Public Bill Committee

WELFARE REFORM AND WORK BILL

WRITTEN EVIDENCE

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Written evidence

Written evidence submitted by Homeless Link (WRW 01)

Homeless Link is the national membership charity for organisations working directly with people who experience homelessness in England. We work to make services better and campaign for policy change that will help end homelessness.

We are delighted to have the opportunity to respond the Public Bill Committee’s request for input into the Welfare Reform and Work Bill. We understand that the Committee is specifically interested in potential amendments to the bill. Parts A and B of this submission are primarily focused upon them. Part C covers parts of the bill which we believe should be withdrawn for reconsideration.

PART A – REDUCTION IN SOCIAL HOUSING RENTS

1. This part of the Bill states “Registered providers of social housing must secure that the amount of rent payable in a relevant year by a tenant of their social housing in England is 1% less than the amount that was payable by the tenant in the preceding 12 months.”

2. In part 20 of the bill a number of exceptions are listed. We would like to propose an amendment to this accommodation covering supported housing. Appropriate wording of this amendment might be:

“Section 19 does not apply in relation to a tenant of social housing if – the accommodation is specified accommodation;”

3. Specified accommodation is a status which came into law in 2014 through the Housing Benefit and Universal Credit (Supported Accommodation) (Amendment) Regulations 2014 (SI2014 No. 771) which were laid before Parliament on 20 March 2014. It essentially defines specified accommodation as not-for-profit accommodation where care, support or supervision is provided. As a definition, it covers most, but not all, supported housing.¹

4. Rents in supported housing tend to cover a much wider range of housing management activities than in general needs social housing. These higher rents reflect the additional costs of ensuring that the often vulnerable tenants living in this type of housing are safe and secure. These rents are agreed with the Homes and Communities Agencies and local Housing Benefit team.

5. A number of homelessness agencies have raised concerns with HL as to the impact of annual one percent reductions which have not been factored into previous business models of these services. Our research shows that 90% of residential homelessness services rely upon Housing Benefit (HB) as a key funding stream.²

6. Because of the need to charge a higher level of rent to provide this service, the impact of a 1% annual reduction is more severe on supported housing and so will have more far-reaching consequences.

7. The rationale of treating supported housing separately from other social housing has already been recognised in the proactive decision by Government to keep housing costs for Specified Accommodation out of Universal Credit and Benefit Cap calculations. Failure to recognise this in the current legislation is not only inconsistent with previous policy but places at risk the steps Government has already taken to protect housing for the most vulnerable.

PART B – THE BENEFIT CAP

8. Whilst Homeless Link believes there are difficulties with the operation of the Benefit Cap, we recognise that the reduction to £23,000 was a manifesto pledge.

9. However, there was no reference in the manifesto to a different rate being applied outside of London. If the Government is determined to proceed with any reduction we believe the Bill should simply read:

“For the purposes of this section the “annual limit” is— (a) £23,000 or £15,410”

10. The rationale for this is that local authorities and voluntary agencies regularly feedback to us that they are already finding the process of accommodating households in high-cost areas outside of London extremely difficult. This is particularly the case in the South where many areas – such as Oxfordshire, Surrey and Cambridge – risk becoming unaffordable in the same way that inner London has.

¹ It does not cover some local authority supported housing. It also includes domestic violence refuges regardless of whether care, support or supervision is provided.
11. We also believe there is a case for amending the Bill to exempt Statutory Homeless Temporary Accommodation (TA). This is the accommodation used by councils to place homeless households to whom they have a legal “duty” whilst they undertake further investigations or wait for a more permanent option to arise. Part of the expressed reasoning behind the Benefit cap is to encourage households to make certain choices but households in TA are placed in the housing given to them by local authorities so they have no such choices.

12. Statutory Guidance requires that TA should be “suitable” and this will include geographical location. A recent Supreme Court ruling makes clear that local authorities cannot rely on the routine use of out of borough placements. Nzolameso V City of Westminster confirmed that local authorities must place households in borough when reasonably practical and that the proper consideration should be given to each individual case.

13. Furthermore, it is illegal for homeless families with children to be temporarily housed in Bed and Breakfast (B&B) accommodation, unless in an emergency, and then for not more than six weeks. As of December 31st 2014, 780 families had been in a B&B for more than six weeks – up from 150 in 210. The problem is most acute in London.

14. At the end of 2014 there were 61,970 households in temporary accommodation, the highest number for five years and a 29 per cent increase since the same quarter in 2011. The trend for falling numbers of households in TA has been reversed since other changes to the benefits system took effect.

15. Councils face an increasingly difficult position in sourcing temporary accommodation whilst remaining within the rules highlighted above. Less and less affordable TA is available with many councils have to meet shortfalls from elsewhere in their budgets. Further reductions in the Benefit Cap can only make the procuring of TA more difficult.

16. To be eligible for Temporary Accommodation in England a household will usually be assessed by a council as having no suitable housing available to them and will also be in “priority need”. We recommend that in recognition of this, the Benefit Cap exemption for specified accommodation is extended to statutory TA.

PART C – FREEZE OF CERTAIN SOCIAL SECURITY BENEFITS FOR FOUR TAX YEARS AND EMPLOYMENT AND SUPPORT ALLOWANCE: WORK-RELATED ACTIVITY COMPONENT

17. The freeze in Job Seekers Allowance (JSA) and Employment and Support Allowance (ESA) contained within this part of the Bill will impact on the poorest in society. We believe the Bill should be amended to withdraw JSA and ESA from these changes.

18. The sad reality is that people experiencing homelessness already live in acute poverty. A person over-25 residing in a homeless hostel on Job Seekers Allowance currently receives £73.10 per week to pay for essentials such as food, travel, clothes and a contribution to their utility bills. An under-25 year old has the same outgoings and receives only £57.90 a week to cover these. On top of this, many homeless people (and those on the cusp of homelessness) face increasingly unmanageable demands on their already meagre income as a result of ongoing Housing Benefit and Council Tax Benefit reductions. Further real term reductions will only make their social exclusion worse.

19. These struggles will be even more acute for new claimants in the Employment and Support Work Related Activity Group who will only receive benefits at the JSA rate in the future. This was not mentioned in any party manifesto and was not raised as a possible change during the General Election. ESA is paid at a higher level to reflect the additional costs of living incurred by people who are sick or disabled. New claimants will now be expected to make “ends meet” on nearly 30% less than those already receiving the benefit.

20. This is a change which will disproportionately impact on homeless people as they have some of the worst health of the entire population. A few figures from our research illustrate his:

- 73% of homeless people surveyed reported physical health problems.
- 41% had long term physical health problems.
- 26% had been admitted to hospital over the past six months.3

21. The Government have repeatedly stated that “work is the way out of poverty” yet this is not always an option. The evidence is that homeless people want to work but struggle to find employment. Research by Off the Streets and into Work4 (OSW) found that 77% of homeless people want to work immediately and 97% want to work in the future (including most of those who were currently sick and/or disabled). However, St Mungo’s one of the largest homelessness providers in London found only 4% of their hostel residents are in employment, two thirds have been out of work for five years or more, and around 15% have never worked at all.5

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3 http://www.homeless.org.uk/facts/our-research/homelessness-and-health-research
5 St Mungo’s “Work Matters” June 2010.
22. The difficulties for homeless people in obtaining employment can be evidenced by the singular failure of the Work Programme to make a positive impact amongst clients of homeless services. A number of homelessness agencies have now withdrawn their participation in the Work Programme as they have seen no increased employment for their clients. In introducing a cross-party report on the issue, Work and Pensions Select Chair Dame Anne Begg said:

“The work programme has proved much less successful to date in addressing the problems faced by jobseekers who face more serious obstacles to finding a job – people with disabilities, homeless people, and those with a history of drug or alcohol abuse.”

23. Homeless Link believes Sections 9 and 13 of the Bill risk making homeless people even less likely to be employed. Evidence shows that cuts to welfare benefits to the poorest do not increase the probability of finding work. In fact, our research suggests that increased poverty amongst those living with homelessness has forced people to become more focused on day-to-day survival and moved them away from the labour market.

24. We believe the amendments suggested here will prevent the Bill having unintended impacts of creating increases in homelessness and worklessness and the longer-terms costs associated with these. We hope this evidence will be considered by the Committee and Homeless Link would welcome the opportunity to provide further evidence to the Committee, should this be helpful.

August 2015

Written evidence submitted by Taxpayers Against Poverty (WRW 02)

Draft Amendments


Our draft amendments sets out to embed in the Bill a duty on UK governments to improve life chances of men, women and children by the introduction of policies that will:

(a) reduce the 12 year gap in the expectation of life between rich and poor;
(b) reduce the risk of poor maternal nutrition and low birth weight in low income families.

That would require an annual report of progress showing:

1. trends in the key indicators of health such as malnutrition, obesity, life expectancy at birth, low birthweight, infant mortality, debt, overcrowding, mental health derived from official statistics and
2. trends in the real value of the national minimum wage and key benefit incomes as measured by the retail prices index after housing costs derived from official statistics annually for the previous ten years.

The Department of Work and Pensions has never considered the impact of it policies on the health and well being of the poorest UK citizens and the Department of Health never considers the cost of poverty and debt related ill health in the GPs surgeries and the hospitals.

Other suggested amendments

Benefit levels and the minimum wage, and uprating of these, will, at a minimum, be enough to cover the minimum cost of healthy living.

DWP will publish data annually on the number of households with children not receiving sufficient income to cover the minimum cost of healthy living.

(More information on the minimum cost of healthy living is in the Marmot review Fair society healthy lives).

DWP will publish data on the modelled economic costs and benefits of current benefit levels in 2016 and on future changes to policies as part of consultation processes. This modelling should include the costs and benefits to DWP and to other government departments over the life course of an individual.

(The point here is that DWP/HMT short termism could cost other departments dearly in the long run, and future governments dearly in the long run – ie reduced benefits lead to higher health costs.t)

6 Crisis, Homeless Link and St Mungo’s, The Programme’s Not Working: Experiences of homeless people on the Work Programme, November 2012.
7 http://www.insidehousing.co.uk/work-programme-failing-homeless/6527032.article
10 http://www.instituteofhealthequity.org/projects/fair-society-healthy-lives-the-marmot-review
Welfare Reform and Work Bill: Written evidence

DWP will publish a health equity assessment for all welfare and benefit changes. This assessment will consider the impact of policies on: the ability to afford a minimum income for healthy living for households with and without children, and on the impact the policies will have on inequalities in life expectancy and healthy life expectancy.

(This brings in a requirement to look at health, and some of the health measures suggested above – it will encourage cross departmental working.)

Life chances will be met through reductions in socio-economic inequalities in life expectancy and healthy life expectancy. Targets will be set, in collaboration with the Department of Health, to achieve this goal.

Introduction

The test should be “Are government policies improving the life chances of men, women and children?”

i. People die on average 12 years younger in deprived Glasgow than in wealthy Kensington & Chelsea.

ii. Life Expectancy:

iii. Inequality is about incomes see “Wilkinson and Pickett”. Among the rich countries life expectancy is not related to national differences in average income, but life expectancy is related to income differences within rich societies.

Low Birthweight

Low birthweight is higher in deprived areas than wealthy areas

iv. The most deprived ward in Haringey had among the highest rates of low birth weight between in the UK between 2007 and 2009:

(a) Tottenham Green – 12.5%, of live births.
(b) St Ann’s – 9.4%.
(c) Haringey – 11.62%.
(d) The average for Haringey is 7.63%, England 7.53% and the OECD in 2008 6.4% with Iceland lowest at 3.8% and Turkey highest at 11%.
v. The rates of low birth weight births are highest in Pollokshields East, Arden & Carnwadric, and Govanhill, which all have rates greater than 50% above the Glasgow rate.

vi. Blairdardie has the lowest rate of low birth weight births (approximately 40% of Glasgow’s rate) while Croftfoot, Cathcart & Simshill, Langside & Battlefield, and Robroyston & Millerston all have rates less than two thirds of Glasgow’s rate.

vii. Professor Michael Crawford of the Institute of Brain Chemistry and Human Nutrition has said that “Low birth weight associated with foetal growth restriction is the strongest predictor of poor learning ability, school performance, behavioural disorders and crime.”

Vulnerable situations are recognised by government more in the breach than in the observance

1. We claim that government policies are creating unmanageable debts for citizens with the lowest incomes. The policies ignore the impact of low incomes and high housing costs on mental and physical health. The implementation of those policies has ignored the circumstances of vulnerable people.

PART 1. MORE IN THE BREACH………

Lord Freud

2. Lord Freud, Minister for Employment gave the following assurance to Parliament during the passage of the Welfare Reform Act 2012.

We spoke about the Wednesbury principles at our seminar, and I can reassure noble Lords that the decision-making process is and will continue to be consistent with these fundamental principles of public law. The department strives to ensure that no decision is influenced by irrelevant factors and that decision-makers act in a rational and fair manner, taking into account all relevant matters before exercising a discretion. For example, the primary legislation expressly sets out that a conditionality sanction applies only if there is no good reason for the failure. In determining whether there is such good reason, decision-makers will have to consider all relevant matters raised by the claimant within a particular time period, including information about a claimant’s health condition and financial circumstances. Hansard – 25 Jan 2012: Column 1062

3. Those are principles that apply in all British courts and in all official decision making; but there is no legal process in the Jobcentres through which vulnerable situations can be identified and all relevant facts taken into account as there is in the magistrates court and all other courts. Yet the punishments imposed by the jobcentres are worse than those imposed by the magistrates.
4. In a paper published in February 2015 industry leaders gave their thoughts on consumer vulnerability.

“A vulnerable consumer is someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care. Much consumer protection legislation is underpinned by the notion of the average or typical consumer, and what they might expect, understand or how they might behave. Consumers in vulnerable circumstances, however, may be significantly less able to represent their own interests, and more likely to suffer harm than the average consumer. This is an area where firms can take action and create good outcomes for the customer.”

5. “Wellbeing is also influenced by the circumstances of people’s lives, including employment, income and the physical environment. In general, being employed is beneficial for mental health, although the nature and quality of work and the workplace have a major impact on the level of wellbeing. Higher income is associated with greater levels of wellbeing, but the effect diminishes at progressively higher income levels. Recent analyses have indicated that out-of-control debts are the crucial mediating variable between low income and mental ill-health, and it may be that financial control is also a critical factor in mental wellbeing. Higher income inequality is linked to lower wellbeing as well as a higher prevalence of mental disorder. A recent UNICEF report found that children’s wellbeing scores across a range of measures were worst in the most unequal countries (UK and US). It should be noted that income inequality is at a historically high level in the UK with no evidence that this situation is changing”.

6. Debt and mental health

WHAT IS THE RELATIONSHIP BETWEEN DEBT AND MENTAL HEALTH PROBLEMS?

— One in four people has a mental health problem.
— One in four people with a mental health problem is in debt.
— One in two people in debt have a mental health problem.
— Debt may be a cause and a consequence of mental health problems.

The Ministry of Justice15 “Taking control of goods national standards” recognises vulnerable situations and sets up a procedure for dealing with them.

7. Vulnerable situations

70. Enforcement agents/agencies and creditors must recognise that they each have a role in ensuring that the vulnerable and socially excluded are protected and that the recovery process includes procedures agreed between the agent/agency and creditor about how such situations should be dealt with. The appropriate use of discretion is essential in every case and no amount of guidance could cover every situation. Therefore the agent has a duty to contact the creditor and report the circumstances in situations where there is evidence of a potential cause for concern.

71. If necessary, the enforcement agent will advise the creditor if further action is appropriate. The exercise of appropriate discretion is needed, not only to protect the debtor, but also the enforcement agent who should avoid taking action which could lead to accusations of inappropriate behaviour.

72. Enforcement agents must withdraw from domestic premises if the only person present is, or appears to be, under the age of 16 or is deemed to be vulnerable by the enforcement agent; they can ask when the debtor will be home – if appropriate.

73. Enforcement agents must withdraw without making enquiries if the only persons present are children who appear to be under the age of 12.

74. A debtor may be considered vulnerable if, for reasons of age, health or disability they are unable to safeguard their personal welfare or the personal welfare of other members of the household. 75. The enforcement agent must be sure that the debtor or the person to whom they are entering into a controlled goods agreement understands the agreement and the consequences if the agreement is not complied with.

76. Enforcement agents should be aware that vulnerability may not be immediately obvious.

13 http://www.rcpsych.ac.uk/workinpsychiatry/qualityimprovement/research/debtandmentalhealth.aspx
14 http://www.rcpsych.ac.uk/workinpsychiatry/qualityimprovement/research/debtandmentalhealth.aspx
77. Some groups who might be vulnerable are listed below. However, this list is not exhaustive. Care should be taken to assess each situation on a case by case basis:

(a) the elderly;
(b) people with a disability;
(c) the seriously ill;
(d) the recently bereaved;
(e) single parent families;
(f) pregnant women;
(g) unemployed people; and,
(h) those who have obvious difficulty in understanding, speaking or reading English.

78. Wherever possible, enforcement agents should have arrangements in place for rapidly accessing interpretation services (including British Sign Language), when these are needed, and provide on request information in large print or in Braille for debtors with impaired sight.

LAW ALLOWING MAGISTRATES TO RECONSIDER FINES UNPAID DUE TO FINANCIAL HARDSHIP

8. The fines officers in the Magistrates Courts and the bailiffs enforcing fines seem not to know that Legal Advice Sentencing and Punishment of Offenders Act 2012 allows them refer cases back to the magistrates when:

(i) a person was not in court when fined and has a disproportionate fine;
(ii) there is a change of circumstances after the Magistrates’ original decision; and/or
(iii) there is financial hardship.

BARONESS NORTHOVER’S ASSURANCES GIVEN TO PARLIAMENT

9. It is clear that the government amendment allows for the withdrawal of a warrant where there is a mistake in the decision to issue the warrant in the first place. The amendment covers the case where an offender is not in court when the warrant is issued, which

20 Mar 2012 : Column 800

results in the court not having the full information before it. This, in effect, amounts to a mistake. I hope that that also helps to reassure my noble friend Lord Thomas. If there has been a change of circumstances that, had it been known to the court, would have had an impact on the decision to issue a warrant, it is open to the debtor to argue that the warrant had been issued by mistake.

10. In practice, however, when bailiffs come across hardship as defined in the guidance they should not execute the warrant and return it to the court.

PART 2 …..IN THE OBSERVANCE

11. Part 2 focuses on the single adult unemployment benefit. We claim that is has been allowed to sink to a level that inevitably leads to debt and ill health before 2010; it has sunk even further since. JSA/ESA/IS are currently £57.90 a week for under 25 year olds and £73.10 aged 25 and over. In this table £73.10 is compared with selected essentials from the Joseph Rowntree Minimum Income Standards.\(^{16}\) Up until April 2013 JSA/ESA/IS were paid after rent and council tax.

JSA/ESA/IS compared with JRF/MIS

<table>
<thead>
<tr>
<th></th>
<th>£pw</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>43.80</td>
</tr>
<tr>
<td>Water</td>
<td>5.59</td>
</tr>
<tr>
<td>Fuel</td>
<td>16.68</td>
</tr>
<tr>
<td>Clothing</td>
<td>7.25</td>
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<tr>
<td>Transport</td>
<td>26.68</td>
</tr>
<tr>
<td>Household costs</td>
<td>16.85</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>116.85</strong></td>
</tr>
<tr>
<td>JSA/ESA/IS</td>
<td>73.10</td>
</tr>
<tr>
<td><strong>Shortfall</strong></td>
<td><strong>43.75</strong></td>
</tr>
<tr>
<td>Plus bedroom tax rent up to</td>
<td>24.00</td>
</tr>
<tr>
<td>Plus council tax up to</td>
<td>8.00</td>
</tr>
<tr>
<td><strong>TOTAL POTENTIAL SHORTFALL</strong></td>
<td><strong>75.75</strong></td>
</tr>
</tbody>
</table>

JSA/ESA/IS compared with JRF/MIS

Fines and council tax enforcement add up to £150 or up to £125. Court costs to the inevitable arrears, and since April 2015 up to £1200 for fines. Bailiffs fees can add another £420.

NB currently the chaotic UK housing market is increasing rents that drive a coach and horses through all attempts to set a minimum income needed for healthy living in work or unemployment. See Fred Harrison’s submission to the committee.

BEFORE 2010

Benefit negligence

Letter in the Guardian May 2009

12. The inadequacy of the £64.30 weekly jobseeker’s allowance (£50.95 for the under-25s), noted by Paul Nicolson (Letters, 11 May) is a modern phenomenon. When unemployment benefit started in 1912 it was 7 shillings a week – about 22% of average male earnings in manufacturing.

The percentage fluctuated over the succeeding decades, but by 1979 the benefit rate was still about 21% of average earnings (manual and non-manual, male and female).

By 2008, however, as a result of the policy of tying benefits to the price index while real earnings increased, the renamed jobseeker’s allowance had fallen to an all-time low of 10.5% of average earnings. And while, in the past, means-tested allowances raised unemployed income to a higher minimum level, the jobseeker’s allowance rates are now the same, whether means-tested or not.

Of course, average earnings have grown but so has the relative deprivation of the unemployed. This is not a policy justified by the need to maintain work incentives. It is just a dreadful record of neglect by governments since 1979.

Jonathan Bradshaw
University of York

Tony Lynes
London

AFTER 2010

13. In February 2015 there were 3.7 million claimants of main unemployment benefits and 4.8 claimants of housing benefit in the UK. Currently the unemployed all start on either £57.90 a week or £73.10 a week. The family premium of £17.45 a week and £66.90 is added for the first child and then £66.90 for every subsequent child. They have been hit by perfect storm of cuts.

(a) Increases were frozen at 1%.

(b) Council tax was imposed by 250 councils.

(c) Housing benefit was cut three times each of them leaving rent to be paid out £73.10 a week of unemployment benefit, it was paid after rent and council tax up to April 2013.

(d) The social fund was abolished.

(e) The cuts in benefit incomes, that were already inadequate, has inevitably created debt. There are reports from the advice sector that they are overwhelmed. Debt creates mental and physical health problems. They also create enforcement and its costs.

(f) The pressure to buy food for growing children, cook it and keep warm, to buy clothes and shoes not only creates stress but also pushes decent mothers to miss the TV licence payment, get behind with the rent and council tax.

(g) Worn out clothes leads to children being identified as poor in the school playground which leads to truancy.

(h) Young people avoid fares and get caught.

That all leads to the courts and a clash between a sanction imposed by the job centre and a fine or council tax enforced by the magistrates.

When a sanction is imposed the offender cannot pay the fine. See case history below.

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19 The so called bedroom tax, the £500 housing benefit cap and the local housing allowance all cut housing benefit leaving rent to be paid out of unemployment benefits that were paid after rent and council tax up to April 2013.
To the Magistrates, Highbury Corner – Magistrates Court

John Smith, Tottenham – the Highbury Corner Magistrates remitted the £135 unpaid balance of the Fine.

14. Statement to the Magistrates.

We are asking you for a statutory declaration or the remission of £135 fine in full on the following grounds that.

The fine should never have been imposed, he is a vulnerable person as described by the Ministry of Justice; he also cannot afford to pay.

Mr John Smith has no record of ever being fined.

The first he heard of the fine was when the Bailiffs called to tell him he had been fined for TV licence evasion demanding £445 down at 7.30 in the morning.

Mr John Brown has a long history of anxiety and depression and has been treated in the NHS psychological services. Please see attached letter.

On the 1 January 2014 he was sanctioned for three months for attending an interview on the wrong day. His housing and council tax benefits were stopped. He is still paying off rent arrears at £10 every two weeks out of his £72.40 a week adult unemployment benefit (ESA).

He received a letter from Haringey Council this week giving notice of intended demolition of the block of flats where he lives.

His means statement is attached. The court’s attention is drawn to Joseph Rowntree minimum food standard for a healthy diet of £43 a week and the impossibility of buying such a diet and all other necessities on £72.40 a week which will be raised by 1% on 1 April 1 to £73.10.

Mr Brown’s mental health is not improved by debt. The court’s attention is drawn to the link between debt and mental health problems, which has been reported on by the Government Office for Science and the Royal College of Psychiatrists.

WHAT IS THE RELATIONSHIP BETWEEN DEBT AND MENTAL HEALTH PROBLEMS?

One in four people has a mental health problem.

One in four people with a mental health problem is in debt.

One in two people in debt have a mental health problem.

