reallocated at a later stage.<sup>72</sup>

6.4. In addition, the current package does not mitigate against some key reforms. The largest financial losses to large numbers of individuals and households have arisen from changes to Tax Credits, Child Benefit and a reduction in annual benefit rate uplifts since 2011.<sup>73</sup> These welfare reforms have not been subject to mitigation measures.

6.5. Furthermore, a recent review of the mitigations by the Department for Communities has identified a number of areas where recommendations of the Welfare Reform Mitigations Working Group have not yet been fully realised. For example, the Working Group recommended that access to affordable credit be improved with provision from 'socially responsible bodies.'<sup>74</sup> The Department carried out a feasibility study into the Credit Union scheme but it is unclear if the study examined the issue more broadly than this to include non for profit schemes which exist elsewhere such as Scot Cash.<sup>75</sup>

## **7. What would be the likely effects of the mitigation package coming to an end in 2020?**

7.1. The full impact of welfare reforms has yet to hit NI. There is a significant risk of hardship for people in NI after the mitigation period ends in March 2020. It will result in significant financial loss for many claimants and is likely to result in increased poverty in Northern Ireland.<sup>76</sup> Following his visit to NI in 2018, the UN Special Rapporteur on Extreme Poverty and Human Rights stated that the

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<sup>72</sup> Confirmed to Law Centre (NI) in a letter from Permanent Secretary for the Department for Communities, Leo O'Reilly dated 1 July 2018.

<sup>73</sup> NI Audit Office 'Welfare Reforms in Northern Ireland' (17 January 2019) p3 <https://www.NI.auditoffice.gov.uk/sites/Nlao/files/media-files/Welfare%20Reform%20Report%202019.pdf>

<sup>74</sup> Welfare Reform Mitigations Working Group, 'Welfare Reform Mitigations Working Group Report' (Jan 2016) p14 <<https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/ofmdfm/welfare-reform-mitigations-working-group-report.pdf>> (accessed May 2019)

<sup>75</sup> For a fuller discussion of the policy and operational issues relevant to this, please see submission by Cliffedge NI Coalition member, Housing Rights.

<sup>76</sup> The financial loss per adult due to welfare reform was identified as being substantially larger than in any other part of the UK. See C Beatty and S Fothergill, 'The Impact of Welfare Reform on Northern Ireland' Centre for Regional Economic Social Research, Sheffield Hallam University (October 2013).

end of the mitigation package in NI could have '*dire consequences for people living in poverty*'.<sup>77</sup>

- 7.2. Despite proactive work by many organisations, including social landlords<sup>78</sup>, overall public awareness of the end of the mitigation package in March 2020 is low. Recent baseline surveys<sup>79</sup> released by Department for Communities show that almost half of respondents (48%) were not aware of the date on which their Welfare Supplementary Payment ends<sup>80</sup> and a significant majority (83%) had not put in place plans for when their Welfare Support Payment ended.<sup>81</sup>
- 7.3. Using the statistics available from the NI Housing Executive and the Department for Communities, it is possible to consider the implications of the end of the mitigations package in respect of the 'bedroom tax' and the benefit cap. The removal of these two mitigations alone would have a significant impact on households in NI:<sup>82</sup>

#### *Social Sector Size Criteria*

- 7.4. Figures collated by the NI Housing Executive show that approximately 30% of Housing Executive tenants and 25% of housing associations tenants in receipt of Housing Benefit will be impacted by the Social Sector Size Criteria. While this shortfall is currently mitigated by Welfare Supplementary Payments, it points to real potential difficulties for both tenants and landlords when mitigation ends.<sup>83</sup> Recent analysis carried out by the NIHE indicate, if

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<sup>77</sup> <https://www.ohchr.org/en/NewsEvents/Pages/DisplayNews.aspx?NewsID=23881&LangID=E>

<sup>78</sup> See submission from Cliffedge NI Coalition member, NIFHA for summary of activities undertaken by social landlords to increase awareness of welfare reform and mitigations with their tenants.