Debt may be a cause and a consequence of mental health problems

Royal College of Psychiatrists

http://www.rcpsych.ac.uk/workinpsychiatry/qualityimprovement/research/debtandmentalhealth.aspx

We also draw the attention of the court to the Taking Control of Goods:

(i) National Standards published by the Ministry of Justice in April 2014. It states:

(ii) “Enforcement agents/agencies and creditors must recognise that they each have a role in ensuring that the vulnerable and socially excluded are protected and that the recovery process includes procedures agreed between the agent/agency and creditor about how such situations should be dealt with”


10. SINCE THAT CASE THE MINISTRY OF JUSTICE HAS INTRODUCED OF THE MAGISTRATES COURT SURCHARGE IN APRIL 2015. THE CLASH BETWEEN JOBCENTRES AND MAGISTRATES COURTS IS NOW UNMANAGEABLE BY THE STATE OR ITS CITIZENS.

11. The mandatory in the Magistrates Courts in April 2015 of up to £1,200 was introduced without any consultation just before the election.
12. It devastates the poorest citizens who cannot pay for a TV licence, a bus or a train ticket, or whose children are persistent truants; they are prosecuted as criminals.

13. Simultaneously the jobcentres are stopping people’s incomes with a sanction from one month to three years. Sanctions are draconian punishments by the jobcentres without a fair trial.

14. If the magistrates are to take into account that loss of means and any vulnerable circumstances in setting a proportionate fine there has to be a trial. But the guilty and not guilty sanctioned persons are unlikely to go to court and risk the new surcharges.

15. They will therefore be fined £200 plus £150 costs in their absence, which they cannot pay. The enforcement process then leads to the bailiffs on the doorstep demanding immediate payment of the fine plus costs of £350 plus their fees of £265.

Table 11

MAIN OUT OF WORK BENEFITS¹,²

<table>
<thead>
<tr>
<th>Year-Month</th>
<th>Total GB Claimant Count³</th>
<th>Employment &amp; Support Allowance and other incapacity benefits³</th>
<th>Lone Parent³</th>
<th>Other Income related³</th>
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<td>2011-May</td>
<td>4,799.1</td>
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September 2015

Written evidence submitted by Elina Rigler (WRW 03)

WELFARE REFORM AND WORK BILL 2015-16; ESA-WRAG COMPONENT

This submission is based on my personal experience of, and research into, the Employment and Support Allowance (ESA) and the Work Capability Assessment (WCA), and provides evidence in support of the amendment preventing cuts in ESA for the Work-Related Activity Group (WRAG) of £30 per week.

SUMMARY

— The Incapacity Benefit (IB) reform was based on selective evidence and dubious assumptions. It was therefore entirely predictable that it would have limited success; in particular, that the vast majority of those in the Work-Related Activity Group (WRAG) would fail to secure employment.

— Research shows that for ESA claimants the main barriers to work are ill health and a lack of suitable employment opportunities. There is no evidence that they lack motivation to work or that the ESA-WRAG component acts as a disincentive to finding a job.

— Removing the ESA-WRAG component is a cynical and illogical cost-cutting measure that fails the address the root causes of the failures of the ESA/WCA process and the Work Programme.
1. The IB reform was based on flawed and selective research; and, as a consequence, the ESA/WCA scheme was designed for an imaginary group of claimants and imaginary labour market. It was therefore entirely predictable that the reform would not achieve its stated aim of getting one million IB claimants into work.

2. First, it was assumed that the majority of IB claimants suffered from temporary or mild and easily manageable conditions and that the main reason for their ‘worklessness’ was a lack of motivation and skills. Second, it was assumed that, thanks to the changing nature of work and the equality legislation requiring employers to make reasonable adjustments, sick and disabled people were no longer excluded from the workplace.

3. There is now a substantial body of evidence indicating that the so-called ‘IB problem’ was misdiagnosed and the wrong remedies were prescribed to fix it. Too much emphasis was placed on individuals’ employability, while too little attention was paid to labour-market and health factors.

4. The rise in IB claims can be partly explained by a shortage of suitable employment opportunities. For one thing, the pace and pressure of the workplace have increased and employees have less control over their work, making it harder for those with health conditions and disabilities to find and sustain paid employment.

5. For another thing, the equality legislation has not created a level playing field for sick and disabled people, who tend to find themselves at the back of the queue for jobs. DWP’s own research reveals that employers are unwilling to recruit people with fluctuating and unpredictable conditions, especially those with mental health issues. Some would make any kinds of adjustments for only exceptional candidates; others might offer minor adjustments but only in the short-term.

6. Many ESA/IB recipients experience multiple barriers to employment, including a low level of skills and a poor work record. However, contrary to DWP’s assumptions, it is not a lack of motivation or unwillingness to work that ‘traps’ them on benefits. A recent study showed that long-term IB recipients are significantly sicker than the general population, and that chronic ill health is their main barrier to work.

7. The proposed policy to remove the ESA-WRAG component has clearly been influenced by the report How to run a country: Working age welfare by Charlotte Pickles and Hannah Titley. This report relies on flawed evidence, repeating the same dubious assumptions about ESA/IB claimants. Specifically, it asserts, without providing any evidence, that “the monetary incentive for claimants to ‘fail’ the WCA and move onto ESA is significant”.

8. ESA is indeed “replicating the problems of IB”, but not for the reasons the authors suggest. The ‘IB problem’ has turned into the ‘ESA problem’ (ie as many claimants were ‘languishing’ on ESA in 2014 as in 2008) because its root causes have never been addressed. Instead, ever since IB and the functional assessment were first introduced in 1995, successive governments have been tweaking a system that is beyond tweaking.

9. It is likewise true that the WCA is not fit for purpose, but, again, not for the reasons stated by Pickles and Titley. The three ESA ‘bands’ are ill-conceived, and the criteria for allocating claimants into the different groups are arbitrary and absurd. Thus, the assessment does not measure fitness for work or work-related activity. Many of those deemed fit for work have limited capacity for work in the real world, while claimants in the WRAG are often no closer to moving into work than those in the Support Group.

10. In 2010, research undertaken by the IES found that welfare-to-work providers were concerned about the “unexpectedly severe conditions” of people allocated to the WRAG, reporting that “these people would be particularly difficult to help into employment”. In 2012, Chris Grayling stated that claimants in the WRAG “have proved to be sicker and further from the workplace than we expected”.

11. Last year, the Work and Pensions Select Committee’s inquiry concluded that the WRAG is a ‘catch-all’ group that covers a broad spectrum of claimants, varying from those expected to recover within three months to those with chronic, even progressive conditions who are unlikely to work again. They also stated that the “conditionality attached to the WRAG, and the focus on moving into work in a relatively short period of time, means that this group, as it currently operates, is not appropriate for many of these claimants”.

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21 http://image.guardian.co.uk/sys-files/Politics/documents/2007/03/05/welfarereviewreport.pdf
23 Edited by Colin Lindsay and Donald Houston (2013). Disability benefits; Welfare Reform and Employment Policy. Palgrave Macmillan.
28 http://www.mind.org.uk/media/1690126/weve_got_work_to_do.pdf
30 In 2012, Chris Grayling stated that claimants in the WRAG “have proved to be sicker and further from the workplace than we expected”.
31 The role of increasing job strain in deteriorating fitness-for-work and rising incapacity benefit receipt. PhD Thesis. LSE. http://etheses.lse.ac.uk/192/1/Baumberg_The_role_of_increasing_job_strain_in_deteriorating.pdf
33 http://www.publications.parliament.uk/pa/cm201415/cmworpen/302/302.pdf
12. Given the significant health and other barriers faced by WRAG recipients, it was obvious that the Work Programme would not be effective for them. But, despite being aware of the true nature of the ‘ESA problem’, the government has now decided that the best way to support WRAG claimants into work is to impoverish them.

13. The DWP’s impact assessment states that the majority of ESA claimants want to work, yet it implies that the WRAG component is discouraging them from taking the appropriate steps to finding a job.34 In other words, we are expected to believe that claimants are disincentivised by the extra £30, but not incentivised by the financial, social and health benefits associated with paid employment. This assumption is not just insulting but also utterly devoid of logic.

14. ESA has been an expensive fiasco that has caused a good deal of suffering to claimants. As the promised revolution and projective savings have failed to materialise, the government has found another way to reduce spending on it.

15. Removing the ESA-WRAG component is a shameless cost-cutting measure which will punish claimants for the failures of the ESA/WCA scheme and the Work Programme, and do nothing to improve their chances of moving into a job.

September 2015

Written evidence submitted by the Disability Benefits Consortium (WRW 04)

ABOUT THE DISABILITY BENEFITS CONSORTIUM AND THE SUBMISSION

The DBC is a national coalition of over 60 different charities and other organisations committed to working towards a fair benefits system for disabled people and carers.

Using our combined knowledge, experience and direct contact with disabled individuals and carers, we seek to ensure Government policy reflects and meets the needs of all disabled people.

This submission represents the agreed position of DBC and focuses on the clauses in the Bill pertaining to benefits.

Disability Benefits Consortium Members


SUMMARY

1. The members of the Disability Benefits Consortium (DBC) wish to see a society where disabled people, their families and carers are valued as equals. Disabled people should receive the appropriate support to live independently, be fully included in society and supported to look for and stay in work where they can.

2. To do this, much needs to be done. A third of disabled people live below the poverty line, around 3.7m people. Furthermore, DWP figures published in June show the number of disabled people living in poverty has increased by 2% over the last year equating to a further 300,000 disabled people living in poverty.35

3. We welcome therefore the Government’s commitment in the July Budget to protect Disability Living Allowance (DLA) and its replacement Personal Independence Payment (PIP) from means-testing and taxation. DLA was designed to mitigate against the extra costs disabled people face as a result of their impairment. DLA and PIP play a vital role in supporting disabled people to live independently, be included in society and to work.

4. However, we are extremely concerned that the Bill legislates to cut a number of working age benefits which disabled people and people who have long-term health conditions are disproportionately likely to

receive, such as Employment and Support Allowance (ESA), Jobseeker’s Allowance (JSA), Housing Benefit (HB), Tax Credits and the new Universal Credit (UC).

5. The culmination of these cuts on disabled people, a third of whom are already living in poverty, will undoubtedly have a detrimental impact on their ability to live independently, be fully included in society as well as look for work.

6. Combined with predicted further reductions in local government funding, and therefore the amount of social care individuals can receive, many disabled people are telling us they are already extremely anxious and worried about how they will make ends meet and get the support they need.

7. In addition cutting support for disabled people to save costs is counter-productive in the longer term and likely to have knock-on effects with health and social care budgets.

8. In particular we strongly opposed the cut of £30 a week for new claimants in the Employment and Support Allowance (ESA) Work Related Activity Group (WRAG). Currently there are close to half a million disabled people and people with medical and health conditions in the ESA WRAG.

9. The Government has stated that it believes the £30 is disincentivising disabled people in ESA WRAG from working. This is misleading as these people have been found by an independent assessor as not fit for work.

10. Furthermore no evidence has been presented to back up their assertion. We believe it is unacceptable for the Government to cut benefits for sick and disabled people by £30 with no evidence that doing so will increase work incentives.

EMPLOYMENT AND APPRENTICESHIP (CLAUSES 1-2)

11. The DBC welcomes the proposed duty on the Secretary of State to report annually on progress towards full employment as well as increasing the numbers of apprenticeships.

12. It is the aspiration of DBC members to break down the barriers to work so that disabled people are effectively supported to seek and stay in work, where they are able to.

13. We therefore welcomed the Conservative Manifesto aim to halve the disability employment gap. We believe the Secretary of State duty to report on progress must include reference to this aim. In order to meet this commitment the Government will need to bring forward effective personalised and specialist support so that disabled people can seek work effectively, sustain and develop a career.

14. A number of our members, notably Action on Hearing, Disability Rights UK, Leonard Cheshire Disability, Mencap, Mind, National Autistic Society, RNIB and Scope have suggested an amendment to Clause 1 obliging the Secretary of State to report on progress toward full employment for disabled people. In addition the above charities have suggested an amendment on personalised and specialised employment support for disabled people. We’d encourage the committee to look at this.

15. A number of our members are also members of the Special Educational Consortium (a consortium of over 35 organisations) which has suggested amendments on improving access to Apprenticeships and again we would encourage the committee to look at their submission.

THE BENEFIT CAP (CLAUSE 7)

16. The Bill lowers the benefit cap so that the total amount of out of work benefits a household might claim is £23,000 in London and £20,000 outside of London.

17. The DBC welcomes the exemption for families with a disabled member receiving Disability Living Allowance (DLA) or the new Personal Independence Payment (PIP). However a significant number of disabled people who are not in receipt of DLA/PIP but are in receipt of a number of other working age benefits such as Jobseeker’s Allowance (JSA), Housing Benefit and Tax Credits will see a reduction in income.

18. In particular Employment and Support Allowance, a benefit specifically for disabled people and people with health and medical conditions who have been found not fit for work, would also be subject to the cap.

19. It is also important to remember that people have already been affected by the cap. The Institute for Fiscal studies found that:

20. Half of those capped in November 2013 lost at least £46 per week as a result. Some recipients lost much more than this, so the mean loss among those capped was much higher still, at £70 per week.36

21. These people would see further reductions over the course of a parliament and would be hit again with any further lowering of the cap which the Bill allows the Secretary of State to do. We therefore propose exempting disabled people.

36 http://www.ifs.org.uk/publications/7482
Suggested amendment
Clause 7, Page 9, line 6, at end insert new sub-clause:
( ) Households containing members who are disabled under the Equality Act 2010 definition are exempt from the benefit cap.

THE BENEFIT CAP AND CARERS (CLAUSE 7)
22. The benefit cap affects a small but significant number of carers who live in a different ‘benefit household’ ie caring for someone termed a ‘non-dependant’ in the benefits system. This is often those caring for a disabled adult son or daughter.

Suggested amendment
Clause 7, Page 9, line 6, at end insert new sub-clause:
( ) Households containing members who are in receipt of Carers Allowance or who attract the carer element of Universal Credit are exempt from the benefit cap.

ASSESSING THE IMPACT OF THE BENEFIT CAP (CLAUSE 8)
23. The impact assessment accompanying the Bill contains no detail on the possible impact on disabled people not in receipt of DLA/PIP.

24. We therefore believe the Government should therefore urgently carry out further assessment of the impact on disabled people, carers and their families before the threshold is lowered.

Suggested amendment
Clause 8, page 11, line 29, at end insert new sub-clause:
( ) Before lowering the benefit cap threshold the secretary of state should assess the impact of the benefit cap on disabled people, their families and carers and report his or her findings to parliament.

REVIEWING THE IMPACT OF THE BENEFIT CAP ANNUALLY (CLAUSE 8)
25. The suggested amendment below would mean that the Secretary of State must consider the impact on disabled people, carers and their families during the proposed annual review of payment levels.

Suggested amendment
Clause 8, page 10, line 30, at end insert new sub-clause:
( ) the impact on disabled people, their families and carers, and

FREEZE OF CERTAIN SOCIAL SECURITY BENEFITS FOR FOUR TAX YEARS (CLAUSE 9)
26. We welcome the exemption of people in receipt of DLA/PIP from the four year freeze starting from 2016/17.

27. However the bill would freeze other key working age benefits that many disabled people, their carers and families receive, for example JSA and Housing Benefit.

28. Employment and Support Allowance, a benefit specifically for people who have been found not fit for work would also be subject to the freeze. While the Government has exempted the support component element from the freeze (around £35 per week) the basic rate of the ESA payment (£73.10) is not.

29. We believe this is inconsistent with the Conservative manifesto commitment which stated (p28): ‘We will freeze working age benefits for two years from April 2016, with exemptions for disability and pensioner benefits – as at present’.

Suggested amendment
Clause 9, Page 11, line 33, at end insert new sub-clause:
( ) People who are disabled under the Equality Act 2010 definition are exempt from the freeze.

FREEZE OF CERTAIN TAX CREDIT AMOUNTS FOR FOUR TAX YEARS (CLAUSE 10)
30. Disabled people, carers and their families are often in receipt of Tax Credits. Like the arguments above we believe that disabled people, a third of whom are living in poverty, should be exempted from this the freeze.

Suggested amendment
Clause 10, Page 12, line 31, at end insert new sub-clause:
( ) People who are disabled under the Equality Act 2010 definition are exempt from the freeze.

CHANGES TO CHILD TAX CREDITS (CLASSES 11 AND 12)
31. We are also concerned about the impact on families of disabled children of the proposal to limit Child Tax Credit to 2 children.
32. While we welcome the Disabled Child Element being retained we believe that where a family includes a disabled child, their claim for Tax Credits or Universal Credit should not be subject to the rule limiting payments of the child element to two children.

Suggested amendment
Clause 11, page 13, line 12, insert new subsection:

(5) Persons are exempted from Subsection 4 (3B) if any child or qualifying young person is disabled including, but not limited to, those persons in receipt of the disability element of child tax credit.

Clause 12, page 13, line 23, at end insert:

(1B) The provisions in (1A) do not apply if any child or qualifying person is disabled including, but not limited to, those persons in receipt of the disabled child element of Universal Credit.

EMPLOYMENT AND SUPPORT ALLOWANCE: WORK RELATED ACTIVITY COMPONENT (CLAUSE 13)

33. When people are assessed as currently not fit for work they are placed in either the ESA Work Related Activity Group (WRAG) for disabled people with limited capability to work or the ESA Support Group for disabled people with limited capability for work related activity.

34. People in ESA WRAG may be able undertake work related activity which might involve education and training as well as pain and condition management for those with health and medical needs.

35. Over time many people with the right support will move towards and into work. Others with health and medical conditions may in fact experience deterioration in their condition and in fact move to the ESA Support Group where they are not expected to prepare for work.

36. The Bill legislates to reduce the amount of support new claimants receive within the ESA WRAG from £102.15 a week to £73.10, from April 2017 – a reduction of £29.05 per week. This is despite the fact that the WRAG is specifically there to provide support for those disabled people who are assessed as being not fit for work.

37. Currently there are 492,180 disabled people within the ESA WRAG. The largest group are those with ‘Mental and Behavioural Disorders’ (248,040). The second are people with diseases of the musculoskeletal system and connective tissue (86,230).

38. In addition there are 8,000 people with progressive and incurable conditions such as Parkinson’s, Multiple Sclerosis, Spinal Muscular Atrophy, Cystic Fibrosis and Rheumatoid Arthritis who have been put in the WRAG, according to a Freedom of Information request placed by Parkinson’s UK.

39. The current rate of ESA is barely enough to get by, as many people with a range of long-term conditions have told the DBC in a recent survey (August 2015):

‘If I did not live with my parents it would not be sufficient for me to live on.’

‘I have been totally reliant on the support of family to pay rent, bills, etc. I have been prohibited from taking part in any social activity, which has worsened my condition.’

‘Unable to afford to travel to support centre and support groups as regularly as needed causing increased stress and making managing my symptoms even more difficult.’

‘It just has a huge knock on effect for everything from getting home help, transport, clothing and eating a relatively healthy diet. Cost of gas and electricity over winter doesn’t help either.’

40. The Government’s impact assessment states that the policy intention of removing the ESA WRAG payment is to ‘remove the financial incentives that could otherwise discourage claimants from taking steps back to work.’

41. No evidence has been presented to back up this assertion and we believe it is unacceptable for the Government to cut benefits for sick and disabled people by nearly £30 with no evidence that doing so will increase work incentives.

42. In addition it is important to remember that people within ESA WRAG have been found not fit for work by an independent assessor. The argument put forward in the Government’s impact assessment that: ‘someone moving into work could, by working around 4-5 hours a week at National Living Wage, [could] recoup the notional loss of the Work-Related Activity component or Limited Capability for Work element’ does not hold water as people in this group have been found independently not fit for work. This is not a realistic scenario for many people with severe disabilities for whom ESA represents a financial lifeline.

43. Furthermore disabled people face a multitude of barriers when it comes to work including a lack of knowledge among many employers about how to support disabled people in the workplace. In addition there is limited support for disabled people to look for and stay in work.

44. Cutting this benefit to the bare minimum, thereby causing debt and stress, is unlikely to help disabled people seek work effectively and for those with health conditions it may risk prolonging, or even impeding their recovery.

45. This cut would therefore be counter productive to the Government’s aim set out in the Conservative Party’s manifesto, to halve the disability employment gap, an objective our members wholeheartedly support.

46. The DBC strongly opposes the reduction in ESA WRAG payments by £30 a week and wishes to see the clause left out.

**Suggested amendment**

Page 14, line 1

leave out Clause 13.

**Universal Credit: Work Related Requirements (Clause 15)**

47. We are concerned about the implications of the proposed change in conditionality for responsible carers on Universal Credit. This would see responsible carers with a child aged 3 or 4 being allocated to the All Work Related Requirements group and requiring them to look for, and be available for work.

48. Many parents and carers of disabled children aged 3-4 will be unable to fulfil these requirements, particularly due to the well documented lack of childcare for disabled children. While carers of children in receipt of the higher or middle rate care component of Disability Living Allowance (DLA) are exempted from these requirements, many children under 5 do not receive this benefit due to difficulties in identification of need during early years and administrative delays.

**Suggested amendment**

Clause 15, page 14, line 43, at end insert new sub-clauses:

( ) The provisions in this section do not apply to those responsible carers of disabled children aged 3 or 4.

( ) The Secretary of State must lay regulations determining what a disabled child is for the purpose of this subsection and may include, but will not be limited to,

(a) those children in receipt of an Education, Health and Care Plan,
(b) those children in receipt of a Statement of Special Educational Needs, (c) those children identified by their local authority as having special educational needs,
(d) those children with child in need status,
(e) children meeting the definition of disabled under the Equality Act 2010.

**Written evidence submitted by the Manchester and Warrington Area Quaker Meeting Social Justice Group (WRW 05)**

A QUAKER GROUP MEETING IN THE MANCHESTER AREA

1. **Summary**

1.1 Quakers nationally are concerned that the Welfare Reform and Work Bill proposes a raft of further cuts to our social security system. Quakers believe that everyone is equal in the eyes of God. This leads us to the view that as a society we have a responsibility to respect and care for the most vulnerable. Whilst the social security system alone cannot deal with the underlying causes of poverty and inequality, an effective social safety net, based on the principle of need, is a vital foundation of a just and compassionate society.

1.2 As Quakers in the north west of England, we see much poverty and a significant increase in street homelessness in recent months. We have collected evidence from people who have claimed state benefits, to find out whether they have been enough to cover their basic needs, and to learn of any problems such as late payments and sanctions.

1.3 The evidence we collected shows that the present level of benefits is not adequate to give a decent standard of living, and that any further cuts would lead to increased deprivation and suffering.

1.3 We call on Parliamentarians to ensure that there is a full debate about the human and social costs of the proposed changes during the Bill’s progress through both Houses of Parliament.

2. **Background**

2.1 The Social Justice Group is a group within Manchester and Warrington Area Quaker Meeting of the Religious Society of Friends (Quakers). Friends in the Manchester area collected evidence. This was obtained
by Quakers who interviewed people who receive benefits, and people who work with those who receive benefits. Reports of some of the interviews are in the Appendix.

2.2 Quakers are concerned about the incorrect perceptions that lead people to believe that unemployment benefit is a huge burden that cannot be afforded, thus creating a climate where inhumane cuts are possible. Quakers in the North West of England have produced publicity materials to try to inform the public. Lancaster Friends produced a T-shirt which shows what a tiny percentage of the welfare budget is represented by unemployment benefit. East Cheshire Friends produced a poster showing how much greater the cost of tax evasion is than the cost of benefit fraud. Manchester and Warrington Friends produced a poster reminding us that we are a rich country, and asking why we need food banks.

3. CONCERNS

3.1 It is very difficult to live on the present level of benefit, and reduction in benefit would lead to great hardship. Interviewees say:

“I feel I have only just enough, and any further cuts ... would cause me real hardship.”

“I struggle to pay water and heating bills ... Any further cut in our support would be a disaster.”

3.2 A large percentage have experienced extreme hardship when their benefits were cut, and have a strong sense of injustice. Interviewees say:

“The worst period of my recent life occurred when, because of a change in my husband’s circumstances, for reasons which I do not fully understand, all benefits except child benefit were cut off. I found the officials totally unsympathetic. For about a year we were homeless and placed in a hotel room. The children were then 3 and 2 years old. The room contained no cooking equipment, only a kettle. We were expected to take all our meals out. I was very worried that I could not give the children a proper diet. It was a nightmare.”