<sup>79</sup> Department for Communities, 'Welfare Reform NI : Claimant Baseline Surveys' (16 January 2019) p. 9 <https://www.Communities-NI.gov.uk/system/files/publications/Communities/wr-claimant-baseline-surveys-jan19.pdf>

<sup>80</sup> 56% of respondents to the benefit cap survey; 37% of respondents to the employment and support allowance time-limiting survey; 41% of respondents to the Personal Independence Payment survey; and 69% of respondents to the social sector size criteria survey.

<sup>81</sup> 81% of respondents to the benefit cap survey; 84% of respondents to the employment and support allowance time-limiting survey; 81% of respondents to the Personal Independence Payment survey; and 87% of respondents to the social sector size criteria survey.

<sup>82</sup> See Appendix 3 and 4.

<sup>83</sup> NI Housing Executive, 'Welfare Reform in Northern Ireland: A Scoping Report' (November 2018), p44.



mitigations were to cease, around 33,000 social sector claimants would face a weekly reduction due to the application of SSSC of almost £410,000.<sup>84</sup>

- 7.5. As noted above, there is a mismatch between the type of housing stock available the type required to meet demand and the type required to meet the 'bedroom tax' rules. In Northern Ireland, less than one-fifth (18%) of the entire social stock has only one bedroom. However, single (working age) applicants consistently account for almost half (45%) of the waiting list each year. According to NIHE, even if an ample supply of suitably-sized dwellings were available, the time that would be required to facilitate tenants moving to new properties is too lengthy to be completed before mitigation ends in March 2020.<sup>85</sup>

### *Benefit Cap*

- 7.6. Statistics published by the DfC and NI Statistics and Research Agency show that, at January 2019, 1,320 households were subject to the benefit cap. All of the households that are currently protected from the benefit cap are families with children (85% were lone parents and 15% were couples with children). The average amount capped at January 2019 was £47 per week. 8% of capped households were capped by more than £100 per week.<sup>86</sup> These figures make clear the detrimental impact the end of the mitigation package would have on families currently shielded from losses from the benefit cap.<sup>87</sup>

### *Advice & Support*

- 7.7. The importance of access to free, independent advice to those affected by the welfare reform changes is widely recognised and reflected in the Working Group Report and NIAO Report. The current mitigation package is due to come to an end at the end of March 2020, three years ahead of the full roll-out

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<sup>84</sup> NI Housing Executive, 'Welfare Reform in Northern Ireland: A Scoping Report' (November 2018), p44.

<sup>85</sup> NI Housing Executive, 'Welfare Reform in Northern Ireland: A Scoping Report' (November 2018), p43.

<sup>86</sup> Department for Communities, 'Benefit Cap: Northern Ireland' (January 2019) <https://www.Communities-NI.gov.uk/system/files/publications/Communities/benefit-cap-statistics-january-2019.pdf>

<sup>87</sup> See Appendix 2, Case Study 14.

of UC. Given the widely reported problems with migration to Universal Credit,<sup>88</sup> it is likely that demand for advice services will remain high and claimants will continue need access to additional support.

## **8. What, if anything, should replace the mitigation package from 2020?**

- 8.1. While certain mitigations will not have the same significance after 2020,<sup>89</sup> other protections remain as vital now as they were in 2015<sup>90</sup> and fresh mitigations must also now be considered that are responsive to new challenges, such as those emerging from the evolving landscape roll-out of UC.
- 8.2. Whilst the convention of parity of social security provision operates between NI and Great Britain,<sup>91</sup> the particularities of NI have necessitated a tailored approach to welfare reform and the current prevailing circumstances support the continuance of a tailored approach to mitigate the impacts of welfare reform. The continuance of and re-profiling of the mitigations package is consistent with the direction of travel set by the NI Executive prior to its collapse, including the commitment to ensuring protection for social security entitlement in NI.<sup>92</sup> The Coalition consider that mitigation support should be continued in NI after March 2020 and further developed in a manner that is responsive to the evolving and anticipated challenges ahead, including those reflected in this paper.

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<sup>88</sup> See, for example, R (on the application of TP AR & SXC) v Secretary of State for Work And Pensions [2019] EWHC 1116 (Admin); R (on the application of Johnson and others) v Secretary of State For Work and Pensions [2019] EWHC23 (Admin); Law Centre NI 'Law Centre (NI ) response to the Social Security Advisory Committee's consultation on managed migration' (2018) [https://lawcentreNI.s3.amazonaws.com/2018RESPONSE\\_ManagedMigration\\_Aug.pdf](https://lawcentreNI.s3.amazonaws.com/2018RESPONSE_ManagedMigration_Aug.pdf); Child Poverty Action Group, 'CPAG's early warning system – report on Universal Credit top issues' (July 2018) <http://www.cpag.org.uk/sites/default/files/Early%20WarNI%20System%20Top%20UC%20Issues%20July%202018.pdf>

<sup>89</sup> Demand is diminishing because transfer from disability living allowance to personal independence payment is nearing completion.

<sup>90</sup> This includes the mitigations for the bedroom tax, benefit cap, discretionary support, contribution-based employment and support allowance for 12 months, discretionary support, Universal Credit flexibilities, as well as the continuation of independent advice services and an independent changes helpline.

<sup>91</sup> See Mark Simpson, 'Developing constitutional principles through firefighting: social security parity in Northern Ireland' Journal of Social Security Law (2015) 22(1) 31.

<sup>92</sup> Fitzpatrick C., McCauley K., Higgins K., 'Mitigation of welfare reform in Northern Ireland: on a cliff edge', Poverty 162 (Winter 2019) [http://www.cpag.org.uk/sites/default/files/CPAG-Mitigation-welfare-reform-Northern-Ireland-Poverty162\\_0.pdf](http://www.cpag.org.uk/sites/default/files/CPAG-Mitigation-welfare-reform-Northern-Ireland-Poverty162_0.pdf)



## **Appendix 1: Cliff Edge NI Coalition Membership**

The members of the Cliff Edge NI Coalition are as follows:

1. Housing Rights
2. Law Centre NI
3. British Association of Social Workers NI (BASW NI)
4. NI Public Service Alliance (NIPSA)
5. Irish Council of Churches
6. Choice Housing Association
7. Radius Housing Association
8. Inspire
9. Women's Support Network
10. NI Council for Voluntary Action (NICVA)
11. NI Federation of Housing Associations (NIFHA)
12. Employers for Childcare
13. Equality Commission
14. NI Human Rights Commission (NIHRC)
15. Advice NI
16. North Belfast Advice Partnership (NBAP)
17. Ardoyne Association
18. Ligoniel Improvement Association
19. The Vine Centre
20. Ballysillan Community Forum
21. East Belfast Independent Advice Centre (EBIAC)
22. Royal National Institute of Blind People (RNIB)
23. Children in NI
24. Trussell Trust
25. Belfast Unemployed Resource Centre
26. Centre for the Administration of Justice (CAJ)
27. Parkinsons UK
28. UNISON
29. Community Advice Antrim & Newtownabbey
30. Disability Action

31. Wave Trauma
32. Newington Housing Association
33. Rural Housing Association
34. Sandy Row Community Forum
35. GEMS NI
36. St Matthew's Housing Association
37. Resource Centre Derry
38. NI Rural Women's Network
39. CARERS NI
40. Compass Advocacy Network (CAN)
41. Community Advice Newry
42. Society of St Vincent de Paul (SVdP)
43. Connswater Homes
44. Windsor Womens Centre
45. Tar Isteach
46. Extern
47. MS Society
48. Mencap
49. NI Association for the Care and Resettlement of Offenders (NIACRO)
50. Children's Law Centre
51. Save the Children
52. Women's Resource and Development Agency (WRDA)
53. Women's Policy Group
54. Ark Housing
55. Alpha Housing
56. Women's TEC
57. Andersonstown Neighbourhood Partnership
58. Upper Andersonstown Community Forum
59. Women's Regional Consortium
60. Chartered Institute of Housing (CIH)
61. Reclaim the Agenda
62. Smart Move Housing
63. Trade Union Disability Alliance
64. National Energy Action NI

65. National Deaf Children's Society
66. Focus the Identity Trust
67. South Tyrone Empowerment Programme (STEP)
68. Unite the Union
69. Habinteg
70. Dundonald Ladies Group
71. Northern Ireland Youth Forum
72. Marie Curie
73. Alliance for Choice