“I was deeply shocked when an official suddenly wrote to say I no longer qualified for ESA. This was not based on a medical examination. I appealed and was told to attend a centre in Manchester. There I was seen by a doctor, whose exact qualifications are unknown to me. The examination lasted about two minutes. To my horror the authorities then continued to withhold ESA from me. This deprivation lasted for a year, during which I was in desperate straits, obliged to accept means from kind neighbours. The food bank was a lifesaver for me then. At the end of that period I was able to present to a judge the inconsistencies in the officials’ case, and she restored my allowance.”

4. AMENDMENTS TO THE LEGISLATION

4.1 The Welfare Reform and Work Bill is a radical Bill which will profoundly affect the lives of the vulnerable and poor. We consider that the following clauses should be removed from the legislation:

4.2 Sections 7 and 8 regarding the benefit cap. This appears to remove the link between need and benefits. Benefits should ensure that everyone has enough to survive and not live in extreme poverty. Even under the present system, our interviews indicate that we often fail to achieve this. We consider that benefits should be based on need, and that arbitrary limits should not be set that will lead to people being unable to meet their basic needs, such as being able to pay for somewhere to live.

4.3 Sections 9 and 10 regarding the benefit and tax credit freeze. Our interviews indicate that people are suffering extreme hardship under the present regime, and a freeze of benefits is effectively a reduction, as the cost of housing and other essentials increase.

4.4 Sections 11 and 12 regarding restriction of tax credits. We consider that all children should have enough for a reasonable lifestyle, and should not be penalised and expected to live in poverty, because they have two older siblings.

4.5 Section 13 regarding employment and support allowance, which reduces the income of people who are temporarily unable to work as a result of illness or disability. Our interviews showed that people with health issues are struggling to survive and cope with the current system, and think any reductions in the help given will be harmful.

4.6 These are not the only clauses that concern us, but the Bill would have a less damaging effect if these particularly harmful parts were removed.

September 2015

APPENDIX

STATEMENTS FROM INDIVIDUALS

1. Statement from a woman interviewee

I suffer from multiple disablements including lupus and asthma, and have been prone to depression since the age of 15. I receive Disability Living Allowance of a little over £300 a month, EESA of £218 a fortnight,
and a work pension of £57 a month. But after paying my mortgage, gas and electricity charges and other fixed charges I find I am struggling to obtain a bare subsistence. I have had to pay debts incurred when appliances broke down. I have had to obtain a little more income by surrendering a life assurance policy.

I normally find that I can afford to spend no more than £20 a week on food, and if I could not use a Food Bank I would suffer severe hardship. My clothes are always bought from charity shops. I can travel locally on my Disability Bus Pass, but I have no holidays, only visits to relations who pick me up from time to time.

I believe I am a positive person who wishes to be useful. I do voluntary work supporting the carers of Alzheimer's patients.

Although officials have dealt with me fairly and politely, I feel I have only just enough, and any further cuts or adverse changes would cause me real hardship.

2. **Statement from a woman interviewee**

I am a widow aged 53 living with my daughter. I am a graduate and have worked for the NHS as a phlebotomist, but since 2007 my health has not permitted me to work. I suffer from spasmodic torticolis, diverticulitis and back pains. In the financial difficulties which ensued I lost the house which I was buying and am now renting a small flat.

My present financial position is very straitened, and I appreciate very much the support I receive at a local food bank. I receive £76 a week Disability Living Allowance, £240 a fortnight ESA.

My daughter works in a café on the minimum wage, and has only a small number of hours a week, typically about 10 hours. Our rent is £500 per month. We scrape along on a bare minimum, and the support of the food bank is vital to us. I first visited it in the acute crisis which I suffered in September 2013. At that point I was deeply shocked when an official suddenly wrote to say I no longer qualified for ESA. This was not based on a medical examination. I appealed and was told to attend a centre in Manchester. There I was seen by a doctor, whose exact qualifications are unknown to me. The examination lasted about two minutes. To my horror the authorities then continued to withhold ESA from me. This deprivation lasted for a year, during which I was in desperate straits, obliged to accept means from kind neighbours. The food bank was a lifesaver for me then. At the end of that period I was able to present to a judge the inconsistencies in the officials' case, and she restored my allowance.

I feel that the arbitrary way in which this period of hardship was inflicted on me was highly unjust. I wish parliamentarians to realise how vital such support is for the sick, and how wrong it would be to inflict more cuts.

3. **Statement from a woman interviewee**

I am a married woman in my early forties with two children, a boy aged five and a girl aged four.

I have had a difficult life from the beginning. I was brought up in care in a children's home and with periods of foster care. At about the age of 17 a job was found for me as a hotel chambermaid and I was placed in a flat. This did not last and I was for a time homeless, living for about eight months in a tent in Manchester, with my partner, now my husband.

I am a long-term sufferer from rheumatism and asthma, and have been unfit to work for the last fifteen years. My husband is my full-time carer.

The worst period of my recent life occurred when, because of a change in my husband's circumstances, for reasons which I do not fully understand, all benefits except child benefit were cut off. I found the officials totally unsympathetic.

For about a year we were homeless and placed in a hotel room. The children were then 3 and 2 years old. The room contained no cooking equipment, only a kettle. We were expected to take all our meals out. I was very worried that I could not give the children a proper diet. It was a nightmare.

We are now in a two-bedroomed council house and the rent is paid by housing benefit. I have a very tight budget, I receive £300 a fortnight sick benefit and £100 a week child benefit. I am paying off water rate arrears totalling £350 and ab out £5 a week for the TV licence. I would estimate that filling the fridge for two weeks for the four of us costs about £150. I spend practically nothing on clothes for my self and my husband; we manage on what we have got.

I am leading a very plain, basic life. My great idea is to give my children a better life than I have. By careful saving we have managed four days in a caravan in Wales as a little holiday for them.

I struggle to pay water and heating bills, never quite knowing how to pay the next bill.

Any further cut in our support would be a disaster.

4. **Statement from a woman interviewee**

I am a single female parent aged between 30 and 40.
I have 6 children aged 18, 16, 14, 11, 9 and 5.

My sources of income:

1) I regularly work 7-8 hours per week as a school dinner lady. I have accessed specific training in the management of children with behaviour problems, which I use in the course of this work. This career development was undertaken voluntarily and I receive no extra remuneration.

2) I receive Job Seekers’ Allowance, which amounts to £72 per week so long as I work less than 16 hours per week.

3) I do extra paid work from time to time, providing cover as a cleaner in the school where I work as a dinner lady. This is also the primary school attended by my youngest children.

4) I receive Child Tax Credit whilst my children are in full-time education.

5) I receive a contribution to my rent.

Unpaid work:

1) I am a governor at the primary school where I work, and which my youngest children attend. This not only involves attending meetings, but also taking on responsibility, eg for organising the provision of in-house school catering, which will be of financial benefit to the school. At times it involves working for a whole day, as when I sat in on interviews for new staff, and when I acted as a SATS Officer ensuring that the teachers were not helping the children or tampering with the results.

2) I also work as a volunteer for “Stay and Play” at a Barnado’s Centre (formerly Sure Start)

Financial stresses:

Because the amount of benefits I receive varies wildly from week to week, I am unable to budget and plan ahead, and this causes a great sense of insecurity:

Some weeks I have to choose between buying food for the family and spending the money on other essentials – eg by September I’ll need to buy uniform for my 11-year-old who is due to start high school. At those times I’m dependent on the food bank.

1) I have to spend more on food during the school holidays, as my children lose the benefit of free school meals.

2) I recently earned £100 by doing 19 hours’ cleaning over a 3-month period. At no time did I work 16 hours or more in one week. However, it was paid all at once at the end of the third month, and I spent it on things I needed. When I collected my next Job Seeker’s Allowance, I was stunned to find that it was only £12 for 2 weeks, when I had been expecting £144. I realised that because the £100 had been paid all at once, I was deemed to have exceeded the 16 hour/week limit and my Job Seekers’ Allowance had been reduced as if I had earned it all in one week. I received only £64 for the following 2 weeks. I have had no explanation of how these figures were calculated.

3) My 18-year-old daughter has just left further education, and the tax credit for her should have continued until the beginning of September. However, in order for this to happen, I was told I had to produce a letter from the college detailing the start and end dates of her time there, together with her exam results. I have been unable to do this as yet because the college is closed and the exam results are not yet out. In the meantime, the tax credit amounting to nearly £50 per week has been stopped.

4) My 16-year-old son has just left school and is hoping to start further education in September. I am still receiving tax credit for him, but am being threatened with that being stopped unless I confirm that he will be going into further education – something I’m unable to do until his exam results are available.

5) Before the introduction of the £500 benefit cap, the whole of my rent was paid, but now I pay some of it myself. The amount varies depending on how much benefit I have received in the previous 2 weeks.

6) I pay my Council Tax by means of a bar-code on a letter from the council. For the first time ever, I was recently prevented from paying the £9 I owed because the letter was old and well-used, and the bar-code didn’t function. I was told that I would be taken to court for non-payment; after phoning and explaining the situation, it was decided not to take me to court, but I have to pay a total of £85 in court fees, thus increasing my Council Tax payment.

Health and wellbeing:

I was recently diagnosed with Post Traumatic Stress Disorder, but despite this I only had one week off work sick, and I intend to continue with my work and personal development.

My voluntary work as a school governor has been a great opportunity for personal development, but in my interviews at the Job Centre it is often regarded as of no significance because it is unpaid. It’s hard work maintaining my self-esteem in when the contribution I’m making to society is not recognised.

The past 5 years:

My situation has definitely got worse in the past 5 years due to the benefit cap; this means I have to pay a variable amount of my rent which often doesn’t leave enough to buy food and other essentials.
I'm concerned about the situation of mothers on benefits who have to go from Income Support to Job Seeker’s Allowance when their youngest child hits 5.

I'm also concerned that the 15-hours’ free childcare for children over three is increasingly being provided by young and inexperienced staff, presumably because they can be paid less than more well-qualified.

Written evidence submitted by Local Government Association (WRW 06)

1. **About the Local Government Association (LGA)**

1.1 The Local Government Association (LGA) is the national voice of local government. We work with councils to support, promote and improve local government. We are a politically-led, cross party organisation which works on behalf of councils to ensure local government has a strong, credible voice with national government.

1.2 We aim to influence and set the political agenda on the issues that matter to councils so they are able to deliver local solutions to national problems. The LGA covers every part of England and Wales, supporting local government as the most efficient and accountable part of the public sector.

2. **Summary**

2.1 Local government is keen to work with central government to join up services locally to tackle the root causes of unemployment, low pay and rising housing costs. Therefore the decision to address welfare and work as a whole, together with the Troubled Families programme is welcome.

2.2 However, some of the provisions of the Welfare Reform and Work Bill risk simply moving costs to another area of public spending, particularly homelessness services and temporary accommodation.

2.3 The Troubled Families programme is a proven example of the success of integrating services around an individual or family, and should be replicated. Councils and central government already work together to share data and publish comprehensive results for the programme. The LGA questions the need for additional statutory reporting and would encourage the Government to make use of the Family Progress data.

2.4 Councils are best-placed to understand the range of needs faced by disadvantaged children but currently have limited scope to provide integrated support or influence the quality of early years and education provision.

2.5 Changes to benefits set out in the Bill do little to address the root causes and may instead just move the costs onto local government services. We are calling for the Secretary of State’s review of the benefit cap to include consideration of the impact on housing affordability and mixed communities.

2.6 Proposals to reduce rents paid by tenants in social housing in England by 1 per cent a year will cost councils around £2.6 billion by 2019/20. This is represents 60 per cent of local government’s total housing maintenance budget each year, or equivalent to building almost 19,000 new homes over the four years. Giving local government the powers it needs to build new houses would have more impact on housing affordability than freezing the Local Housing Allowance or reducing the social housing rents.

3. **Reports (clauses 1 to 3)**

3.1 The Government’s continued support for the Troubled Families programme is an important endorsement of councils’ successful leadership in this area. Councils and their partner organisations are at the heart of joining up services around families to help those with the most complex needs. Their work to integrate services around families and individuals should be seen as a model for other service areas, such as employment support, and it is useful that this Bill brings Troubled Families together with other key areas.

3.2 It is right that the results of this important work are published and its successes celebrated. However, councils and Government have already worked together to publish comprehensive results throughout the first phase of the programme. The terms of the programme itself require councils to share relevant data with Government to enable this to continue. The LGA questions the need to add a statutory level of reporting to a process which is already working well.

3.3 We would encourage the Government to make use of the data that is already collected in the Family Progress data and the National Impact Study. This would avoid adding unnecessary administrative burdens.

3.4 On this basis, we are proposing the following amendments:

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<tr>
<td>Clause 3 (1), line 43</td>
<td>Insert – (c) The data contained in the report must so far as is practicable, be derived from any relevant official statistics, the National Impact Study and Family Progress data.</td>
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4. **Social Mobility (Clauses 4 to 6)**

4.1 The early experiences of children from more deprived backgrounds have an impact on life chances, attainment and social mobility. Councils are best-placed to understand the range of needs faced by children and families. However, their scope to provide integrated support and ensure good quality education and early years provision is currently highly constrained.

4.2 If the Government is serious about narrowing the attainment gap for deprived children, councils need greater influence over education and early years provision and greater scope to commission and deliver integrated employment and welfare support.

4.3 The Troubled Families programme provides a welcome emphasis on integrated support and we would like to be able to use this model more widely.

5. **Welfare Benefits (Clauses 7 to 15)**

5.1 The Government must work with local government to mitigate the impact of the benefit cap on other areas of public spending, so that costs are not simply moved to another part of the system. The provisions on Housing Benefit, Tax Credits and Employment and Support Allowance do little to address the reasons why people claim benefits. Long-term reductions in welfare spending will only be realised by increasing people’s income through employment and by reducing their outgoings, primarily through improving access to affordable housing.

5.2 Further devolution of employment and skills support will enable local areas to address the challenges of unemployment, under-employment and low pay in a way that responds to the needs of their local community and economy. This is particularly important for those with multiple and complex needs. The average job outcome from a Work Programme intervention is 23 per cent for JSA claimants, compared with just 10 per cent for Employment and Support Allowance claimants living with a disability or health problems.

5.3 The LGA would like to see the replacement of the Work Programme with two new programmes: one co-commissioned with local government for long-term JSA claimants, and one devolved to local government and tailored for disadvantaged claimants who require integrated employment, health and skills interventions.

5.4 The percentage of people claiming Housing Benefit who are in work increased from 11 per cent in 2008 to 22.5 per cent in 2014. This trend is likely to continue given the early indications of the impact of changes to tax credits.

5.5 Freezing the Local Housing Allowance rate will cause the supply of affordable property to contract most sharply in areas where rents are growing fastest. These tend to be areas of high demand where there is also considerable pressure on social housing. As such there will be a considerable impact on affordability and increased pressure on homelessness services, debt and crisis support. This measure does not address, and may further aggravate, the growing numbers of working people who rely on Housing Benefit to meet their housing costs.

5.6 Temporary accommodation tends to be more expensive than private rent. The application of the benefit cap to temporary accommodation exacerbates existing problems in relation to affordability and homelessness and represents a direct cost transfer to local government, who have to make up the shortfall. Households in temporary accommodation should be exempt from the benefit cap so that councils can carry out their duties to homeless households without incurring additional costs.

5.7 The extension of the benefit cap, particularly when combined with the LHA rate freeze, other reductions in benefit, and the continued undersupply of affordable housing, is likely to make some areas of the country unaffordable for many low income households. This may have considerable consequences for both the demographic and socioeconomic make-up of communities. The Government must model the cumulative impact of policies on mixed communities, access to employment, community cohesion and the associated costs for councils supporting disadvantaged households.

5.8 Based on this evidence, we are proposing the following amendment to ensure that the Government takes into account the overall impact of the benefit cap on housing affordability and mixed communities:

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| Clause 7 | Section 94 of the Welfare Reform Act 2012 (benefit cap) is amended as follows. At end insert—
| | ‘( ) Regulations under this section must provide for an exemption from the application of the benefit cap for individuals or couples owed a duty to be provided with interim or temporary accommodation under sections 188, 190, 193 or 200 of the Housing Act 1996. |
| Clause 8(1)(3), line 31 | Insert – (c) the impact on housing affordability and mixed communities. |
Social Housing Rents (Clauses 19 to 22)

5.9 Proposals to reduce social rents by 1 per cent a year over 4 years will have a significant impact on councils’ 30 year housing investment strategies, which were agreed with the government just two years ago.

5.10 The LGA estimates councils will lose around £2.6 billion in planned revenue over the four years up to 2019/2020, equivalent to 19,000 new homes, with a gap of £1 billion per year thereafter once the lower rent base of CPI+1 per cent is reintroduced in 2020/2021. The annual £1 billion gap is equivalent to 25 per cent of the controllable expenditure in the Housing Revenue Account or 60 per cent of the total maintenance budget.

5.11 The proposals also set an early precedent for central government intervention in the local Housing Revenue Account which will generate uncertainties impacting on councils’ confidence to borrow to continue investing in homes.

5.12 The proposal will significantly limit the capacity of councils to build new homes and to maintain the quality of their existing stock. The long-term impact on the affordable stock and overall housebuilding will be particularly acute when taken into account alongside other policy reforms, such as proposals to require the sale of high value council homes, and the extension of Right to Buy to housing association tenants.

5.13 Council tenants already pay the lowest rents across all housing providers. On average, English councils charged £82.44 per week in 2012/13, whereas Private Registered Social Landlords charged £95.54 per week, and the private rented sector charged £137.31 per week. Renting a council home is already 13 per cent cheaper than renting a Housing Association home and 40 per cent cheaper than renting in the private sector.

5.14 In reality few council tenants will likely benefit from the proposals directly, as 70 per cent claim Housing Benefit. Instead, it will be reflected as a short-term Housing Benefit saving for the Department and Work Pensions. Those council tenants that are directly impacted by the proposal will not be in receipt of Housing Benefit and so can afford to pay council rent, but under this proposal would each save, on average, just 82 pence per week in the first year and generate no direct savings for the Exchequer.

5.15 Medium-term, the measure risks generating additional costs for both central and local government. Falling availability in affordable housing stock will likely increase Housing Benefit spending as more tenants rent in the private sector, have a negative impact on house-building and on home-ownership, and increase the demand for temporary accommodation.

5.16 Based on this evidence, we are proposing the following amendments:

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5.17 If the Government persists with this policy, steps must be taken to mitigate the costs for local government and the negative impact on housing affordability while still delivering planned savings for the Exchequer.

5.18 This could include exempting non-claimants of Housing Benefit from the rent reduction in council accommodation. These tenants can afford to pay council rents, which are already the lowest across all providers. The exemption would not impact on the Government’s planned Housing Benefit savings, and would protect some investment in affordable stock that will be crucial to managing down Housing Benefit spending over the medium-term.

6. Conclusion

6.1 We are keen to work with central government to join up services locally to tackle the root causes of unemployment, low pay and rising housing costs. The approach taken in the Troubled Families programme is welcome and should be used for other services.

6.2 The Welfare Reform and Work Bill risks making false savings if costs are simply moved to other parts of the public sector. In particular the implications for housing affordability are concerning and could lead to increased spending in homelessness services and temporary accommodation.

6.3 Proposals to reduce rents paid by tenants in social housing in England by 1 per cent a year will cost councils around £2.6 billion by 2019/20. This is represents 60 per cent of local government’s total housing maintenance budget each year, or equivalent to building almost 19,000 new homes over the four years. As such the LGA is calling for these clauses to be removed from the Bill.

6.4 When taken together with the impact of the benefit cap on housing affordability, freezing Local Housing Allowance, and the forthcoming extension of Right to Buy, this will have a significant and detrimental impact on the supply of new homes.

6.5 We want to work with the Government to meet its manifesto aims to build 400,000 new homes. Giving local government the powers and freedoms it needs to build new homes would have more impact on housing affordability than freezing the Local Housing Allowance or reducing the social housing rents.

6.6 In summary, the LGA is calling for the following amendments to the Bill:

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September 2015

Written evidence submitted by NAT (National AIDS Trust) and HIV Scotland (WRW 07)

About NAT

NAT is the UK’s HIV policy and campaigning charity. All our work is focussed on achieving five strategic goals:

— Effective HIV prevention in order to halt the spread of HIV.
— Early diagnosis of HIV through ethical, accessible and appropriate testing.
— Equitable access to treatment, care and support for people living with HIV.
— Enhanced understanding of the facts about HIV and living with HIV in the UK.
— Eradication of HIV-related stigma and discrimination.

About HIV Scotland

HIV Scotland is the national HIV policy organisation for Scotland. We exist on behalf of all those living with and at risk of HIV to ensure that Scotland has responsive policies, quality services and a supportive environment that enable people living with or at risk of HIV in Scotland to live healthy and fulfilling lives. We speak out for people living with and at risk of HIV by:

— Ensuring that the lived experience and viewpoints of people living with or at risk of HIV inform the discourse on HIV issues, health and social policy and service provision in Scotland.
— Engaging with people living with and affected by HIV to shape policy in Scotland.
— Providing information, training and resources.
— Signposting to evidence, expertise and community experience.

Summary

HIV continues to be poorly understood in the context of welfare and people living with HIV are already being disproportionately impacted by welfare reform. People living with HIV may require welfare benefits at different times and for different reasons – whether it be to stay in work, maintain their health and independence, or simply to meet their basic living needs.

Although most people living with HIV in the UK now have a normal life expectancy and good quality of life, there remain a significant minority who are chronically unwell and disempowered. Around 1 in 10 people accessing HIV care in the UK currently rely on Disability Living Allowance to manage the extra costs of living with their condition.

In particular, the complex support needs of people living with HIV who received their diagnosis in the 1980s can often go unmet. As they did not have access to effective treatment, many in this group developed serious and enduring health problems and impairments. Similarly, people who receive their HIV diagnosis late or very late can have significant support needs and may require welfare support for day-to-day living. For some people, even the smallest changes in circumstances can lead to a rapid deterioration into poverty. Furthermore, HIV is a

43 7,680 DLA claimants with ‘AIDS’ listed as their main disabling condition. DWP statistics. May 2014.
fluctuating condition, meaning symptoms and the effects of medication can vary from day to day.\textsuperscript{44} This can be a real barrier to people gaining and maintaining employment and may be why they claim benefits.

HIV also remains a stigmatised condition in the UK and many people living with HIV experience direct discrimination related to their condition. Some people living with HIV experience rejection by partners, families and friends, and are therefore unable to rely on traditional support networks for help during times of trouble. This makes it even more crucial that there is appropriate welfare support for times of illness and personal financial crisis.

Our primary areas of interest in the Bill are:

- The Benefit Cap (Clause 7).
- Assessing the impact of the benefit cap on disabled people (Clause 8).
- Reviewing the impact of the benefit cap annually (Clause 8).
- Freeze of certain social security benefits for four tax years (Clause 9).
- Employment and Support Allowance – Work related activity component (Clause 13).

We will be backing the amendments put forward by the Disability Benefits Consortium. NAT is a member of the Disability Benefits Consortium and is active in its policy and parliamentary working groups.

\textbf{The Benefit Cap (Clause 7)}

1. The lowering of the benefit cap to £23,000 in London and £20,000 outside London will have an impact on people who are unable to work due to HIV-related illness.

2. While the exemption from the cap of those in receipt of Disability Living Allowance (DLA), Personal Independence Payment (PIP) and the support component of Employment and Support Allowance (ESA) is very welcome, we do not believe this is sufficient protection for vulnerable people living with HIV who may be in receipt of other benefits.

3. The basic rate of Employment and Support Allowance (ESA), which is the major part of the income received by those who face health-related barriers to work, is not exempt – only the additional top up received by those in the Support Group of ESA. This means that it is entirely possible that someone with HIV will have been assessed as having limited capability for work or work-related activity, and still affected by the benefit cap.

4. People living with HIV are already disproportionately affected by poverty, which can have direct impacts on their health and wellbeing.\textsuperscript{45} Increasingly, people living with HIV need to rely on food banks and HIV charities to even get the food they need. Nutrition is crucial to effective management of HIV. Antiretroviral drugs effectively control HIV infection, but without sufficient nutrients, the immune system cannot rebuild itself or protect itself from infections, weight loss and muscle wasting. For the first time, HIV clinicians are reporting that they must prescribe supplements to patients who cannot afford the balanced diet they need. Poverty therefore directly undermines the work of the NHS.

5. People living with HIV who are affected by the welfare reforms which have already been implemented by the previous Government have told us that the stress and anxiety of dealing with welfare changes has already had a direct effect on their physical health and their ability to manage their own care and treatment.\textsuperscript{46}

6. In addition, responding to the effects of welfare reform has meant that some health and social care services have been forced to divert time and resources from other vital areas of their work. Several service providers have commented to us that that as a result they are finding it more difficult to focus on their core activities supporting people in relation to their general health and wellbeing.\textsuperscript{47}

7. NAT and HIV Scotland support the amendment suggested by the Disability Benefits Consortium:

\textbf{Suggested amendment}

\textbf{Clause 7, Page 9, line 6, at end insert new sub-clause:}

\textbf{( ) Households containing members who are disabled under the Equality Act 2010 definition are exempt from the benefit cap.}

\textbf{Assessing the impact of the benefit cap (Clause 8)}

8. The impact assessment accompanying the Bill contains no detail on the possible impact on disabled people not in receipt of DLA/PIP.

9. NAT and HIV Scotland support the amendment suggested by the Disability Benefits Consortium:

\textsuperscript{44} NAT, Fluctuating symptoms of HIV, August 2011.
\textsuperscript{46} HIV Scotland & Hepatitis Scotland, Welfare Reform in Scotland: The impact on people living ith HIV and viral hepatitis, July 2014.
\textsuperscript{47} ibid.
Suggested amendment
Clause 8, page 11, line 29, at end insert new sub-clause:
( ) Before lowering the benefit cap threshold the secretary of state should assess the impact of the benefit cap on disabled people, their families and carers and report his or her findings to parliament.

REVIEWING THE IMPACT OF THE BENEFIT CAP ANNUALLY (CLAUSE 8)
10. The annual review of the benefit cap should include explicit consideration of the impact on disabled people.
11. NAT and HIV Scotland support the suggested amendment made by the Disability Benefits Consortium:
Suggested amendment
Clause 8, page 10, line 30, at end insert new sub-clause:
( ) the impact on disabled people, their families and carers, and

FREEZE OF CERTAIN SOCIAL SECURITY BENEFITS FOR FOUR TAX YEARS (CLAUSE 9)
12. For the reasons discussed in points 2-6 above, we very much welcome the exclusion of DLA and PIP from the four-year benefit freeze. However, we are disappointed that ESA is not also included in this exclusion.
13. NAT and HIV Scotland believe that ESA should always be considered a ‘disability benefit’. It is an income-replacement benefit for those who are currently not in work; but the ESA eligibility criteria make clear it is only for those with serious and long-lasting health problems that exclude them from the workplace. For the purposes of the freeze, therefore, it should be considered as analogous to DLA or PIP, not to jobseekers allowance.
14. Given this, we believe that including ESA in the benefits freeze does not meet the spirit of the Conservative manifesto commitment to “freeze working age benefits for two years from April 2016, with exemptions from disability and pensioner benefits” (p28).
15. NAT and HIV Scotland support the suggested amendment made by the Disability Benefits Consortium:
Suggested amendment
Clause 9, Page 11, line 33, at end insert new sub-clause:
( ) People who are disabled under the Equality Act 2010 definition are exempt from the freeze.

EMPLOYMENT AND SUPPORT ALLOWANCE – WORK RELATED ACTIVITY COMPONENT (CLAUSE 13)
16. Employment and Support Allowance (ESA) is only awarded to people who have been through the rigorous Work Capability Assessment (WCA) and have not been found ‘fit for work’.
17. Those who receive the Work-Related Activity Group (WRAG) component are thought to have health-related barriers to work which may reduce over time and with the right support. There is no expectation that people living with HIV in the ESA WRAG will be able to work or will look for work.
18. Eligibility for ESA WRAG is assessed using a points-based functional assessment, whereby the claimant must reach an agreed threshold of seriousness of their impairment. The following are examples of the level of impairment which someone living with HIV must demonstrate in order to be found eligible for ESA WRAG:
   — At least once a month experiences loss of control leading to extensive evacuation of the bowel and/or voiding of the bladder.
   — Cannot mobilise more than 100 metres on level ground without stopping in order to avoid significant discomfort or exhaustion AND Is unable to get to a specified place with which the claimant is unfamiliar without being accompanied by another person.
   — The DWP decision maker assessed that there would be “substantial risk to the mental or physical health of any person if the claimant were found not to have limited capability for work.”
19. ESA is paid at a higher rate than JSA. This is appropriate, given the extra barriers to employment which people with illness and disability face, meaning they are often reliant on benefits for longer.
20. Already people living with HIV who need to claim ESA struggle to meet their essential needs. Increasingly, people living with HIV need to rely on food banks and HIV charities to even get the food they need. Reducing this already limited support will increase the health-related barriers to work experienced by people living with HIV, taking them further away from the workplace.
21. NAT and HIV Scotland support the suggested amendment made by the Disability Benefits Consortium:
Suggested amendment
Page 14, line 1
Written evidence submitted by Zacchaeus 2000 Trust (Z2K) (WRW 08)

**INTRODUCTION**

The Zacchaeus 2000 Trust (Z2K) is a London-wide anti-poverty charity that promotes the improvement of living conditions on the basis of economic and social justice, and by direct engagement with the lives of the poorest and most vulnerable. In 2011, we established the *NextDoor* service to help those threatened with homelessness as a result of the Coalition Government’s cap on Local Housing Allowance (LHA) and the subsequent £500 Benefit Cap. In 2013, we set up *NextDoor Plus* to provide support for families forced to move home.

**OVERVIEW OF THE BILL**

Z2K is opposed to several measures in the Welfare Reform & Work Bill as we believe they will either result in already low-income households being made worse-off financially or in some cases made homeless. We disagree with the four-year long freeze on Child Benefit and Child Tax Credits, and the restriction on Child Tax Credits and Universal Credit to a maximum of two children. We are also opposed to the cut in the level of Employment & Support Allowance for those in the Work Related Activity Group and the four-year freeze on Local Housing Allowance rates of Housing Benefit for those living in the private rented sector, as this will increase the number of households forced into rent arrears.

However, Z2K’s over-riding objection to the Bill is the provision in clause 7, lowering the Benefit Cap to £23,000 a year in London (and to £20,000 outside London). In our experience of helping hundreds of those affected by the current £26,000 a year cap over the past two years, this policy has a devastating impact on the lives of some of London’s poorest families. In particular, despite ministerial claims to the contrary, we have seen many families accrue such high levels of rent arrears that they end up losing their home.

The refusal of DWP to publish an Impact Assessment of the reduced £440 cap at the same time as this Bill, means that ministers have yet again failed to provide any substantive evidence on which their policy can be judged objectively. At this stage, we do not even know for certain how many households will be affected. However, the National Housing Federation estimates that as many as 205,000 households could be affected and leaked DWP papers suggest that at least 40,000 more children will fall below the poverty-line.

Z2K’s briefing therefore sets out the real impact of the current £500 a week Benefit Cap, including examples of families who have been hit by it. Many of those households will be hit again, along with tens of thousands more mothers with very young children, full-time carers, disabled claimants and those deemed too ill to work. The cap results in vulnerable families facing an almost impossible choice between feeding and clothing their children, heating their homes and paying the rent.

Clauses 7 and 8 should be deleted from this Bill.

**SUMMARY: WHAT IS WRONG WITH THE CAP?**

Z2K is opposed to the Benefit Cap on a point of principle. We believe that low-income households should receive the benefits to which they are entitled, and not have them artificially restricted by a cap. However, the policy also fails the tests ministers themselves have set for it. None of their claims stand up to serious scrutiny.

*“It incentivises people to move into employment”.*

The reality is that the vast majority of those affected by the cap are not in a position to move into employment. DWP’s own figures show that 77 per cent of capped households are in receipt of a benefit which means they are not currently expected to work. Those remaining claimants who are expected to work already face benefit sanctions if they are not deemed to be looking for work sufficiently hard enough. The Benefit Cap has not been shown to have anything more than a marginal impact on claimants moving into work.

*“It’s about making sure families on benefits don’t earn more than those working”.*

DWP said that the original £26,000 per year cap was set at that level because it reflected average earnings and was supposed to mean that no unemployed household would receive more in benefits than a working counterpart. In reality, even before the cap, no unemployed household could receive more than a working one in the same circumstances. This is because a family earning £26,000 would actually be entitled to around £14,000 in benefits, including Child Benefit, Working Tax Credits and Housing Benefit. Clause 8 of the Bill removes all mention of the cap being set by reference to average earnings.

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48 http://s3-eu-west-1.amazonaws.com/pub.housing.org.uk/Summer_Budget_2015_-_Member_Briefing.pdf
The Benefit cap saves money".

The £500 a week cap was originally said to save £270 million a year. It is now admitted, however, that the figure is less than half of that. We are therefore sceptical of the Prime Minister’s claim that lowering the cap will save a further £135 million a year. Given past practice, this figure will take no account of the additional costs to local authorities of having to deal with the thousands of families who will be made homeless as a result of this policy.

“The lower cap will not cause homelessness”.

Analysis by housing solicitor Giles Peaker49 has shown that at a reduced cap of £23,000 a two parent household with three children would not receive enough Housing Benefit to cover the rent for a three-bedroom social property. For “Affordable Rent” homes, he calculates that even a household of two parents with two children would not be able to cover the rent for a property of two bedroom or more. No adequately-sized private rented sector home in London would be affordable to a capped two parent household with two children.

DWP initially suggested that this cap of £350 a week for individuals and £500 a week for families with children would impact upon an initial group of around 67,000 households. However, by the time its Impact Assessment was published, DWP estimated, that around 56,000 households losing an average of £91 a week from their Housing Benefit – almost £5,000 a year. These 56,000 households were thought to include around 180,000 children. DWP claimed the Benefit Cap would save the Exchequer around £270 million a year.50

By the time the cap began to come into effect in April 2013, the total number of households affected had been revised down again to 40,000. Work & Pensions Secretary, Iain Duncan Smith MP, claimed that this reduction was actually a consequence of the cap saying,

“Already we’ve seen 8,000 people who would have been affected move into jobs. This clearly demonstrates that the cap is having the desired impact.”51

The UK Statistics Authority was asked to investigate the validity of this claim. It concluded,

“the statement attributed to the Secretary of State is unsupported by the official statistics published on 15 April 2013. The release Ad hoc statistics on Job Centre Plus activity, from which the 8,000 figure is drawn explicitly states that the figures are not intended to show the additional numbers entering work as a result of the contact.”

Latest Statistics

DWP reports that between April 2013 and February 2015, 58,670 households across the UK had their Housing Benefit capped. 94 per cent of those households had dependent children. Of those, 32,675 were single parent families and 22,602 were couples with dependent children. It is not possible to be certain how many children have been affected by the cap so far, but the figure will be at least 150,000. 45 per cent of those affected live in London.

The most recent statistics also show that 23,093 households were still affected by the cap at the end of February 2015. This total included 14,494 single parent families and 7,357 couples with dependent children. 18,756 of those 21,851 families had three or more children – 86 per cent of families currently affected. By its very nature the Benefit Cap discriminates against larger families, especially those with three or more children. The most recent statistics for each London borough are set out in Annex A (page 12).

In London, eviction from a private rented sector (PRS) tenancy is now the largest single cause of homelessness– 39 per cent (in 2010 was 11 per cent). Almost every homelessness organisation in London identifies the LHA caps and Benefit Cap as the main cause of this increase, and yet Ministers simply refuse to acknowledge it.

Z2K’s Experience of the Impact of the Cap

Over the past two years, Z2K has supported nearly 300 London households affected by the Benefit Cap. Many of those households were already affected by the Coalition Government’s initial cap on Local Housing Allowance (LHA), which restricted Housing Benefit payments to a maximum of £400 a week, and left some families facing significant shortfalls in their rent that needed to be made up from Income Support, Job Seekers Allowance or Employment Support Allowance.

Case Study

“Georgina” is a single mother, having left a violent and abusive husband, with 3 children (aged 4, 7 & 10). She lives on benefits and relies on the support of local friends and family. Her ex-husband is not contributing in any way. Her Housing Benefit was cut last year as a result of the LHA caps so, in

49 http://nearlylegal.co.uk/blog/2015/06/an-inconvenient-problem-2/
50 Impact Assessment for the Benefit Cap (DWP, July 2012).
order to remain close to her support network, she downsized into a 2 bedroom flat at a rent of £330 per week. At that stage, she received £591 a week in benefit. Prior to April 2013 this left her with £261 after rent. After paying her energy bills and Council Tax she was therefore left with £220 with which to feed and clothe her children. From August 2013, however, she was subject to the benefit cap meaning her Housing Benefit entitlement was reduced to £214. After paying her rent and energy costs this left Georgina and her three young children just £128 a week to live on.

In advance of the Benefit Cap coming into force, Ministers argued that households affected by it would take steps to either work enough hours to qualify for working tax credit, renegotiate their rent in situ, or find alternative accommodation. In Z2K’s experience, people in areas of high housing demand are rarely in a position to renegotiate their rents in situ or move easily into employment.

The overwhelming majority of affected households we have seen are families living in the private rented sector. Their homes are expensive because of their location rather than quality. For these families, it invariably proved impossible to negotiate a cheaper rent with their landlord. Our advisors tried to help them find more affordable accommodation, but in most cases it proved impossible to find them a tenancy near their home area sufficiently cheaper that it brought them below the Benefit Cap level.

Z2K helped most of these clients apply for a Discretionary Housing Payment (DHP) to cover the shortfall. While a fair number were initially successful, many were not and these families ended up having to try to make up the difference from other social security benefits. Inevitably, most of those clients were unable to maintain these payments and quickly accrued rent arrears, which resulted in possession action by their landlord.

A significant number of those we helped were eventually evicted and ended up homeless in temporary accommodation (TA) brokered by their local authority (sometimes at a significantly higher cost than their previous rent). Usually, this TA was in another borough, far from the children’s schools and the family’s support networks. Capped families cannot simply move into something cheaper as that would almost inevitably result in the authority deciding to cease its duty and ending their “Reasonable Preference” for social housing.

Case Study

Mr & Mrs A have two children under five. Mr A was working as a cleaner in London, but he could not get enough hours to exempt him from the cap. After being capped they applied for a DHP, but were unsuccessful. After trying and failing to find other work the family accrued rent arrears and were evicted from their home. Their local authority accepted a homelessness duty towards the family and placed them in temporary accommodation in High Wycombe. Due to the long journey time, Mr A was no longer able to work his hours as a cleaner and lost his job. He has been unable to find employment in High Wycombe. Mr & Mrs A cannot move out of their current home because they would lose their place on the council’s waiting list.

— Z2K believes homeless households in Temporary Accommodation should be made exempt from the Benefit Cap

Many of the families we have seen face significant barriers to entering employment. When discussing options with those affected, Z2K caseworkers were usually faced with distressed households who want to work, but were unable to accept low paid and insecure employment because these jobs did not cater for their family’s needs. Mothers explained that the lack of affordable childcare limits the number of jobs they could apply for, which need to be for a small number of hours during school time.

— Z2K believes mothers with young children should be exempt from the Cap

Z2K has also advised many clients on ESA who simply could not work as a result of injury or illness, had been signed off by their GP, and so were not expected to actively seek employment. However, as this was usually only at the lower Work-related Activities level of ESA, they are not exempt from the cap but are rendered incapable of escaping it by moving immediately into work even if any suitable jobs had been available.

DWP’s initial Impact Assessment in January 2012 estimated that 40 per cent of those affected would be in receipt of JSA. However, this figure was revised down to 34 per cent in July 2012, and the actual proportion of those affected in the most recent statistics is around 25 per cent. The remaining three-quarters of those currently affected by the cap are not actually expected to be in work. This is broken down as follows:

— 23 per cent are in receipt of Employment & Support Allowance (Work-Related Activity Group).
— 45 per cent are on Income Support (mostly lone parents with young children).
— 9 per cent in receipt of Carer’s Allowance or other benefits.

The fact that the cap now overwhelmingly impacts on those who are not expected to work is one of its most pernicious features.

Case Study

Brenda is a single mother of three children and a victim of domestic violence. She suffers from various illnesses, including a severe liver condition, which means she is not expected to work and is in receipt of ESA. She was first forced to move as a result of the LHA caps when her reduced housing
benefit no longer met her rent and she was evicted. Shortly after securing alternative affordable accommodation, she was affected by the benefit cap. She was awarded a DHP but this did not cover the whole shortfall. After struggling to meet the shortfall she has accrued arrears and her landlord has begun possession proceedings.

— Z2K believes all those on ESA should be made exempt from the cap

One of the most shocking features of the cap is that it applies to many households in receipt of Carer’s Allowance. This benefit is only paid to those who are looking after a disabled person for more than 35 hours a week on average – effectively the equivalent of full-time employment. Carers also lose their entitlement if they earn more than £102 a week, which makes it extremely difficult to work 16 hours week or more without losing their allowance.

Case Study

Jacqui is a single mother of two who has lived in the same area for the past 20 years. She lives with her adult son who has severe Asperger’s and a teenage daughter. She is the full-time carer for her son. He receives DLA, but because he is a non-dependent she is not exempt from the cap. Her local authority recognise that due to her son’s condition she needs to remain in the same area and have awarded her a DHP, but she still needs to cover a £20 a week shortfall from her Carer’s Allowance. Jacqui’s DHP is coming to an end, and with the reduced budget this year, it may not be renewed. If that happens, she will not be able to meet her rent and will eventually be evicted. While this is likely under the current cap it will be a certainty under the reduced cap.

— Z2K believes that those in receipt of Carer’s Allowance should be made exempt from the Benefit Cap

DISCRETIONARY HOUSING PAYMENTS

In Parliamentary debates, ministers repeatedly argued that the increased budget for DHPs (£165 million in 2013/14, £135 million in 2014/15 and £125 million in 2015/16) will support those households most affected. However, as the National Audit Office (NAO) reported in November 2012, those DHPs only add up to six per cent of the savings due to be made by the HB reforms and “it is not clear how the current level of funding for DHPs has been determined.” When challenged over this shortfall during the debate on the Benefit Cap regulations in 2012, DWP Minister, Mark Hoban MP conceded that:

“…. money should be used to support only those claimants who cannot move immediately into work or more affordable accommodation; it should not be used to meet every shortfall.”

In any case, this DHP funding has also been available to those affected by the “Bedroom Tax” and caps on LHA, including the Shared Accommodation Rate, as well as those affected by the Benefit Cap. In fact, DWP itself said that the amount of DHP specifically for Benefit Cap cases would be £65 million in 2013/14 and £45 million in 2014/15.

In practice, the delayed roll-out of the Benefit Cap from August 2013 instead of April 2013, meant that there was a little less pressure on DHPs than anticipated and some authorities were able to substantially meet the shortfalls of many of those affected, thus saving them from falling into rent arrears and facing eviction and homelessness. In some cases, boroughs deliberately under-spent DHP budgets and were allowed to roll funding over into 2014/15 to supplement that year’s pot.

Things were much harder in 2014/15 as the Benefit Cap was in effect for all 12 months of the financial year. Many DHP funding pots were significantly oversubscribed and many authorities prioritised applications from those social tenants affected by the “Bedroom Tax” or homeless households in temporary accommodation. A number introduced extensive conditions on DHP awards. Even those London boroughs that topped up their DHP pot, tended to focus the extra money towards homeless families in an effort to maintain the supply of temporary accommodation. DWP’s own research showed that nearly half of those affected by the Benefit Cap had not heard of DHPs.44

The Chancellor confirmed in the recent Emergency Budget that DHP funding will be £800 million over the next five years. This breaks down as a budget of £150 million in 2016/17, rising to £185 million in 2017/18. While we welcome this increase, it is clearly insufficient to support those worst affected by the new cap, particularly given the continuing impact of the Bedroom Tax on council and housing association tenants.

DWP REVIEW OF THE FIRST YEAR

In December 2014, DWP published its review of the first year of the Benefit Cap. Given the rhetoric that preceded the cap’s introduction, it is not surprising the report concluded that:

“results from the evaluation reports of the Benefit Cap show evidence of behavioural change. The movement into work for those households affected by the Benefit Cap is higher than movement into work by a comparable group of households not affected by the cap.”

52 Managing the impact of Housing Benefit Reform (National Audit Office, November 2012).
54 In-Depth interviews with people affected by the benefit cap (DWP, 2014).
The statistical basis for this claim that the Benefit Cap has increased the proportion of households moving into employment were the following findings:

- 19 per cent of capped households in the May 2013 cohort were in work after a year compared to 11 per cent for a similar uncapped group.
- After controlling for a range of observable difference between the groups (e.g. number of children) capped households were 4.7 percentage points more likely to enter employment compared to uncapped households.
- Nearly a quarter of capped households in London entered work after a year. This compares with around 13 per cent for those households with benefits entitlement just under the cap level.
- After controlling for a range of observable difference between the groups, London households in scope for the cap in May 2013 were 9.5 percentage points more likely to flow into work after a year than similar uncapped households.
- Lone parents in scope for the cap were 4.9 percentage points more likely to enter employment after a year compared to similar uncapped households.

Z2K is not persuaded these “findings” support the conclusion reached. Firstly, the study does not identify any causal factors that explain why more capped households than uncapped ones are moving into work. Secondly, the proxy used to identify households moving into employment (starting a claim for Working Tax Credits) is at best an inexact measure. But most importantly the numbers of claimants involved is actually rather insignificant in the grand scheme of things. Behind the 19 per cent figure, for example, are just 2,000 families who had someone move into paid work in the 12 months after May 2013.

We have long questioned the role of the Cap as a work incentive when a majority of those affected receive either ESA, Income Support or Carer’s Allowance. Indeed, only around a quarter of capped claimants in July 2014 were claiming JSA and therefore able to work. Unsurprisingly, therefore, it is JSA and ‘other’ benefit claimants that make up a large proportion of the capped claimants who have moved into work, with 28 per cent of JSA claimants finding employment within a year compared to 12 per cent of ESA claimants.

In a press release on 06 November 2014, DWP claimed that, “More than 12,000 households have made the choice to move into work or stop claiming Housing Benefit because of the benefit cap.” Again, the UK Statistics Authority investigated. It concluded that:

“the available numerical evidence does not demonstrate a particularly strong causal link between the Benefit Cap and the decisions made by individuals about moving into work …. As a result, our view is that it might have been more appropriate to adopt more cautious wording in the press statement.”

**Interviews with affected claimants**

In addition to its “analysis” of the statistics, DWP commissioned the Cambridge Centre for Housing & Planning Research to undertake in-depth interviews with 50 households affected by the cap. In its summary report, DWP claims that these interviews found,

“half reported that they had looked harder for work, broadened the type of work they were willing to accept, tried to increase their hours of work, or started to look for work in response to the cap.”

This research was designed to help understand the impact of the Benefit Cap, but, the author herself makes it clear that “It is not possible to draw robust generalisations from a small sample such as this.” Despite this caveat, DWP repeatedly uses the responses to this survey to endorse its view that the cap has improved work incentives.

**IPSOS Mori Survey**

DWP also commissioned IPSOS Mori to survey over 1000 households affected by the cap in February 2014 (Wave 1). Follow-up interviews were conducted with 468 of those households in August 2014, to determine what changes in their circumstances and attitudes had taken place. DWP’s summary report highlights the finding that the proportion of these claimants looking for work increased from 24 per cent in Wave 1 to 38 per cent in Wave 2. As with the in-depth interviews, however, the researchers added a caveat, stating that,

“it is important to keep in mind that results from wave 2 are based on a specific group of claimants and reflect the characteristics of this group at a specific point in time. They will therefore not necessarily be representative of the entire affected claimant population as reflected by official statistics published on the Benefit Cap.”

DWP’s summary downplays this and the revelation that around one-third of those affected told IPSOS-Mori they were spending less on “household essentials”. DWP has not commissioned any further research into the health and well-being of affected families.

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57 In-Depth interviews with people affected by the benefit cap (DWP, 2014).
58 Post-implementation effects of the Benefit Cap (Wave 2 survey).
Moving house

DWP also emphasised the finding that only 14 per cent of those in scope for the cap in May 2013 had moved house, compared to around 11 per cent for a group with benefit entitlement just under the cap level. IPSOS-Mori’s finding that the proportion of affected households saying they were looking to move house actually fell from 42 per cent in Wave 1 (February 2014) to 36 per cent in Wave 2 (August 2014) was claimed to provide further evidence fears of widespread homelessness had proved unfounded.

This figure should come with the same caveat about it being an unrepresentative sample. More importantly, it doesn’t actually identify all moves. Short-distance moves where the claimant stays within the same postcode sector are not counted. This includes families who, in order to stay in the same area, have downsized and therefore overcrowded themselves. The relatively small numbers from this cohort who have moved might be explained by DHPs covering the Housing Benefit shortfall and temporarily forestalling the need to move.

SUPREME COURT JUDGMENT

In a recent UK Supreme Court judgment, three of the five judges found that the Benefit Cap was not compatible with the UN Convention on the Rights of the Child to treat the best interests of the child as the primary consideration. Two of these three judges also found the cap to be discriminatory against women. In her concluding statement, the Deputy President of the Supreme Court, Lady Hale states that,

“The prejudicial effect of the cap is obvious and stark. It breaks the link between benefit and need. Claimants affected by the cap will, by definition, not receive the sums of money which the state deems necessary for them to adequately house, feed, clothe and warm themselves and their children (paragraph 179).”

Responding to this judgment, Work & Pensions Secretary, Iain Duncan Smith, said, “I am delighted that the country’s highest court has agreed with this government and overwhelming public opinion that the benefit cap is right and fair.” This claim is simply untrue. The Supreme Court found the cap is “lawful”. If anything, a majority of the Supreme Court found the cap to be neither right nor fair. Lord Carnwath, who accepted the cap is lawful, nonetheless called on the government to review it.

CONCLUSION

The lower £23,000 a year Benefit Cap in London will simply serve to further impoverish those already affected by the current £26,000 cap, as well as tens of thousands more mums with very young children, full-time carers, disabled claimants and those deemed too ill to work. Clauses 7 and 8 should be deleted from this Bill.

August 2015

Annex A

<table>
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<tr>
<th>Number of Households Capped April 2013 to February 2015</th>
<th>Number of Households currently capped (February 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barking &amp; Dagenham</td>
<td>749</td>
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<tr>
<td>Barnet</td>
<td>1,099</td>
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<tr>
<td>Brent</td>
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<td>Camden</td>
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<td>Croydon</td>
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<td>Ealing</td>
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<td>Enfield</td>
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<td>Hackney</td>
<td>950</td>
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<td>Hammersmith &amp; Fulham</td>
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<td>Kensington &amp; Chelsea</td>
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<td>Lambeth</td>
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<table>
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<tr>
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<th>Number of Households currently capped (February 2015)</th>
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</thead>
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<td>Lewisham</td>
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<td>Newham</td>
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<td>Redbridge</td>
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<td>Southwark</td>
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<td>Tower Hamlets</td>
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<td>Waltham Forest</td>
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<td>Wandsworth</td>
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<td>Westminster</td>
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Written evidence submitted by Melissa Ball (WRW 09)

To Whom It May Concern,

I would like to express my opinion on the Welfare Reform and Work Bill and raise the relevant points.

- The National Living Wage.
- Child and Working Tax Credits.
- Housing Benefit.

On my first point – This is an increased minimum wage not a living wage BUT only available to over 25s, now this is age discriminatory. The idea that under 25s are worth less than over 25s is ridiculous. I am myself 21 and with a mortgage, a family and bills to pay. Under 25s still have bills, homes etc and this proposal is punishing young people for being young and trying to make a life for themselves.

On my second point – Cutting CTC & WTC as aggressively as proposed is going to leave many families struggling to make ends meet in an already difficult climate. This will most certainly put many children and families into severe poverty. Also a large amount of people affected by these cuts will not be eligible for the £7.20 New NMW as they won't be over 25 so surely if that is the case these cuts should only be to claimants over 25?

On my third point – As somebody when I was 16 who claimed HB due to my father dying and my mother being diagnosed with dementia and being cared for full time in a care home I think this is again going to make many young single people homeless and destitute. There is already a lack of help for young people (see points above) and I really feel the young are being demonised (mainly because they don’t tend to vote). A safe place to sleep is a necessity.

I do however agree with the benefit cap. We all agree cuts have to be made but I personally feel cuts are being made in the wrong places. Demonising the young and the most vulnerable (children) is not going to help the economy or society. If families are getting less money then the economy is getting less money. Its a false economy to think if we take money from families who are working and already struggling that will help the economy. It wont and I fundamentally disagree with these proposals.

I propose the following amendments.

- Re-name NLW to what it is NMW and make it available to over 21 and over (current system).
- CTC & WTC should not be cut until the childcare becomes available in April 2017 and only if the £7.20 NMW is available to over 21s.
- HB should be available to everybody who is in need! Regardless of age.

Thank you for taking the time to read my views.

August 2015

Written evidence submitted by Macmillan Cancer Support (WRW 10)

EXECUTIVE SUMMARY

1. Macmillan Cancer Support welcomes the opportunity to respond to the Public Bill Committee’s call for evidence regarding the Welfare Reform and Work Bill.

2. Ahead of the Budget, we welcomed the fact that the Government stated that their welfare reform programme would be underpinned by a commitment to ensuring that the disabled and vulnerable ‘should always be protected’.
3. However, we do not believe that proposals to align the amount of Employment and Support Allowance (ESA) paid to those in the Work Related Activity Group (WRAG) (Clause 13) and the amount of Universal Credit paid to those with limited capability for work (Clause 14) with Jobseeker’s Allowance (JSA) are compatible with this commitment, nor will it help to achieve the Government’s ambition of closing the disability employment gap.

4. There is a clear distinction between people on JSA and those receiving ESA WRAG. Claimants in the WRAG have, by definition, been assessed to have only a ‘limited capability’ for work and cannot be reasonably required to work. Instead, they need to be given time to recover and properly supported to return to work if and when they are ready and able.

5. It is therefore crucial that the Government’s commitment to provide extra investment in employment support for those on ESA is provided in addition to, rather than instead of, the additional money currently paid to those in the WRAG.

6. The proposed change could have a number of unintended consequences for people with cancer and more evidence is needed to better understand the potential impact of the Bill’s proposals. Macmillan is concerned that reducing the financial support available to those in the WRAG will have a significant impact on people with cancers:
   - Ability to cope with the financial impact of cancer.
   - Health and wellbeing.

7. Macmillan is therefore calling on the Government to remove Clauses 13 and 14 from the Bill.

8. It is also essential that the impact of the welfare changes outlined in the Bill on people with cancer and their carers is fully understood. The Government should therefore commission an independent assessment of the cumulative impact of the changes on people with disabilities and long-term conditions, such as cancer, and their carers.

INTRODUCTION

9. Macmillan Cancer Support provides practical, medical and financial support to people affected by cancer, and campaigns for better cancer care. Last year, we supported 5.4 million people and spent over £150 million on services for people affected by cancer.

10. In this submission, we have drawn upon our expertise in providing a range of financial support services, including benefits advice, grants and financial guidance. Last year, these services helped over 123,000 people affected by cancer across the UK.

11. There are over 700,000 people of working age in the UK who are currently living with cancer. In addition to the physical and emotional effects, cancer brings with it a substantial risk of falling into financial hardship.

12. Many people living with cancer struggle to cope with this significant financial impact, which can leave them in serious financial difficulty, including inability to pay bills and spiraling debts. This can lead to an increase in anxiety and place additional pressure on people at a time when they should be focusing on their treatment and recovery. For many, it can take several years after treatment ends to recover financially.

Changes to financial support available to new claimants in the Employment and Support Allowance (ESA) Work Related Activity Group (WRAG) – Clause 13

What is Employment and Support Allowance (ESA)?

ESA is designed to support people who have been medically assessed as having limited capability for work and is an essential support for many people affected by cancer who are unable to work because of their cancer. There are two elements to ESA – the Support Group and the Work Related Activity Group (WRAG). Claimants in the Support Group are identified as having the most severe functional impairment or risk to their health and their condition means they have limited capability both for work and for work-related activity. Claimants in the WRAG are identified as having limited capability for work, but are able to take part in some work-related activity. This is defined as activity that makes it more likely to get a job or remain in work, but there is no requirement to apply for jobs, as is the case for Jobseeker’s Allowance (JSA) claimants.

13. Macmillan has significant concerns about the Bill’s proposal to reduce the amount of support available to new ESA claimants from 2017 onwards who are in the WRAG. We believe that this will cause considerable financial difficulties for people living with cancer and will consequently have a negative impact both on their health and wellbeing and subsequently their ability to return to work.

14. As a result of a welcome protection introduced in 2012 following the second independent review of the Work Capability Assessment, many cancer patients undergoing most types of chemotherapy and radiotherapy are placed in the ESA Support Group. However, we know that thousands of others, who may be experiencing

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long-term side effects as a result of their cancer treatment, are placed in the WRAG. This includes people who will initially be placed in the Support Group and then moved into the WRAG following recovery of the prescribed treatments. This reflects the fact that people are no longer experiencing such severe symptoms and that, whilst they have been assessed as still being too ill to work, there is a reasonable chance that their condition will improve in the future and that they could therefore begin some work preparation activities. Thousands of future cancer patients will therefore experience a significant drop in financial support at some point during their cancer journey under the proposals to reduce the amount paid to those in the WRAG.

RATIONALE FOR RETAINING WRAG PAYMENT AT CURRENT RATE

15. We do not believe that reducing the amount paid to those on ESA WRAG by approximately 30% from £102.15 a week to £73.10 a week will help to achieve the Government’s ambition of closing the disability employment gap.

16. The ESA Impact Assessment accompanying the Bill states that 61% of ESA claimants in the WRAG want to work, and that therefore reducing the ESA WRAG rate to the same level as JSA will ‘provide the right incentives and support to encourage people to move back to work’.

17. There is an inherent difference, however, between someone wanting to go back to work and someone being physically and mentally able to do so and it is important that this is recognised. Whereas claimants of JSA are available, seeking and able to engage in work, claimants in the WRAG have, by definition, been medically assessed to have only a ‘limited capability’ for work and cannot therefore be reasonably required to work. It is imperative that the level of financial support provided to claimants recognises this distinction.

18. JSA is intended to be an absolute minimum amount someone can live on and is meant to be a very temporary measure to encourage someone to seek employment as soon as possible. It would not be reasonable to expect someone facing the additional costs of a disability or long-term condition, such as cancer, to live off the JSA rate for a long period of time and the higher rate currently paid to those in the WRAG reflects this.

19. People on WRAG already identify that they would be better off financially if they were able to work, but that health reasons prevent them from doing so. The Department for Work and Pension’s own research shows that while 68% of WRAG respondents agree that having a job would make them better off financially, only 25% agree that having a job would be beneficial for their health. This suggests that the barriers to entering employment are more likely to be health-related than due to a lack of financial incentive to seek employment.

20. People affected by cancer need to be given time to recover and properly supported to return to work if and when they are ready and able. It is also important to acknowledge that some people, because of the nature of their cancer, treatment or employment, may never be physically or mentally fit to return to work.

21. It is therefore crucial that the Government’s commitment to provide extra investment in employment support for those on ESA is therefore provided in addition to, rather than instead of, the additional money currently paid to those in the WRAG.

22. There is evidence that effective return to work support for those people with cancer who were in work at the point of diagnosis and who are ready and able to return requires a strategic framework of active engagement with a variety of different actors and services, including employers and health professionals. Other claimants in the WRAG, who were unemployed at the point of diagnosis with cancer, may have even more complex needs and more research is needed to fully understand these.

DETRIMENTAL IMPACT ON PEOPLE AFFECTED BY CANCER

23. In addition, Macmillan is concerned that reducing the financial support available to those in the WRAG will have a significant impact on people with cancers:

— Ability to cope with the financial impact of cancer.
— Health and wellbeing.

24. As stated above, Macmillan’s research shows that 83% of people living with cancer are £570 worse off per-month as a result of their diagnosis. Many fall into debt and face considerable long-term financial difficulties.

25. Macmillan is therefore concerned that reducing the financial support available to those in the WRAG will lead to yet more people living with cancer facing such difficulties, and increase the likelihood of people falling into financial crisis.

26. ESA is intended to support people to meet daily living costs, which are often significantly higher for people with cancer as a result of their illness, treatment and recovery. Macmillan research found that six in seven people with cancer see their monthly expenses increase by £270 as a result of additional costs including:

- **Higher heating costs** – as people with or recovering from cancer, may spend more time at home and feel the cold more because of their cancer. Worryingly, over a quarter (28%) of people with cancer said they couldn’t keep their home adequately warm in the winter because of the cost.

- **Higher travel costs** – many people recovering from cancer will continue to experience symptoms like pain and fatigue and need to pay for transport for distances that those without an illness or disability could manage.

- **Additional food costs** – as many people are required to change their diets and have higher food bills as a result of the effects of cancer and its treatment.

- **Higher telephone or internet bills** – people may suffer from fatigue and feel weak following treatment and therefore may be unable to go out as much to see people or access services, requiring them to do so online or by phone.

27. Macmillan welcomed the exemption of Personal Independence Payment (PIP) and Disability Living Allowance (DLA) from the freeze on working age benefits, in recognition that people with disabilities face significant extra care and mobility costs. This is a vital support for those people with cancer who are eligible. However, as PIP / DLA is a benefit intended specifically for costs related to mobility or care needs (reflected in the eligibility criteria and assessment process) many of the costs outlined above would not be covered by a PIP / DLA payment. In addition, not all those living with and beyond cancer who are in the ESA WRAG will be receiving PIP/DLA – for example, if their mobility or care needs are not sufficient to meet the threshold, but are still too ill to be required to work.

28. The payments people receive through ESA must therefore acknowledge and recognise the extra costs people living with and beyond cancer face as part of their daily living. Macmillan is concerned that the Government’s proposal will leave many people, including those with cancer, struggling to cover the cost of items they need to support their recovery.

29. The financial pressure caused by this difficulty in meeting costs can have a significant impact on people affected by cancer’s health and wellbeing. Macmillan research, for example, found that 41% of people with cancer felt more stressed as a result of the financial impact of their diagnosis.

30. Expecting WRAG claimants to live off a lower rate of financial support could be detrimental to people’s mental health and wellbeing, placing additional pressure on people living with and beyond cancer at a time when they should be focusing on their recovery and rebuilding their lives.

**Assessment of the Unintended Consequences on People Living with Cancer of the Proposed Change to ESA**

31. As outlined above, Macmillan is concerned that the proposed reduction in ESA WRAG could have a number of unintended consequences for people with cancer. We believe that the Government needs to gather more evidence about the impact of the proposals on this group, particularly around whether this could lead them to return to work or seek employment before they might be mentally and physically fit enough to. The case study below, from an individual supported by a Macmillan Benefits Advice Service, provides a real-life example of how returning to work too soon can have a detrimental effect on an individual’s health and wellbeing, which could then, in turn, have knock-on effects on the level of welfare support they require in future.

**Case study**

Having worked for 40 years, David had to stop work when he was diagnosed with cancer. He underwent successful surgery followed by chemo/radiation therapy. Unfortunately it left him with severe fatigue, as he was unable to eat food for many months. He also had physical disabilities as a result of the treatment.

After his sick pay ran out, his company said they could not afford to pay him any additional pay. He therefore claimed ESA, and was later placed in the WRAG. He found himself struggling with the additional costs of a special diet and travel, especially to attend the work-related activity he was required to undertake. He became reliant on credit cards to make ends meet. After being placed in the WRAG he felt pressured to return to work due to his finances however his health quickly deteriorated and it was no longer safe for him to be at work, He was forced to stop due to the impact on his physical and mental health and returned to claiming ESA. Due to this deterioration in his health, caused by his premature return to work, he was placed into the Support Group. He is now being treated for depression and his contract has been terminated.

64 Ibid.
65 Macmillan Cancer Support (2012), Counting the Costs of Cancer.
66 Name changed to protect identity.
32. For the reasons outlined above, Macmillan therefore believes that an amendment should be brought forward to remove Clause 13 from the Bill.

Removal of the limited capability for work element of Universal Credit (Clause 14)

33. Clause 14 contains provisions to remove additional payments to Universal Credit claimants with limited capability of work from 2017. This would reflect the changes to ESA WRAG in Universal Credit. For the reasons outlined above, Macmillan is also concerned about the impact that this proposal will have on cancer patients who fall into this group.

34. Macmillan therefore believes that an amendment should be brought forward to remove Clause 14 from the Bill.

The Impact of Wider Welfare Reform on People with Cancer

35. With over 700,000 working age people currently living with cancer in the UK, we are concerned that proposals in the Bill relating to other working age benefits could have a significant negative effect on people with cancer as well as their families and carers. Many are already struggling to cope with the financial impact of cancer diagnosis, treatment and recovery or palliative care, so further changes and reductions, for example to the Benefit Cap and loans for mortgage interest, are likely to exacerbate this.

36. It is essential that the Government comprehensively assess the impact of changes to working age benefits on people with cancer and their carers and, where necessary, put in place safeguards to ensure they are not negatively impacted. This will demonstrate to what extent the Government are meeting their commitment to ensuring the vulnerable and disabled are protected as part of their welfare reform programme.

37. In particular, the Government should commission an independent assessment of the cumulative impact of the changes to welfare outlined in the Bill on people with disabilities and long-term conditions, and their carers.

September 2015

Written evidence submitted by Leonard Cheshire Disability (WRW 11)

1. At Leonard Cheshire Disability we work for a society in which everyone is equally valued. We believe that disabled people should have the freedom to live their lives the way they choose – with the opportunity and support to live independently, to contribute economically and to participate fully in society.

2. As providers of welfare to work support for disabled people we have an in-depth understanding of the welfare to work sector and what works best for disabled people wanting to get back into work. This includes but is not limited to:

   - The supported employment model;
   - Employer engagement;
   - Employability skills; and
   - Supporting disabled people to become more employable.

3. We are one of the UK’s largest voluntary sector providers of services for disabled people with over 250 services across the UK, including care homes, care homes with nursing and homecare services. We aim to maximise personal choice and independence for people with disabilities and all of our services are designed to meet the needs and priorities of the people who use them.

HALVING THE DISABILITY EMPLOYMENT GAP

4. We welcome elements of the Welfare Reform and Work Bill, particularly those that aim to increase the number of disabled people in work.

5. The Government’s commitment to halve the disability employment gap, as set out in the Conservative’s 2015 manifesto, is one of the most ambitious and exciting commitments for disabled people in recent decades. This pledge will transform lives, grow the UK economy by between £13bn and £68bn, and simultaneously raise taxes and cut welfare spending.

6. To achieve this goal, over a million disabled people will have to be supported into work over the next five years. This will not be an easy challenge – the Government will need to be bold and introduce radical change to the current employment support on offer in order to meet these targets. It is vital that good intentions are matched with evidence based support that delivers. Further, this is not the right time to cut financial support for disabled people – doing so may even make it harder to find work.

68 Enabling work: disabled people, employment and the UK economy, Scope, 2015.
7. In this evidence submission we outline what needs changing to ensure disabled people, particularly young disabled people, can find sustained gainful employment.

THE SCALE OF THE PROBLEM

8. Disabled people are a third (33%) less likely to be in employment than non-disabled people, this ‘employment gap’ represents 2.2 million disabled people.70

9. Disabled people are also more than twice as likely as non-disabled people to be lacking but wanting work, at all qualification levels.71 The disparity increases with those who have Level 3 (A-level equivalent) or above qualifications with 14% of disabled people compared to 6% of non-disabled people lacking but wanting work.72

10. There is a particular challenge to be overcome around young disabled people who face significant disadvantage in the education system and the labour market. Supporting disabled people when they are young gets them on the career ladder and prevents thousands from facing the disadvantages long-term employment can bring (including making welfare-to-work support more expensive and adding additional costs to the benefits system).

11. Although disabled young people have similar aspirations to their non-disabled peers, there is clear evidence that they find it harder to make the transition from education to work,73 with disabled people nearly four times more likely to be unemployed at age 26 than their non-disabled peers.

12. Overall, disabled young people are twice as likely to be NEET (not in education, employment or training); and gaps in opportunity have remained consistently wide for the past decade.74

WHAT NEEDS TO CHANGE

13. To meet their target of halving the disability employment gap by 2020, the Government must:

— Radically reconfigure the way that welfare to work support is delivered for disabled people to ensure provision is specialised and tailored to help overcome specific disability-related barriers to work.

— Ensure health and social care is delivered in a way that complements rather than hinders an individual’s journey back to work.

— Increase disabled people’s participation in apprenticeships.

— Increase the number of disabled people who can benefit from Access to Work.

— Use its role as an employer and commissioner of services to employ more disabled people.

— Protect essential financial support for those not fit enough for work in the Work Related Activity Group (WRAG) of Employment Support Allowance (ESA).

REPORTING ON PROGRESS

14. The Bill helpfully introduces reporting requirements on the Government’s progress towards achieving full employment, and delivering three million additional apprenticeships. These reports will ensure that MPs and the wider public remain informed on the Government’s progress.

15. That is why it is important for the Government to also report their progress towards halving the disability employment gap. Doing so will ensure the Government’s bold pledge enjoys the same attention and commitment as those on apprenticeships and full employment.

TAILORED SUPPORT INTO WORK

16. We know from our experience of supporting disabled people into work that essential elements of effective welfare to work support for disabled people include intensive, specialised provision that is designed to help overcome an individual’s specific, disability-related barriers, and direct employer engagement and support.

17. Effective back to work provision for disabled people should include engagement with employers. Many employers are apprehensive about employing disabled people because of fears about the costs of making reasonable adjustments.

18. We have found that offering Work Trials is one of the most effective ways of ensuring the people we support find gainful employment. Work trials give employers a risk-free opportunity to explore what it means to employ someone who is disabled. Employers are often surprised to find that it is much simpler than they thought to employ disabled people and that there is support available to them if they do, for example through Access to Work.

71 https://www.google.com/fusiontables/DataSource?docid=1ad4jAxzEQzM8ngsh-ttSqgXUIVzqndaBYyc0c#rows:id=1 accessed 02/09/15.
72 Transitions into employment for disabled young people, Centre for economic and social inclusion, March 2015.
19. Equally, the individual can see whether the workplace is right for them, and whether they can manage their condition within their job responsibilities. In the majority of cases, we have found that the people we support have gone on to get a paid position.

**Case study: Change 100**

Leonard Cheshire’s Disability’s Change 100 programme provides disabled students with paid work experience placements with some of the UK’s top employers. As well as aiming to break down perceptions about disabled people and broaden public understanding of disability, the programme aims to demonstrate to employers that disabled students are ambitious, talented and capable. To date, the programme has been successful in breaking down barriers for disabled people finding work. All disabled students taking part that have been looking for work have been offered graduate jobs by business such as Barclays and SAB Miller. All employers that participated stated that they would recommend the programme. The programme is now being expanded for 2015 as a result of its success and will focus on private and public sector.

20. The Work Choice employment support programme has been proven to be more effective than the Work Programme at helping disabled people into work. Work Choice routinely sees more than 40% of participants finding work compared to the Work Programme which has only supported 15% of its disabled participants back into work, this number is even lower for those disabled people in receipt of ESA.

21. However, those who need this provision are not consistently directed to it. For example, many people who are put into the Work Related Activity Group are referred to the Work Programme. Just 21,000 disabled people per year are getting support through Work Choice for example, compared to ten times as many people with health conditions and disabilities joining the Work Programme.

22. There needs to be a more targeted way of ensuring disabled people are signposted to the provision which works best for them so those with the highest need receive intensive provision like that offered by Work Choice. This could be addressed by building an assessment of an individual’s barriers to work into the Work Capability Assessment, which will provide the roadmap for the type of support an individual needs to get them ready to go back to work.

**Coordinating provision with health and social care support**

23. Health and social care support must be delivered in a way which enables disabled people to take up work and welfare to work support. Disabled people must be able to arrange their medical treatment flexibly so they fit around their working hours and/or back to work support. For example, those providing medical services must ensure that those with long term conditions who need regular treatment should have priority over which appointment times they can have, so they are best able fit them around their work.

24. Similarly, social care must be delivered in a way which reflects people’s working patterns, and that integrates properly with employment services. Too many disabled people are prevented from working because they cannot get the social care and health care they need to fit around work. For example, if an individual requires support, but that is not provided until after the start of the working day, or does not include support with accessing transport, then that person can be prevented from working.

25. Although the Care Act includes employment as part of the well-being principle that local authorities must consider when delivering social care, it does not go far enough. We believe there must be increased pressure on local authorities to have a clearer focus on promoting employment among recipients of social care. Eligibility criteria for receiving social care should recognise that social care can help to support people to work.

26. Regulations should set out that adults with social care needs should be entitled to qualify for local authority social care designed to support them into work, where without that care they would be unable to work. Building employment into eligibility for care and support would be an important way of targeting care at individual outcomes and should save money in the longer term, both in terms of additional tax revenue and decreased benefit costs.

27. We are pleased that the Government has created a Joint Unit for Health and Work, comprising of the Department for Work and Pensions and the Department of Health, to begin to integrate healthcare services with back to work support for disabled people. This is an essential first step for bringing together these two departments to ensure services are joined up and focused on getting people back to work. We are looking forward to seeing concrete outcomes being produced as a result.

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75 Find out more at: http://www.leonardcheshire.org/what-we-do/change100#.VKuxnNKswWc.

76 Work Choice: Official Stats, November 2014 – 41.7% of participants found work up to September 2014.

77 DWP tabulation tool – statistics up to March 2015.


79 Centre for Economic and Social Inclusion (2014), Fit for Purpose: Transforming employment support for disabled people and those with health conditions.
28. Apprenticeships provide an excellent route into work for young people, and allow them to develop the skills they need to succeed in the job market. As such, we welcome the Government’s pledge to “fund 3 million new, high quality apprenticeships this Parliament.”

29. However, too often apprenticeships remain inaccessible to disabled people. While the number of disabled people doing apprenticeships has risen slightly over the past few years, the percentage of disabled apprentices actually declined from 10% in 2008/09 to 9% in 2012/13. This compares poorly to the 15% of working age people who are disabled.

30. Engagement with employers is essential to ensure they know how to support disabled people and they can get support with reasonable adjustments through Access to Work.

31. The entry requirements of apprenticeships can be a barrier for many disabled people. For example, to apply for an intermediate apprenticeship an individual needs to have gained the equivalent of 5 GCSE passes. Our research finds the level of highest qualification held by disabled young people is generally lower than that of young people without a disability. Disabled young people are nearly twice as likely as their non-disabled peers to have a highest qualification below NQF Level 2 (the equivalent of five good GCSEs) and more than twice as likely to have no qualifications when compared to their peers, with 17% of disabled young people have no qualifications compared to only 7% of non-disabled young people.

32. A report commissioned by the cross departmental Apprenticeships Unit supports these conclusions, finding that those with learning difficulties are more likely to not be able to attain Level 2 or 3 qualifications are excluded from participating in most apprenticeships or short-term work trial schemes, a gap which in provision which particularly affects, and those in need of more pre-employment support.

33. For these reasons we propose that some apprenticeships be made accessible for young disabled people who lack formal education, providing another route into apprenticeships for this group.

34. The Government must act to increase disabled people’s participation in apprenticeships over the next five years so that at 15% or more of new apprenticeships go to disabled people by 2020.

35. This can be achieved by:
   — Supporting employers who offer apprenticeships via the Disability Confident scheme;
   — Recognising the contribution of employers who offer apprenticeships to disabled people via the large employer levy and associated training funding; or
   — Setting a challenging disabled participation target for public sector organisations which offer apprenticeships.

36. Access to Work offers disabled people and employers the vital support that they need to provide ‘reasonable adjustments’, like installing a ramp or providing screen reader technology in the workplace. This support helps reduce the disadvantages disabled people face when looking for work, and helps small employers cover the extra costs of disability in the workplace. This programme should be expanded and the application process simplified so that all the disabled people that need support are able to access it.

37. In our experience many people find the application process for Access to Work complicated and they struggle to get the right support they need. It is very difficult for someone who is new to the scheme and new to a job to understand exactly how much support they will need and how to evidence this on the form. Similarly, employers, who are asked to sign off application forms, often lack the understanding necessary to ensure someone gets the support they need.

38. To provide disabled people and their employers with the support they need, advisors must be trained so they have increased understanding of the varying needs people with different impairments might have. This will ensure advisers are able to guide applicants through the process and get the right support to overcome their specific disability related barriers in the workplace.

39. It is essential that disabled people and potential employers can be confident that essential support will be in place from the day they begin a new job. There are often delays in getting Access to Work in place when disabled people start work, which can make the transition to employment difficult or impossible. The Sayce Review for Government similarly recommended strengthening the indicative pre-employment Access to Work eligibility, based on work likely to be undertaken, to be finalised once the exact role is known.

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80 Summer Budget 2015, HMT.
81 Transitions into employment for disabled young people, Centre for economic and social inclusion, March 2015.
82 Family Resources Survey, 2010/11, DWP.
83 Transitions into employment for disabled young people: A report to Leonard Cheshire Disability from the Centre for Economic and Social Inclusion. 2015. Rahman et al.
Case study

Natasha, 21, has Ehlers-Danlos Syndrome, a genetic disease which affects her joints, heart and stomach. When she started her job, she applied to Access to Work to see if she could help with travel to work.

After starting the application process and taking the time to get a letter from her doctor to support her claim that she needed help with transport when she had a flare up, her advisor went on leave and she had to start the process over again. She was then told she had to provide three quotes from taxi companies before Access to Work would fund her transport to work. Natasha found this part of the process incredibly confusing and frustrating.

Her advisor told her she must get a quote inclusive of administration and account fees but most of the companies she contacted used a meter system and they couldn’t provide a quote, only an estimate. When she rang her advisor to explain they said they could not help. This process ended up taking several weeks and at this point Natasha had started her job.

‘Without the taxis I needed, I had to struggle with two buses, walking and changing and crossing at a very busy roundabout. I was rarely able to get a seat, so was knocked about as I tried to stand. Several times this triggered particularly bad flare-ups of my condition, with my joints dislocating repeatedly, my heart rate and blood pressure becoming unstable and recurrent vomiting. All of this made it extremely difficult to do the work I desperately wanted to do.’

When Natasha finally received a response from the DWP, she discovered she had to pay for the taxis upfront and could only claim the money back at the end of the month, which Natasha could not afford. Several weeks later, Natasha still hasn’t got the transport to work she needs to help her get into work without worsening her condition.

40. In the year to December 2014, Access to Work supported 32,000 people and had a budget of £108m.86 It is vital that the Access to Work budget keeps pace with demand as we all work towards closing the disability employment gap. To ensure those disabled people have the support they need to work, the Access to Work budget will likely need to increase by between £37m and £135m.87 While this is a small contribution in comparison to the potential growth to the economy of £68bn, it is a cost that the Government must ensure is met.

41. In addition to increased funding, there are opportunities for creating a more efficient system which ensures more disabled people get the support they need, for little extra cost. For example, the Sayce Review of support for disabled people found that some large companies had managed to improve accessibility by making adjustments to their IT which meant individuals did not need to apply for individualised support through Access to Work.88

42. Disabled people have also reported that sometimes expensive adjustments can be avoided when the employer is able to be flexible about working hours.89 For example, individuals who would struggle to get public transport during busy times and therefore need funding for taxis, could use public transport at less busy times – if their employer allowed them to work flexible hours. There is a role for welfare to work support providers and Jobcentre Plus to work closely with employers to support them to make such adjustments which will avoid individuals having to apply for Access to Work.

THE GOVERNMENT AS EMPLOYER

43. The Government also has a key role to play as an employer and a commissioner of services. Almost 6 million people work in the public sector across the UK, accounting for 1 in 5 jobs (the number is far higher when the amount of people who are employed in jobs which have been commissioned by local and national government are included). These roles can be used effectively to boost disability employment in a variety of ways, for example by requiring Government contractors to demonstrate their commitment to disability employment when they bid for contracts.

44. The Government could also promote disability employment via the tax breaks and business support it provides. For example, the Government has abolished National Insurance contributions paid by employers for under-21s from April 2015 to encourage employers to take on more young employees and reduce youth unemployment. The Government could offer something similar for those who employ disabled people. Further,
the civil service, local government and the health sector could be a key driver in employing more disabled people.

45. The NHS for example, should share best practice on how best to support and encourage services to employ more disabled people. The Government’s regional strategy also presents an excellent opportunity to ensure that disabled people are connected to growth and to improve employment rates amongst disabled people – Manchester and other areas with additional powers over employment should seize this opportunity to make a difference.

ENSURING DISABLED PEOPLE HAVE THE SUPPORT THEY NEED TO PROSPER

46. We are deeply concerned about the plans to cut support for disabled people in receipt of Employment Support Allowance (ESA). This Bill will cut support for new claimants placed in the Work Related Activity Group (WRAG) after April 2017 by around £30 every week. The WRAG group includes people who have suffered serious injuries, those in the early stages of progressive conditions like MS, and those with learning disabilities.

47. Currently there are almost half a million (492,180) disabled people within the ESA WRAG. This includes 8,000 people with progressive and incurable conditions such as Parkinson’s, Multiple Sclerosis, Spinal Muscular Atrophy, Cystic Fibrosis and Rheumatoid Arthritis who have been put in the WRAG.92

48. Those placed in the WRAG have been found independently ‘unfit for work’. In general, they are not working because they are ill, and need time to recover or learn to manage their condition more effectively. Cutting this benefit will mean disabled people have to survive on the bare minimum as they recover, causing debt and stress. This will be counter-productive to putting disabled people in a position where they can work effectively and for those with health conditions it may risk prolonging, or even impeding their recovery.

49. The extra money individuals in this group receive is provided in recognition that they are likely to be unemployed for longer than those receiving Jobseekers Allowance, through no fault of their own. In fact, just over half (53%) of those in the WRAG take between two and five years to move off ESA.93 This cut means that many disabled people will have to live on £73 a week for years on end – likely leaving them unable to meet any additional costs they might incur, for example they might need a new pair shoes or to fix a broken washing machine. This is unsustainable and likely to have a negative impact on their health and ability to gain employment.

50. While the Personal Independence Payment (PIP) covers some additional costs of disability, not everyone in the WRAG will receive it. Further, on average disabled people spend £550 a month on disability related expenses,94 while PIP pays out between £100 and £600 monthly, meaning almost all disabled people will spend more on their disability than they receive.

51. Cutting support for disabled people who need time and support to become well will make it harder, not easier, for them get back to work. Doing so may even endanger the Government’s commitment to halve the disability employment gap over the next five years.

52. We are asking the Government not to cut ESA so that disabled people continue to have the support they need to find work and stay healthy.

CONCLUSION

53. The Welfare Reform and Work Bill represents an excellent opportunity for this Government to commit to radically reforming the landscape of welfare to work support and ensuring that disabled people get the specialised support they need to prosper.

54. It is clear that closing the employment gap is not going to be achieved without a fresh approach to support. The Government needs to think big, and work to end ‘silo thinking’ to integrate employment, health and social care services, with disabled people at their heart.

55. The change must begin with this Bill. The Government should commit to reporting on progress made towards halving the disability employment gap and increasing disabled people’s participation in apprenticeships.

56. The Government must also protect essential financial support for those not fit enough for work in the Work Related Activity Group (WRAG) of ESA, so that disabled people continue to have the support they need to find work and stay healthy.

57. Going beyond the Bill, the Government must also use its role as an employer and commissioner of services to employ more disabled people across the economy.

September 2015

92 Freedom of Information request placed by Parkinson’s UK.
93 DWP tabulation tool – figures for November 2014 – 259,280 in the WRAG move off the benefit between 2-5 years.
Written evidence submitted by Timewise Foundation (WRW 12)

BIO: EMMA STEWART MBE, JOINT CEO AND FOUNDER OF TIMewise FOUNDATION

Listed as one of the UK’s ‘social entrepreneurs to watch’ by Real Business magazine and listed as one of the ‘UK’s Top Radical thinkers’ by the Guardian and Nesta, Emma Stewart MBE is the co-founder and Joint CEO of Timewise Foundation (timewise.co.uk), and also Women Like Us.

Timewise is the multi award winning social business building a visible jobs market for people who need good quality flexible jobs, and represents 70,000 people. Emma’s focus is on supporting low-to-middle income parents to find work to fit with family and raise their living standards.

Emma regularly engages with government to help shape policy in relation to mothers, work, gender inequality and child poverty. She is a member of the London LEP Skills and Employment Board, and currently chairs the London Child Poverty Alliance. She has previously co-chaired the Department for Work and Pensions’ Family Friendly Working Hours taskforce, and has contributed to numerous reports and initiatives to improve women’s participation in the workplace.

Most recently, she put the issue of flexible hiring on the wider industry agenda with the launch of the Timewise Flexible Jobs Index, featuring in the Daily Telegraph, Times, Guardian, Management Today and more.

Prior to Timewise, Emma enjoyed a successful career in documentary production and as a freelance business development consultant.

SUMMARY STATEMENT

Timewise is concerned that the current mainstream support offered will not, as it stands, be sufficient to incentivise more primary carers with young children (primarily women) into quality employment and out of conditionality.

It advocates for two areas to be addressed:

— invest in demand side interventions to stimulate more employer action directly on flexible job design and changing recruitment practices to unlock better quality jobs to flexibility. This will enable parents and carers to increase their part time earnings NOT through more hours but to enable parents with earning potential to optimise their existing skills in higher level part time and flexible jobs.

— support parents to get the tailored interventions (employability and childcare) to access these jobs through JCP and other programmes such as Troubled Families and Work Programme.

Women choose part time roles so that they can fit work around their caring responsibilities, but this means choosing from a small pool of externally advertised flexible roles, concentrated in low paying occupations and sectors such as cleaning, caring and retail.

The lack of quality flexible jobs in the recruitment market limits women’s options, and is an underlying structural driver for the high rates of maternal worklessness and in-work poverty within families. Women either choose not to work or to work in part time jobs that do not raise their income standards.

Timewise Foundation’s recent Flexible Jobs Index research, funded by Joseph Rowntree Foundation, provides new data into the state of the flexible jobs market. It highlighted that only 6% of quality (over £20,000 FTE) job vacancies are advertised with some form of flexibility.

This compares to over 96% of employers who state they offer some form of flexible working.

Timewise Foundation is calling for more employers to embrace flexible hiring as well as flexible working. This means that an employer will openly advertise a job to be considered on a flexible basis (on either hours or location) from day one, rather than waiting for the statutory 26 weeks.

ABOUT TIMewise FOUNDATION

The Timewise Foundation (TWF) is a multi award winning social enterprise and leading change agent for the flexible recruitment market in the UK. TWF undertakes activities to position the social and business benefits of quality part time and flexible work and provides a range of advisory and recruitment services to employers to stimulate change in their recruitment practices. This work delivers social impact for low to middle income families who need quality flexible jobs to fit work with caring responsibilities and raise their household income.

Through our division Women Like Us we provide frontline support over 500 parents in London each year to find work or progress in work that they can combine with family responsibilities. Our social impact analysis highlights that our services lift 82% of our clients out of poverty through better quality flexible jobs, of whom two thirds are from Black and Minority Ethnic communities.

Our activity generates over £500,000 economic impact to families and the state each year and our innovative approach has influenced both business and government policy at regional and national levels.
COMMEN'TARy ONG CONDITIONALITY FOR ‘RESPONSIBLE CARERS’ WITHIN UNIVERSAL CREDIT

Timewise Foundation works to stimulate a quality flexible jobs market in the UK.

Through our Women Like Us division the organisation supports low income mothers, both lone and coupled, to prepare for and find work to fit with their caring responsibilities.

The bill proposes that parents with a youngest child aged 3 or older (including lone parents) who are able to work will be expected to look for work if they are claiming Universal Credit. These parents will receive support from Jobcentre Plus.

Timewise is concerned that the current mainstream support offered will not, as it stands, be sufficient to incentivise more primary carers with young children (primarily women) into quality employment and out of conditionality.

Timewise advocates for two areas to be addressed:

— invest in demand side interventions to stimulate more employer action directly on flexible job design and changing recruitment practices to unlock better quality jobs to flexibility. This will enable parents and carers to increase their part time earnings NOT through more hours but to enable parents with earning potential to optimise their existing skills in higher level part time and flexible jobs.

— support parents to get the tailored interventions (employability and childcare) to access these jobs through JCP and other programmes such as Troubled Families and Work Programme.

CONTEXT

Maternal worklessness is evidenced to be a key driver for child poverty. Two thirds of those earning low pay in the UK are women.

The majority of women with young children in the UK want to work part time or flexibly to fit work with their caring responsibilities.

Women choose part time roles so that they can fit work around their caring responsibilities, but this means choosing from a small pool of externally advertised flexible roles, concentrated in low paying occupations and sectors such as cleaning, caring and retail.

The lack of quality flexible jobs in the recruitment market limits women’s options, and is an underlying structural driver for the high rates of maternal worklessness and in-work poverty within families. Women either choose not to work or to work in part time jobs that do not raise their income standards.

Timewise Foundation’s recent Flexible Jobs Index research, funded by Joseph Rowntree Foundation, provides new data into the state of the flexible jobs market. It highlighted that only 6% of quality (over £20,000 FTE) job vacancies are advertised with some form of flexibility.

This compares to over 96% of employers who state they offer some form of flexible working.

The distinction is that employers either only consider creating jobs on a flexible or part time basis if they have historically been done this way ie within specific sectors such as retail, or if an individual employee has asked for flexibility.

Timewise Foundation is calling for more employers to embrace flexible hiring as well as flexible working. This means that an employer will openly advertise a job to be considered on a flexible basis (on either hours or location) from day one, rather than waiting for the statutory 26 weeks.

There is a wealth of evidence to support the need to drive up the number of quality part time and flexible jobs in the UK labour market as a way to raise family living standards.95,96,97,98,99

Mainstream interventions have historically focused on looking to build the skills of those in low pay as a solution to raising household income. Yet Timewise’s analysis and that of others highlights that many women are overqualified and under-employed (from a skills optimisation not hours perspective) in working part time. 4.3 million workers in the UK have skills and qualifications that exceed those needed for their job – that’s 16% of employees.100 This percentage rises considerably when looking at women in part time work, where nearly half of women working part-time are over-qualified for their job.101

There is therefore a need to trial a new approach to tackling both maternal worklessness and in-work poverty for those locked into low paid part time jobs. This approach focuses on addressing both demand and supply side barriers ie:

97 Bell, Bivand for Inclusion ‘Driving up part time employment in London ’ 2012.
100 CIPD John Lewis Partnership and Tooley Street Research. ‘Understanding-the-barriers-for-the-lowest-paid’ 2014.
— invest in demand side interventions to stimulate more employer action directly on flexible job design and changing recruitment practices to unlock better quality jobs to flexibility. This will enable parents and carers to increase their part time earnings NOT through more hours but to enable parents with earning potential to optimise their existing skills in higher level part time and flexible jobs.

— supporting parents to get the tailored interventions (employability and childcare) to access these jobs.

Timewise’s research with 500 managers in 2014 highlighted that 9 out of 10 would consider offering jobs with flexible hours for the right candidate at the point of recruitment. However, only 3 out of 10 managers are actively doing this. The barrier is that business leaders are not enabling this to happen. There is an opportunity to champion flexible hiring to the business community to drive change.

PILOTING INTERVENTIONS

Timewise has delivered a UC pilot for single parents, on behalf of DWP, to help them move out of conditionality by trialling these two approaches.

Nearly all parents on the pilot demonstrated a strong preference to work part time while their children were at primary school or younger, and would compromise salary for flexible working or a local job. The pilot findings are due to be published in the autumn, and whilst a small trial, it highlights the effectiveness of building job design and flexible hiring into job brokerage processes.

CONSIDERATIONS

On the basis of Timewise’s research and work with both employers and low income families, we propose that government considers the following actions as part of its roll out of conditionality for responsible carers. These are specifically focused on our area of expertise: flexible hiring and running employability programmes. There are wider issues that need to be considered alongside this in the context of cuts to tax credits and changes to childcare entitlements:

— Ensure that people falling under conditionality within Universal Credit who have restrictions on the hours they can work (due to caring responsibilities or disability) are given options and adequate support to increase their earnings through better quality but still flexible or part-time work, not just by working more hours.

— This will require capacity building for frontline advisors and employer engagement teams in DWP/JCP and wider mainstream employment programmes (Work Programme and Troubled Families) on how to position flexible hiring with employers, and to provide tailored support to parents needing to find flexible work.

— Stimulate more regional commissioning and employer action by encouraging LEPs to raise awareness of the benefits to employers of embracing flexible hiring through regional jobs and growth strategies.

— Improve prompts in Universal Jobs Match, to encourage employers to consider offering flexible options when they advertise their jobs.

— Pilot a career advancement service that includes an employer-facing support service on flexible job design.

— Extend ONS national employer surveys to include analysis of part-time vacancies.

— Demonstrate leadership by routinely advertise its own quality vacancies as open to flexibility at national, devolved, regional and local levels. This will enable government to realise the benefits of attracting and retaining talent, and to champion the benefits of flexible hiring from experience.

September 2015

Written evidence submitted by The Association of Colleges (AoC) (WRW 13)

BACKGROUND

The Association of Colleges (AoC) represents and promotes the 335 colleges in England including 242 further education colleges (FE) and 93 sixth form colleges incorporated under the Further and Higher Education Act 1992.

Further education (FE) colleges provide high-quality technical and professional education and training for young people, adults and employers. They prepare over three million students with valuable employability skills, helping to develop their career opportunities.

Colleges are inspirational places to learn because education and training is delivered by expert teaching staff in industry-standard facilities. From basic skills to postgraduate degrees, colleges offer first rate academic and vocational teaching, in a range of professions including engineering, hospitality, IT, construction and the creative arts.

102 A Flexible Future for Britain?, Timewise 2014.
Sixth form colleges provide high-quality academic education to 16 to 18-year-olds enabling them to progress to university or higher level vocational education.

Some key facts about colleges’ contribution to the apprenticeships agenda:

- Colleges trained 34.5% of apprentices in 2013-14, equating to 294,000 apprentices in all.
- Every FE college is involved in delivering apprenticeships.
- The average college trained 1,200 apprentices in 2013-14.

Colleges support the Government’s ambitious agenda for three million apprenticeship ‘starts’ before 2020. However, there also needs to be recognition that apprenticeships are not the only answer to meeting the nation’s skills needs.

Apprenticeships

Clause 2: Apprenticeship reporting obligation amendments

**Purpose:** Clause 2 as drafted places a duty on Ministers to issue progress reports on how the Government is performing against the manifesto pledge. Although subsection (1) (b) of new Section A8 of the Apprenticeships, Skills, Children and Learning Act 2009 says Ministers can include ‘any other information about apprenticeships’ that they deem appropriate, colleges would like to see the minimum level of information defined to ensure the quality and quantity of apprenticeships is maintained.

**Content of the Secretary of State’s report**

The Association of Colleges supports amendment 75 because it would ensure more detailed information (in addition to the overall target) is included in the Secretary of State’s report to Parliament.

For example, the age of apprentices is important because the majority of the rapid increase in apprenticeships in recent years has been amongst those aged over 24 rather than young people. Any updated figures should therefore provide an age breakdown to identify which age groups are doing better than others.

There are particular issues regarding gender too. Some apprenticeships are primarily taken up by males or females. For example, of the 15,550 engineering apprentices in 2013/14, only 590 were female. Of the 70,080 health and social care apprentices, 11,350 are male. In relation to ethnicity, the latest statistical first release confirms only 7.4% of apprentices are black or Asian.

Within the apprenticeship reporting duty, colleges would also like to see information included regarding the proportion of employers which are offering an apprenticeship. To reach the three million target, there will have to be a sea change in the proportion of businesses which offer apprenticeships. Currently only 15% of employers do so. It is important to note that the proportion is lower amongst small and medium sized employers.

It is also worth noting that apprenticeships are essentially a job with training so are therefore only available to a certain proportion of the population. For example, a person’s current or prospective employer must be willing to allow them to start an apprenticeship, you must be employed full-time (ie those who work part-time are not eligible). Therefore, the Government should also report on the number of non-apprenticeship adult education and training places in each reporting period, by way of assessing whether there are sufficient places available to meet demand.

The legislation also provides an opportunity to recognise the importance of provision for students with special educational needs (SEN). We support the position of the Special Education Consortium, of which we are a member, in asking for a target of the number of apprentices with SEN to be included within the three million target.

Workless households and educational achievement reporting obligations amendments

The Bill places a duty on Government to report on the educational achievement of children in ‘workless households’ in England, as compared to all children in England. Colleges welcome this proposal as it will give greater focus to those who require greatest assistance. However, we think Ministers should go further.
As drafted, the clause only requires Government to report on educational achievement at the end of Key Stage 4, which is that completed by 16-year-olds, usually GCSEs. It does not take into account that from autumn 2015, every young person has to remain in education or training until their 18th birthday. These two years of education, whether in college, school sixth form or an apprenticeship, is now compulsory, so it would seem logical to include it within Ministers’ reporting duties.

September 2015

Written evidence submitted by Professor Jonathan Bradshaw (WRW 14)

UNIVERSITY OF YORK
SOCIAL POLICY RESEARCH UNIT

CHILD POVERTY MEASUREMENT

Jonathan Bradshaw FBA, CBE

SUMMARY

This evidence presents arguments in favour of retaining the Child Poverty Act target measures

1. There is no perfect measure of poverty – all measures are more or less flawed. That is why, in a process that has taken over a century, the UK eventually reached a consensus that a portfolio of measures was best. Poverty has always been used to describe a lack of material resources and child poverty as children living in households lacking material resources. The portfolio of official measures used in the UK was developed after the Thatcher government in the 1980s decided to replace the Low Income Statistics series which had been based on a threshold based on social assistance scales, with measures based on proportions of the mean, and later, median income. There was a lot of discussion between government statisticians and the academic community about – which threshold to use, median or means, before or after housing costs, equivalence scales, and so on. These exchanges resulted in the Households below average income series (HBAI) which has become a first class annual compendium of data on poverty produced by DWP statisticians. In the early 2000s a deprivation measure was added to the portfolio based on the experience of the Poverty and Social Exclusion Survey.108

2. In 2010 the Child Poverty Act adopted a selection of the portfolio of measures to establish four targets that had to be met by 2020 and a fifth was added later. These were:

   i. The so-called relative measure: the percentage of children in households with incomes less than 60% of the contemporary median. The target was to reduce this to 10% by 2021.

   ii. The so called absolute (I prefer “anchored”) measure: the percentage of children in households with incomes less than 60% of the median, held constant at 2010-11 prices. The target was to reduce this to 5% by 2021.

   iii. The low income and deprivation measure: the percentage of children in households with less than 70% of contemporary median income and lacking ‘necessities’ because they cannot afford them. There is a list of 12 necessities covering essential household and personal items, adequate personal space as well as access to leisure activities to achieve a reasonable standard of living. For example a washing machine in the house, a bedroom for each child of the opposite aged more than ten-years-old, school trips, a warm winter coat, a hobby and celebrations on special occasions. The target for 2021 was to achieve that only 5% of children would live in a household that was missing some of these necessities.

   iv. Persistent low income is a measure of deprivation over time: the percentage of children in households with income less than 60% of contemporary median in three out of four years. The 2021 target was 7%.

   v. Severe low income and material deprivation: the percentage of children in households with income less than 50% of the median and lacking necessities because they cannot afford them. This 2021 target was 0%.

3. This set of targets is not perfect. Some would argue that we need a measure of poverty gaps – how far below the threshold poor households are. But it has many qualities – combining relative and absolute thresholds, an overlapping low income and deprivation measure, a measure of persistent poverty and a severe low income and deprivation measure. The HBAI statistics are extremely enlightening, giving a detailed breakdown of the rates and composition of the poor population, households, children and pensioners; before and after housing costs and using 50%, 60% and 70% of the median thresholds. I think we can claim that the UK is the world leader in national data on poverty and has influenced the approaches adopted by the European Commission, OECD, UNICEF and even the World Bank.

107 Emeritus Professor of Social Policy, University of York, Social Policy Research Unit, University of York, Heslington, York, YO1 5DD jonathan.bradshaw@york.ac.uk http://php.york.ac.uk/inst/spru/profiles/jrb.php.

4. The Government has now published the Welfare Reform and Work Bill which will among other things amend the Child Poverty Act 2010 by removing the duty on the Secretary of State to meet UK wide targets and creating a new statutory duty to publish an annual report on children in workless households in England and on the educational attainment of children in England at the end of Key Stage 4. These two new statutory measures will each contain two measures, so there are to be four measures:

— Children in workless families.
— Children in long term workless families.
— Educational attainment for all children.
— Educational attainment for disadvantaged children.

5. These are important indicators of child well-being. They were included in the DWP series *Opportunity for All* which was established to monitor the child poverty strategy after 1999. This series covered not only income poverty, but also used indicators of children living in workless households, child health, educational attainment, and housing. In all, there were 24 indicators covering children and young people. Unfortunately, the series was abandoned after 2007. By then the indicators had all become Public Service Agreement (PSA) targets and many were incorporated into the UK National Action Plan for Social Inclusion reports that the UK had to produce every two years for the European Union. This was unfortunate, because the National Action Plan process was abandoned by the EU soon after.

6. Many of these indicators are used routinely in the series of books that we have produced on the well-being of children in the UK, as well as in the new Office of National Statistics series on the well-being of children.

7. But children in workless families and educational attainment are not measures of poverty. They are, of course associated with poverty – the risk of being poor is greater in workless families, but two thirds of poor children have a parent in employment. Poor children tend to have lower educational attainment on average, but many poor children don’t and some rich children do. If we want to measure lack of material resources we need to measure it more directly – as we have sought to do for over a century of social science research.

8. Indeed social scientists will continue to use the HBAI reports to monitor child poverty. If the government abandons the HBAI series, I am confident that it will be replicated by the academic community. The European Commission, OECD, the Luxembourg Income Study, UNICEF and UNDP will all continue to publish measures of poverty based on income and deprivation.

9. I am afraid that most social scientist in the UK, and observers around the world, will view these proposals as just – silly.

*September 2015*

Written evidence submitted by Joseph Rowntree Foundation (WRW 15)

The following submission explores the proposals contained within the Welfare Reform and Work Bill in the context of JRF’s evidence base.

**Key points**

— Clauses 4-6: The life chances measures proposed by this Bill should be used to build upon the measures enshrined in the Child Poverty Act 2010, not replace them. There are a number of further measures which could be introduced to provide the government with a dynamic picture of poverty and opportunity in the UK.

— This Bill provides the government with an opportunity to make progress on their manifesto commitment to halve the disability employment gap, through the inclusion of a statutory target and further reporting requirement upon the Secretary of State for Work and Pensions.

— Clauses 9 – 10: Freezing the levels of benefit payments over this parliamentary term is likely to increase poverty and have a negative impact upon life chances. Annual reviews of uprating would allow the Chancellor to respond to positive changes in the UK economy and ensure that households on the lowest incomes share in the benefits of economic success.

— Clause 13: The proposed reduction in support given to those in the work-related activity group of Employment Support Allowance, combined with the longer periods of unemployment experienced by people living with a disability, will have a serious and prolonged impact upon the living standards of disabled people. To mitigate this, the government should look to improve the Work Programme so that the average length of unemployment faced by those with disabilities is much closer to that of JSA

clAuses 4 – 6 RePeAl of The child PoveRTy AcT

INTRODUCTION

The Welfare Reform and Work Bill marks the start of a significant shift in the UK’s welfare system, setting out a path away from a ‘high tax, low wage, high welfare’ system towards a ‘low tax, high wage, low welfare’ system. Undoubtedly, reduced reliance upon the welfare state to make ends meet and higher take home pay for low income families are positive objectives. Alongside this, the Chancellor made a commitment to clearing the budget deficit by 2019, placing a tight restriction upon the methods by which this economic and social shift might be achieved.

Our report ‘Will the 2015 Summer Budget improve living standards in 2020?’ (JRF, 2015) assesses the impacts of the Summer Budget upon living standards using our Minimum Income Standard (MIS) as a benchmark. MIS asks members of the public what goods and services they think are necessary to achieve a ‘minimum socially acceptable standard of living’ across a variety of household groups. This basket is then costed to calculate the income necessary to reach this standard of living.

The report finds that the introduction of a National Living Wage (NLW) is a major step forward in tackling low pay among some working households. Workers over the age of 25 who do not receive any benefits (and have relatively low housing costs) will be much better off, largely because of the NLW. For example, a single person aged over 25 who works full time on the minimum wage will have 97 per cent of what they need for a minimum standard of living in 2020, compared to 79 per cent in 2015, a significant improvement. Similarly, pensioners also stand to gain. Those who rely solely on the state pension currently receive 96 per cent of what they need to cover a decent standard of living, which will rise to 6 per cent above what they need by 2020.

However, many groups at the lower end of the income spectrum will not see their overall living standards rise as a result of the Budget proposals, primarily because of changes to benefits. Families with one full-time and one part-time earner will remain the same, while lone parents working full-time on the NLW will see their living standards decline. Working-age families who are reliant on safety-net benefits will fall even further behind what they need, due to the proposed freeze of welfare benefit levels, which will allow rising inflation to erode their value, and the reduced generosity of the Child Tax Credit for future claimants. For example, in 2020 a single person who claims out-of-work benefits will get just over a third of what they need for a basic standard of living, compared to 41 per cent in 2010. Families with children will see their incomes fall from two-thirds of what they need in 2010 to half in 2020.

Overall then, the Budget improves the prospects of those not reliant upon state support and sharpens incentives towards employment, while squeezing the incomes of lone parents in work as well as a broader section among those who do not have a paid job. The tight schedule that the Chancellor has set himself to eliminate the Budget deficit, and the focus upon achieving savings through working-age welfare have left little room for a more graduated shift in responsibility for the living standards of low income households from the state to employers, one which could soften the impact of Budget savings upon low incomes households.

CLAUSES 4 – 6 REPEAL OF THE CHILD POVERTY ACT

The government is right to argue that a narrow reliance upon income measures to identify households in or at risk of poverty is insufficient. Our evidence suggests that exiting poverty is about more than simply moving across an income line set in relation to median incomes, but it also shows clearly that more money does directly improve children’s life chances (JRF, 2012). We support the introduction of the new life chances measures, but by replacing the previous income measures, they amount to a step backwards in developing an accurate picture of poverty. JRF believe that the government should report on the new life chances indicators alongside the range of income measures enshrined in the Child Poverty Act 2010 if it is to present a fuller picture of the state of life chances in the UK.

Furthermore, our annual Minimum Income Standards research (JRF, 2015) highlights the importance of costs in better understanding how households at the bottom end of the income spectrum are faring. JRF believe that income measures should better account for household costs, by including analysis of income after essential costs like childcare as well as accounting for the extra costs of disability. This would support a more accurate and dynamic picture of the absolute living standards of UK households.

The Bill introduces measures of worklessness (and attainment) to understand poverty and life chances in the UK. While all of our evidence suggests that work remains the surest route to improving one’s living standards, the rise of in-work poverty presents a new challenge to improving social mobility and life chances. JRF believe that this Bill presents the government with an opportunity to better understand and address this challenge. The government’s Household Below Average Income series shows statistics on parental work status, broken down by family type and whether each parent is working full-time, part-time or is self-employed. This could form the basis for a more detailed look at the bottom end of the labour market, underpinning action to address barriers to life chances such as low pay and underemployment. This data could be reported upon by the Secretary of State for Work and Pensions to focus attention upon a sustained reduction in in-work poverty and subsequent improvement in life chances. If it were expanded to look at both hours worked and pay, as will be made
possible by Real Time Information, the government would have a clearer view of the contribution of low pay and underemployment to changing numbers of households in-work poverty.

Finally, the Child Poverty Act 2010 required the Secretary of State to develop a strategy for tackling child poverty. This requirement will be lost with the repeal of the Act under this Bill. The Welfare Reform and Work Bill should make provision for a new requirement upon the Secretary of State to develop and publish a life chances strategy, one which addresses all ages and maps a path towards progress on this important agenda. The Joseph Rowntree Foundation is continuing to develop its own strategy to improve the life chances of low income households and bring about a sustained reduction in poverty levels in the UK. We’d be glad to discuss our approach with the government in more detail.

**Recommendations**
- That the Bill includes a requirement to report on income measures alongside the new life chances measures. These should take account of essential household costs to present a detailed picture of the living standards of low income households.
- To draw focus towards tackling rising in-work poverty, the government should use the HBAI data on parental work status to identify drivers of in-work poverty in the labour market.
- The Bill should place a statutory requirement upon the Secretary of State to develop and implement a life chances strategy every four years, to be assessed by the Social Mobility Commission.

**HALVING THE DISABILITY EMPLOYMENT GAP**

In 2014, the charity Scope found that, since the year 2000, “the gap between disabled people’s employment rate and the rest of the population [has] remained largely static at around 30%” (Scope, 2014). This has been confirmed by our own evidence, which also suggests that people living with disabilities are “less likely to be working, and more likely to be low paid.” (JRF, 2014) This employment gap, combined with the higher living costs associated with disability (JRF, 2004) is a likely driver in the high levels of poverty among disabled people: 38% of people in poverty live in a household with a disabled member, by comparison, 30% of all individuals live in a household with a disabled member. Furthermore, the inclusion of welfare support for the additional costs of disability within the standard assessment of disabled households’ income understates the overall number perceived to be in poverty. When such support to meet additional costs is removed from income, an additional one million disabled households fall below the relative poverty line (JRF, 2014).

The disability employment gap also presents a barrier to the government’s aspiration of achieving full employment, prompting the inclusion of a commitment to halving the gap over the course of this parliamentary term within the Conservative Manifesto 2015. This Bill provides an opportunity to demonstrate this commitment, through the inclusion of a statutory target and further reporting requirement upon the Secretary of State. A statutory target would provide a clear point of focus for concerted action over the course of this parliament. Actions to address the disability employment gap could be included in a life chances strategy widened to focus on adults as well as children.

**Recommendation**
- The Welfare Reform and Work Bill should place a requirement upon the Secretary of State to report on progress made in reducing the disability employment gap. Actions to address this issue could be included in a widened life chances strategy.

**CLAUSE 9 – 10 THE FREEZING OF WELFARE BENEFITS**

Clause 9-10 of the Welfare Reform and Work Bill freezes a range of welfare payments for four years to their value at April 2016. While this will make a significant contribution to progress with eliminating the deficit (assuming inflation returns to the target level), it is likely to have a serious detrimental impact upon working-age households reliant upon state support to top-up their income; as the value of the frozen benefits is eroded by inflation over the four year period, poverty will grow and deepen, reducing life chances and opportunities for households on the lowest incomes both in and out-of-work.

While our Minimum Income Standard 2015 research (JRF, 2015a) showed that low inflation has placed downward pressure on the price of many essential goods and services, the cost of some have continued to increase. For example, the research showed that over the year to April 2015, private rents have increased by 2%, while childcare costs increased by 2.4%. Though these are relatively modest figures, they follow a prolonged period of large above-inflation increases in the cost of essential goods and services which have had a very detrimental cumulative effect upon household budgets. This was especially acute for those at the bottom of the income distribution, who spend a larger proportion of their household income on essentials. The likely return to stronger inflation growth will place further pressure upon their ability to make ends meet. Indeed, JRF research demonstrates the fragility of the gains from the package of measures in the Summer Budget should inflation rise higher than forecast. An increase of 1 per cent a year above the forecast rate would wipe out the gains currently going to a couple with two children working full time on the NLW (JRF, 2015).

By extending the timetable for deficit reduction, the government have shown a willingness to respond to wider economic conditions while continuing to make progress towards their overall aim of balancing the books.
Should we see higher revenue receipts brought about by an uptake in productivity and continuing improvements in the employment rate, the option to uprate benefits would allow the Chancellor to temper the impacts of welfare savings upon those at the bottom end of the income spectrum, linking growth to improved life chances.

JRF believe therefore that the Chancellor should retain an annual review of welfare payment levels to allow for a flexible approach to deficit reduction, one which can use the benefits of strong economic performance to maintain living standards for those on the lowest incomes while the NLW has time to increase its bite.

**Recommendation**

— JRF recommend retention of the annual review of benefit levels to allow the Chancellor to link strong economic performance with the maintenance of living standards at the bottom end of the income spectrum, while continuing to make progress towards the elimination of the deficit. For example, continuing with a flexible approach would allow the Chancellor to uprate specific benefits to offset increases in the costs of particular essential goods or services.

### Clause 13 Employment Support Allowance; Work Related Activity Component

The Chancellor announced at the Summer Budget that he would reduce the level of benefit paid to claimants in the Employment Support Allowance ‘work-related activity group’ (WRAG) to the value of Jobseekers’ Allowance, as part of moves to make savings on welfare expenditure. The Chancellor argued that the additional employability support offered to those claiming Jobseekers, and the significant reduction in the number of JSA claimants since 2010 were reflective of a better system for encouraging people into work.

In our review of the links between disability, long term conditions and poverty (JRF, 2014) we could not find any evidence at a national level that disability employment rates are improved by reducing benefit generosity. While we appreciate that the savings made will contribute towards the government’s deficit reduction plan, they will also have a serious impact upon the living standards of those disabled people identified for work related activity.

Furthermore, our evidence suggests that disabled people are likely to be out of work for longer than those living without a disability. This could be due to reduced opportunities in the labour market, sometimes as a result of employer reluctance to make adjustments to the workplace (JRF, 2014). Though the evidence also points to a number of flaws in the Work Programme that will need to be resolved to equalise access to the labour market, and ensure that those in the work-related activity group do not have to endure significantly reduced living standards for much longer periods than others receiving JSA support.

Our submission to the Comprehensive Spending Review 2015 sets out the following proposal for further government efforts in relation to the Work Programme which could help to mitigate the impact of the above proposal:

**For individuals with health conditions or disabilities their motivation to return to work and their perception of their health condition have proved important in evaluations of previous programmes. Yet evaluation of the Work Programme finds advisers too often do not have sufficient knowledge of health conditions to work with individuals to change their view of their own capabilities, where appropriate.**

**In addition, the way the Work Programme contracts are structured has not worked well for smaller, more specialist advisers, particularly those from the third sector. Evaluation of the Australian experience has found greater competition and diversity of providers, along with choice for service users has been associated with improved outcomes and participant experience.**

**Together this evidence suggests just tweaking the payment amounts within the Work Programme will not suffice: a different approach to delivering employment support is needed. This should be one that focuses on more intensive personalised support, bringing together the management of health conditions, mental ill health and disabilities with support to re-enter the labour market. The commissioning process should prioritise bids that can demonstrate links to wider local services, such as health services, condition management and treatment services.**

**In addition, responsibility for the delivery of the (voluntary) Work Choice Programme and the Access to Work scheme to provide support with the cost of workplace adaptations to enable people with health conditions, mental ill health or disabilities to take up a job should transfer to this programme. This will enable providers to offer a more integrated service to both service users and employer. This should incorporate a service to support employers with adaptations to prevent people exiting employment when a condition or disability has been diagnosed, in order to prevent people dropping out of the workplace in the first place.**

**Given the problems with contract incentives, one possible model would be to provide funding upfront, with providers liable for reimbursing DWP during periods when individuals aren’t working. This will both ensure providers have access to working capital and have a clear incentive to support people into work. Keeping the focus on earnings progression could be ensured by a payment by results element on the basis of earnings (JRF, forthcoming 2015).**
Recommendation

— The proposed reduction in support given to those in the WRAG group of ESA, combined with the longer periods of unemployment experienced by people living with a disability, will have a serious and prolonged impact upon the living standards of disabled people in the work-related activity group. To mitigate this, the government should look to improve the Work Programme so that the average length of unemployment faced by those with disabilities is much closer to that of JSA claimants, with whom they’ll be provided equal levels of income support. The programme should focus on more intensive personalised support, bringing together the management of health conditions, mental ill health and disabilities with support to re-enter the labour market.

September 2015

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ABOUT THE JOSEPH ROWNTREE FOUNDATION
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We want to see a prosperous UK where everyone can play their part. We work in partnership with individuals, communities and a range of organisations to achieve our goals. We use evidence and experience, and we search for the underlying causes of social issues so we can demonstrate practical solutions that bring about lasting change.

All research published by JRF, including publications in the references, is available to download from www.jrf.org.uk

Written evidence submitted by Action for M.E. (WRW 16)

1. THIS SUBMISSION IS ON BEHALF OF ACTION FOR M.E.

1.2 Action for M.E. is responding to this call for evidence as the UK’s leading charity for people affected by Myalgic Encephalomyelitis (M.E.), which affects an estimated 250,000 men, women and children in the UK. Symptoms include post-exertional malaise (a period of intense exhaustion brought on by any mental or physical activity) and chronic pain.

1.3 M.E. affects different people in different ways and symptoms can fluctuate and change over time. 25% of people with M.E. are severely affected. They may be confined to bed or unable to leave the house without the use of a wheelchair.

1.4 Working with Action for M.E., as well as Forward M.E. and the APPG on M.E., the Department for Work and Pensions updated its evidence-based protocol on M.E. for healthcare professionals carrying out Work Capability Assessments (WCAs). The new guidance, released in June, highlights the significance of post-exertional malaise, and the serious impact of the symptoms of M.E.

1.5 Information on M.E./CFS is also included in the DWP’s A-Z of medical conditions.

2. SUMMARY:
To inform our response to this call for evidence, we used a short questionnaire to consult with 274 people affected by M.E. on key proposals included in the Bill.

2.1 We have chosen to focus on four areas of the Bill:
1. Reducing the benefit cap.
2. Freezing some welfare benefits.
3. Changes to the Work-Related Activity Group of ESA
4. Changes to Support for Mortgage Interest Payments.
2.2 Several key points have emerged from this consultation. They include:
- Many people with M.E. who are on benefits will not be affected by reducing the benefit cap because they currently receive significantly less than £20,000 in benefits.
- Removing part of the payment for people in the Work-Related Activity Group of ESA is likely to cause financial hardship and stress for many people with M.E., potentially leading to a worsening of symptoms.
- Many people with M.E. told us they don’t own a property, so changes to support for mortgage interest payments are unlikely to affect them.

2.3 The responses received from the consultation highlight recurring key issues and concerns. Through Action for M.E.’s information, support and specialist services, we regularly hear similar feedback from service users. This is further evidenced through our engagement and work with statutory and voluntary sector organisations.

2.4 Furthermore, in M.E. Time to deliver, our large-scale consultation with more than 2,000 people with M.E. in 2014, 80% of respondents told us they were worried about the impact of welfare benefit reforms. Financial security was a key concern for many.

3. Reducing the Benefit Cap to £20,000 (except for £23,000 in Greater London)

3.1 We asked people with M.E. whether reducing the benefit cap is likely to affect them.
- 71% said no.
- 25% said don’t know.
- 4% said yes.

3.2 One person with M.E. told us: “This cap will make my life personally harder if it happens.”

3.3 Another person with M.E. told us: “The talk of benefit capping has ruined things for me already. I have been waiting to move to a three bed house for 12 years as I am overcrowded. I was very fortunate to actually be offered a place at all in the area I wanted, but was told that because of the benefit cap that may be bought in, that I wouldn’t be able to afford the new property if the government go ahead with the capping on housing benefits. I have only just very recently had to obtain housing benefits in the first place as I worked full time before I lost my job due to ill health (CFS/M.E.). I feel so let down.”

3.4 On the other hand, other people with M.E. told us they won’t be affected because:
- “My benefits are already below £20,000.”
- “I get about half of that.”
- “I don’t receive anywhere near that much money so unless I am suddenly entitled to loads more it is unlikely to affect me.”

4. Freezing Certain Social Security Benefits and Certain Tax Credit Amounts for Four Tax Years

4.1 In the survey we explained that this includes Employment and Support Allowance (ESA) for those in the Work-Related Activity Group (WRAG) but not the Support Group.

4.2 We then asked people with M.E. whether freezing some welfare benefits is likely to affect them.

4.3 40% said yes or they weren’t sure. Uncertainty around the future of welfare benefits is a source of considerable stress for people with M.E., many of whom rely solely on these as a source of income.

4.4 One person with M.E. told us: “ESA WRAG is already so low that it is difficult to believe anyone with a health problem could survive on it without outside support.”

4.5 Another person with M.E. agreed: “I think this is a poor proposal, since the ESA payment is not enough to live on, and freezing it will effectively mean a cut in payments over the next four years.”

4.6 Another person with M.E. told us: “I think it is really unfair that you should get less for being in the WRAG. I am unable to work and have the same living costs as people in the Support Group.”

5. Removing the Work-Related Activity Component in Employment and Support Allowance

5.1 In the survey we explained that what this means in practice is that people in the Work-Related Activity Group will have part of their payment removed, making the amount of benefit they receive the same as people on Jobseekers Allowance (JSA; currently £73.10 per week).

5.2 We then asked people with M.E. whether this change to the Work-Related Activity Group of ESA is likely to affect them.

5.3 Roughly one in three said yes or they weren’t sure.

5.4 One person with M.E. told us: “I have been in the work-related activity group and don’t think this is fair. If someone is ill and trying their best to get prepared to return to work, reducing their ESA is obviously..."
not going to help that and the stress of it could cause people to become more ill. JSA is a low amount so it encourages people to find work quickly, this shouldn’t be the case for ESA, where a person can’t predict how quickly they will be well enough to work.”

5.5 Another person with M.E. told us: “I am already severely compromised – being unable to hold down a regular job consequent to the variable nature of the disabling symptoms. Further cuts not only cause exacerbation of symptoms as a result of excessive anxiety, creating a vicious downward spiral, but also will further compromise the quality of life.”

5.6 Another person with M.E. told us: “Again, it is unfair to penalise people in the WRAG. If you are not fit for work then you are not fit for work and cutting benefit payments won’t change that, it will just make an already difficult life even harder.”

5.7 Again, uncertainty around the future of welfare benefits is a source of considerable stress for people with M.E. Many people with M.E. who are in the ESA Support Group told us they are worried any changes to the ESA WRAG might affect them in the future:112

— “This doesn’t affect me at the moment, but I live in fear of any benefit re-assessment. It all seems so unpredictable no matter how ill you actually are.”
— “I am currently in the Support Group but if descriptors change and I’m then moved to WRAG it would affect me.”
— “I don’t know if my circumstance will change and I will be re-assessed but a drop in income would certainly make my life very much harder.”

5.8 Linked to this, our M.E. Time to deliver survey in 2014 asked more than 2,000 people with M.E. about the impact of their symptoms. 87% told us they had stopped or reduced paid work because of the illness.

5.9 M.E. Time to deliver also explored people with M.E.’s experiences of dealing with the Department for Work and Pensions (and/or agencies contracted by them) during the welfare benefits claim process. People with M.E. told us they find claiming the welfare benefits they are entitled to very stressful, with frequent stories of lost or delayed applications, and assessors making uninformed assumptions about claimants’ capabilities. The process itself appears unsuitable for people with fluctuating conditions such as M.E.

5.10 One respondent told us: “They always send generic letters and I end up having to phone when the information I need isn’t on it. It can be frightening when you read something you’re not expecting before you realise it doesn’t apply to you. Getting through on the phone has got more difficult. It always feels like they assume you are lying until you can prove otherwise.”

6. Replacing current support for mortgage interest payments for benefit claimants with the offer of a recoverable interest-bearing loan secured as a second charge on claimants’ properties

6.1 In the survey we explained this means that people on income-related ESA will have to wait longer to get help with their mortgage interest payments, and it will become a loan that needs to be paid back.

6.2 We then asked people with M.E. whether changes to support for mortgage interest payments are likely to affect them.

— 80% said no.
— 11% said yes.
— 9% said don’t know.

6.3 One person with M.E. told us: “I have to pay for my housing because I own my home. I was about to apply for mortgage interest benefit. But there is no point in it being a loan as I would never have the means to pay it back.”

6.4 Another person with M.E. told us: “I get some money towards mortgage interest so I suppose this will affect me. I already struggle to pay my mortgage because most of the monthly payment is repayment of capital so the proportion I receive in benefit is only approx. 20-25%. I don’t know how a loan would work and I don’t know how I would pay it back. It is a worrying prospect.”

6.5 However, one in four people with M.E. told us that owning a home isn’t an option for them because of their circumstances:

— “Even though I work part time and receive some benefits, I would never be able to afford my own home or get a mortgage.”
— “Don’t have a mortgage and now never will! Totally dependent on Housing Benefit to have somewhere to live.”
— “I don’t own my house. I lost it when I became ill.”

112 Action for M.E. understands that the intention is that regulations will include provision for claimants who are already in receipt of the work-related activity component to continue to receive that component. However, it is clear that people with M.E. are unsure as to whether being reassessed and moving from the Support Group to the WRAG will result in them being classed as a new claimant.
7. Conclusion

7.1 Having consulted with 274 people affected by M.E. and analysed their comments, the biggest concerns for this group are the proposed changes to Employment and Support Allowance for those in the Work-Related Activity Group.

7.2 Action for M.E. feels strongly that the proposal to remove the work-related activity component in ESA is wrong. We know that people with M.E. who claim ESA are not unable to work because they lack motivation; they are unable to work because they are two unwell, with disabling, fluctuating symptoms that leave a significant minority house or bed-bound.

7.3 Therefore the proposed change to the Work-Related Activity Group of ESA will cut off an essential source of financial support for people with M.E.

7.4 Through our survey we also found that changes to welfare benefits in general are a worry for people with M.E. One person told us: “I have learnt from experience that changes to the welfare system lead to more cuts, distress, poverty, humiliation and hopelessness. Every cut affects the sick and disabled in some form and makes public attitudes towards us worse.”

7.5 Linked to this, in another recent survey we asked people about experiencing discrimination because of having M.E. and/or another disability or health condition.

— 97% said they felt discriminated against when receiving or accessing goods, facilities and services.
— 13% said they felt discriminated against when renting or buying property.

7.6 One person with M.E. told us: “I rent my property privately. More and more landlords are stating ‘No Housing Benefit’ and only taking tenants who are in full time work. This to me is discriminatory as people who are unable to work through sickness or disability, and who have a previously unblemished record as a tenant, are being excluded from many properties just because they are in receipt of Housing Benefit.”

7.7 Also, of the people who provided more information, roughly one in four told us that M.E. is an invisible and/or misunderstood condition in relation to disability discrimination.

7.8 One person with M.E. explained: “Generally the perception is that I don’t look disabled. I’m not in a wheelchair. Therefore I must be well. If anything I think the general public are more hostile towards disabled people and people on benefits.”

7.9 Another person with M.E. told us: “Government decisions on benefits mean I have to fight for my right to a reasonable standard of living just because I don’t have a disability that conforms to the questions on the assessment forms.”

September 2015

Written evidence submitted by Mencap (WRW 17)

About Royal Mencap Society

Mencap supports the 1.4 million people with a learning disability in the UK and their families and carers. Mencap fights to change laws and improve services and access to education, employment and leisure facilities, supporting thousands of people with a learning disability to live their lives the way they want.

Mencap is also a member of the Disability Benefits Consortium which is 60 disability charities working towards a fair benefits system for disabled people, their families and carers. There is significant read across between the two submissions and we would draw the committee’s attention to this.

In addition we support the submission from Golden Lane Housing, our housing arm and again would encourage the Committee to view that.

Summary

1. At Mencap we wish to see the 1.4 million people with a learning disability valued equally, listened to and included in society. Unfortunately much work needs to be done to achieve this. Many live in poverty and less than 1 in 10 people with a learning disability are employed despite the fact that the majority wish to work.

2. People with a learning disability need better support to get into work as well as to take advantage of Apprenticeship and traineeship and supported internship opportunities. We have suggested that Clauses 1-2 be amended to oblige the Secretary of State to report on progress towards increasing the number of people with a learning disability in work and on Apprenticeships.

3. We welcome the aspiration from the Government to halve the disability employment gap. In order to achieve this we believe, as do many others in the sector, that personalised and specialist employment support needs to be in place.
4. Given the fact the vast majority of people with a learning disability are not in work, income from benefits is a real lifeline for many without which they would struggle to make ends meet.

5. We therefore welcome the Government’s commitment to protect Disability Living Allowance (DLA) and its replacement Personal Independence Payment (PIP). DLA was designed to mitigate against the extra costs disabled people face as a result of their impairment and provides invaluable support.

6. However we are very concerned that the Bill legislates to cut a number of working age benefits, which people with a learning disability are disproportionately likely to receive, such as Employment and Support Allowance (ESA), Jobseeker’s Allowance (JSA), Housing Benefit (HB), Tax Credits and the new Universal Credit.

7. This would have a detrimental impact on people with a learning disability and their families, many of whom are already living in poverty and we therefore are seeking an exemption from the benefit cap and the benefit freeze.

8. In particular Mencap, as does the disability sector as a whole, strongly oppose the cut of £30 a week for new claimants in the ESA Work Related Activity Group (WRAG). Currently there are close to half a million disabled people in the ESA WRAG, 248,040 of whom have a ‘Mental and Behavioural Disorders’ which includes people with a learning disability.

9. The Government has stated that it believes the £30 is disincentivising disabled people in ESA WRAG from working. This is misleading as these people have been found by an independent assessor as not fit for work.

10. Furthermore no evidence has been presented to back up this assertion. We believe it is unacceptable for the Government to cut benefits for people with a learning disability by £30 a week, with no evidence that doing so will increase work incentives.

11. Combined with predicted further reductions in local government funding, which will place additional pressure on already stretched social care budgets and therefore the amount of social care individuals can receive, many people are telling us they are already extremely anxious and worried about how they will make ends meet and get the support they need.

12. The Bill also legislates for a reduction in social housing rent levels by 1% for the next four years. Mencap is concerned that this will have a negative impact on the provision of supported housing for people with a learning disability and we are supportive of a suggested amendment by Golden Lane Housing (our housing arm) to exempt specialised supported housing.

13. We see this as a starting point however and we would like to see exemption of the wider specified and exempt accommodation sector from the 1% reduction over the next four years. We believe that exempting the wider supported housing sector would ensure that housing provision for those often vulnerable groups who need more specialist accommodation, including people with a learning disability, will not be negatively affected. We therefore encourage the Committee to view the submission from the National Housing Federation on this point.

14. Mencap is also concerned about the proposed change in conditionality for responsible carers under Universal Credit. This would see responsible carers with a child aged 3 or 4 required to look for, and be available for, work. We believe this will disadvantage carers of a disabled child whose needs have not been fully identified before the age of 5 and who, consequently, will not receive the necessary award of DLA that would exempt carers from these new requirements.

15. We are also concerned about the impact on families of disabled children of the proposal to limit Child Tax Credit to 2 children. We believe that where a family includes a disabled child, their claim for Tax Credits or Universal Credit should not be subject to the rule limiting payments of the child element to two children.

16. We agree that it is important to monitor children’s educational attainment in the context of workless households, but this should not be the sole measurement used to analyse their performance. We advocate additional measures that take into account someone’s progress across a period of time in order to chart a more individual measurement of a child’s development.

ACCOMPANYING IMPACT ASSESSMENTS AND EQUALITY INFORMATION

17. Mencap is concerned that there has been no thorough analysis of the impact of the culmination of policy changes on people with a learning disability and their families. This is worrying considering they are disproportionately affected by the Bill’s proposals by virtue of the fact that they more likely to claim benefits.

18. Furthermore data contained within the Equality Information publication seems to simply reinforce the Government’s proposals rather than offering an insight into the impact the Bill is expected to have on protected groups as identified in the Equality Act 2010.
FULL EMPLOYMENT: REPORTING OBLIGATIONS (CLAUSE 1)

19. Less than 10% of people with a learning disability known to social services are in work, despite the fact that the majority of people with a learning disability can and want to work. This is compared to a national employment rate of 76% and an overall disability employment rate just below 50%.

20. Furthermore, while national unemployment levels have decreased in recent years, the employment rate for disabled people has remained stubbornly low. Indeed, the Equality Information document shows that there is a 35 percentage point difference between disabled young people aged 18-24 who are NEET and their non-disabled peers, the same difference as existed in 2011.

21. Therefore, while Mencap welcomes the government’s proposals to oblige the Secretary of State to report on progress made towards full employment, we do not believe this will adequately reflect the numerous barriers people with a learning disability face in entering work.

22. We therefore call for a reporting duty of progress towards achieving the Conservative Party Manifesto commitment to halve the disability employment gap.

23. We also call for the data to be collected to be broken down into different impairment groups, to ensure that the specific issues and barriers people experience can be identified and addressed. Through this, we hope to also encourage a wider debate about data collection within the DWP on how to ensure that people with a learning disability can be more easily identified within data sets.

Suggested amendments

Clause 1, page 1, line 6, at end insert –

(1A) This report must set out the progress which has been made towards full employment across the following groups:

(i) people with a learning disability
(ii) people with autism
(iii) people with mental health problems
(iv) any other underrepresented group in the employment market that the Secretary of State feels requires specific focus

(1B) The Secretary of State must set out what action they will take if insufficient progress is found to have been made.

24. People with a learning disability trying to find, enter and stay in work face a number of barriers. This can include a lack of suitable and available jobs, a lack of appropriate support to find work and a lack of knowledge from employers as to how to support people with a learning disability once they are in work.

25. Many of the barriers are attitudinal and people within the job centre and employers make assumptions about what people can and can’t do. They often don’t take into consideration what people can do with the right personalised support.

26. A number of people have told Mencap that Disability Employment Advisers are often not available at the job centre or do not provide enough support to help people look for work and go through the recruitment process.

27. People with a learning disability require personalised and specialist support to get into and stay in work.

28. In his Budget speech, the Chancellor announced that the Government will provide new funding for additional support to help claimants return to work. This is extremely welcome. The Minister of State for Employment more recently announced new investment to support Employment and Support Allowance (ESA) claimants to find sustainable employment, totalling £60/70m a year in 2017 and rising to £100m a year by 2021.

29. Current back-to-work support for disabled people has also proved ineffective. Job outcomes for disabled people on the Work Programme are low at only 8.7 percent for new ESA claimants, and 4.3 percent for other ESA/Incapacity Benefit customers.

30. Work Choice, the Government’s specialist employment support programme, is ineffectively targeted and offers support to a small number of disabled people with just 17 percent of referred customers claiming ESA. This represents only a small proportion of disabled people who are looking for work and it is unlikely that many people with a learning disability are benefitting from it.

31. If the Government is to be successful in its aim to halve the disability employment gap they will need to develop personalised and tailored employment support to help disabled people to find and stay in work. This should be considered both in the context of the additional funding announced by the Minister for Employment but also in any redesign of Work Choice.

32. For people with a learning disability we know through our own employment services what works.

— Pre-employment support and appropriate training will help people prepare for the work place.
— Specialist support to look for work from someone who understands the barriers people with a learning disability face.
— Work trials and placements work well as application and interview processes are often not accessible.
— Place and train models have also proved effective and have been used by Mencap’s employment services with positive outcomes.
— Employers should be supported and encouraged to ‘job carve’ roles for people with a learning disability which play to their strengths. For example an employer can look across their organisation and team to see what tasks (administrative tasks for example) might be combined to form a new role.
— Job coaches have a key role to play in supporting the employee. In particular many people need help to understand and prioritise tasks. Access to Work can pay for this but is rarely promoted.

The suggested amendment below is supported by a number of other large disability organisations, notably Mind, National Autistic Society and Scope.

**Suggested amendment**

Page 1, line 8, at end insert new clause:—

**Personalised and Specialist Employment Support**

(1) The Secretary of State must make provision for additional personalised and specialist employment support.
(2) The forms of personalised and specialist employment support may be specified in guidance.
(3) (a) The Secretary of State may make provision under subsection (1) to cities and local areas seeking to improve local disability employment rates.
   (b) Provision for this may be set out in guidance.
(4) The Secretary of State must issue guidance to support the shaping of a market amongst suppliers and with the purpose of encouraging diversity amongst suppliers in terms of expertise, size, locality and encouraging both profit and not-for-profit organisations.

**APPRENTICESHIPS REPORTING OBLIGATION (Clause 2)**

33. Mencap welcomes the provision to require the Secretary of State to report on the progress made towards the target of 3 million apprenticeships.

34. However, this reporting obligation does not propose that this information is disaggregated. We believe it should be. The 2012 report ‘Creating an Inclusive Apprenticeship Offer’ commissioned by the Government and written by Peter Little OBE showed a concerning decline in the proportion of Apprentices declaring a learning difficulty and/or disability.

35. The proportion had fallen from 11.5% in 2007/8 to 7.7% in 2011/12, with the trend only slightly improving over the last few years (2014/15 – 9.1%). The picture of people with moderate learning disabilities is even bleaker. In 2008/9 2.5% of Apprentices declared a moderate learning difficulty, in 2012/13 this had fallen to 1%.

36. Mencap sees a real need for a more targeted approach towards recording the participation of those with special educational needs and disabilities.

37. Furthermore, other forms of training, such as traineeships and supported internships, which are primarily accessed by people with a learning disability, are not included in the Bill’s reporting obligations.

38. In line with the Government’s aim to halve the disability employment gap we have suggested an amendment which would mean the 3 million Apprenticeships target could only be achieved with a specified proportion of young people with special educational needs. Regulations would lay out further detail.

**Suggested amendments**

Clause 2, page 1, line 18, at end insert:

( ) information about the number of people with special educational needs and/or disabilities entering into apprenticeships, traineeships and supported internships; and

( ) information about the number of people with Education Health and Care plans entering into apprenticeships, traineeships and supported internships.

Clause 2, page 2, line 5, at end insert:

( ) Regulations may make provision that the ‘apprenticeship target’ can be met only where a specified proportion of apprenticeships are entered into by people with special educational needs and/or disabilities.

( ) The Secretary of State must lay before Parliament a report setting out how he or she plans to meet the apprenticeship target as it relates to people with special educational needs and/or disabilities.
WORKLESS HOUSEHOLDS AND EDUCATIONAL ATTAINMENT (CLAUSE 4)

39. Mencap believes it is important to monitor children’s educational attainment, but we stress that this should not be the sole measurement that is employed to analyse their performance at school. Instead, Mencap advocates an additional measure that takes into account someone’s progress across a period of time in order to chart a more individual measurement of their development and to ensure that children at either end of the ability spectrum are not disenfranchised from the process.

40. Mencap also has concerns about the fact that Key Stage 4 is proposed to be the stage at which someone’s educational attainment is to be measured. Many pupils with a learning disability never reach Key Stage 4 due to their educational needs – in fact, only 40% of pupils with moderate learning difficulties are operating at Key Stage 4 by the age of 19. Mencap fears that the imposition of a Key Stage 4 marker, rather than, for example, an age-related marker, may see a large cohort of pupils with a learning disability being exempted from the data collection and reporting process.

Suggested amendments
- Clause 4, page 4, line 34, after “educational attainment” insert “and progress made in education”;
- Clause 4, page 4, line 35, leave out “end of Key Stage 4” and insert “the age of 16”
- Clause 4, page 4, line 36, after “educational attainment” insert “and progress made in education”
- Clause 4, page 4, line 37, leave out “end of Key Stage 4” and insert “the age of 16”
- Clause 4, page 5, line 3, insert new subsection:
  (3) The Secretary of State’s interpretation of “educational attainment” should be based on a broad sample of areas within the National Curriculum.
  (4) For those settings which do not follow the formal National Curriculum, the Secretary of State will set out how they will report on a child’s “educational attainment” and “progress made in education” in a way that is comparable with the data collected from settings that do follow the formal National Curriculum.

BENEFIT CAP (CLAUSE 7)

41. Mencap welcome the exemption for families with a disabled member receiving Disability Living Allowance (DLA) or the new Personal Independence Payment (PIP). However, many people with a learning disability, particularly those with a mild learning disability, may not be in receipt of DLA/PIP, but will be in receipt of a number of other working age benefits such as Jobseeker’s Allowance (JSA), Housing Benefit and Tax Credits. They will see a reduction in income due to not being in receipt of DLA/PIP.

42. In addition, people claiming Employment and Support Allowance, a benefit specifically for disabled people and people with health and medical conditions who have been found not fit for work, would also be subject to the cap.

43. We believe that disabled people should be exempted from the benefit cap.

Suggested amendment
- Clause 7, Page 9, line 6, at end insert new sub-clause:
  ( ) Households containing members who are disabled under the Equality Act 2010 definition are exempt from the benefit cap

Carers and the benefit cap

44. The benefit cap affects a small but significant number of carers who live in a different ‘benefit household’ i.e. caring for someone termed a ‘non-dependant’ in the benefits system. This is often a parent caring for a disabled adult son or daughter.

Suggested amendment
- Clause 7, Page 9, line 6, at end insert new sub-clause:
  ( ) Households containing members who are in receipt of Carers Allowance or who attract the carer element of Universal Credit are exempt from the benefit cap

Assessing the impact of the benefit cap

45. The impact assessment accompanying the Bill contains no detail on the possible impact on disabled people not in receipt of DLA/PIP.

46. We therefore believe the Government should urgently carry out further assessment of the impact on disabled people, carers and their families before the threshold is lowered.

Suggested amendment
- Clause 8, page 11, line 29, at end insert new sub-clause:
Before lowering the benefit cap threshold the secretary of state should assess the impact of the benefit cap on disabled people, their families and carers and report his or her findings to parliament.

Reviewing the impact of the benefit cap annually

47. The suggested amendment below would mean that the Secretary of State must consider the impact on disabled people, carers and their families during the proposed annual review of payment levels.

Suggested amendment

Clause 8, page 10, line 30, at end insert new sub-clause:

( ) the impact on disabled people, their families and carers, and

Freeze of certain social security benefits for four tax years (Clause 9)

48. We welcome the exemption of people in receipt of DLA/PIP from the four year benefit freeze starting from 2016/17.

49. However, the bill would freeze other key working age benefits that many disabled people, their carers and families receive, for example JSA and Housing Benefit.

50. The basic rate of Employment and Support Allowance, a benefit specifically for people who have been found not fit for work would also be subject to the freeze. While the Government has exempted the support component element from the freeze (around £35 per week) the basic rate of the ESA payment (£73.10) is not.

51. We believe this is inconsistent with the Conservative manifesto commitment which stated (p28): ‘We will freeze working age benefits for two years from April 2016, with exemptions for disability and pensioner benefits – as at present’.

Suggested amendment

Clause 9, Page 11, line 33, at end insert new sub-clause:

( ) People who are disabled under the Equality Act 2010 definition are exempt from the freeze

Freeze of certain tax credit amounts for four tax years (Clause 9)

52. Disabled people, carers and their families are often in receipt of Tax Credits. As set out above we believe that people with a learning disability should be exempted from the benefits freeze.

Suggested amendment

Clause 10, Page 12, line 31, at end insert new sub-clause:

( ) People who are disabled under the Equality Act 2010 definition are exempt from the freeze

Child Tax Credits (Clause 11 and 12)

53. Mencap is concerned about the potential impact on families with a disabled child of the proposal to limit Child Tax Credit to two children. This is because of the extra costs families of disabled children have to meet and the high levels of poverty they experience.

54. While we welcome the Disabled Child Element being retained, we believe that where a family includes a disabled child, their claim for Tax Credits or Universal Credit should not be subject to the rule limiting payments of the child element to two children.

55. We also seek urgent clarification about the status of the Child Disability Addition under Universal Credit. Please see the benefit freeze section for more detail.

Suggested amendment

Clause 11, page 13, line 12, insert new subsection:

(5) Persons are exempted from Subsection 4 (3B) if any child or qualifying young person is disabled including, but not limited to, those persons in receipt of the disability element of child tax credit

Clause 12, page 13, line 23, at end insert –

(1B) The provisions in (1A) do not apply if any child or qualifying person is disabled including, but not limited to, those persons in receipt of the disabled child element of Universal Credit

Employment and Support Allowance: Work-related Activity Component

56. The Bill legislates to reduce the amount of support new claimants receive within the ESA WRAG from £102.15 a week to £73.10, from April 2017 – a reduction of £29.05 per week. This is despite the fact that the
WRAG is specifically there to provide support for those disabled people who are assessed as being not fit for work.

57. Currently there are 492,180 disabled people within the ESA WRAG. The largest group are those with ‘Mental and Behavioural Disorders’ (248,040) which include people with a learning disability.

58. The Government’s impact assessment states that the policy intention of removing the ESA WRAG payment is to ‘remove the financial incentives that could otherwise discourage claimants from taking steps back to work.’

59. No evidence has been presented to back up this assertion and we believe it is unacceptable for the Government to cut benefits for sick and disabled people by nearly £30 a week with no evidence that doing so will increase work incentives.

60. Like the other members of the Disability Benefits Consortium (60 disability charities) we are seeking deletion of this clause. The DBC submission contains more detail on this area.

**Suggested amendment**

Leave out clause 13, page 14

**UNIVERSAL CREDIT: WORK RELATED REQUIREMENT (CLAUSE 15)**

61. Mencap is concerned about the implications of the proposed change in conditionality for responsible carers under Universal Credit. This would see responsible carers of a child aged 3 or 4 being allocated to the All Work Related Requirements group and requirements placed on them to look for, and be available for, work. Currently, carers are exempted from the All Work Related Requirements group if they have a child in receipt of the highest or middle rate care component of DLA.

62. The rationale for this proposal is based on the success of recent policy changes requiring carers of children aged 5 to make a return to work. However, Mencap does not believe it is possible to equate parents of children aged 3 and parents of children aged 5. We believe that there a significant differences between the 2 ages that means the government’s assumption is flawed.

63. One pertains to the involvement of childcare at age 3, something which is not relevant to those at age 5, as they access primary education. The government’s proposals in the Childcare Bill to offer 30 hours of free childcare could aid this, but Mencap does not believe the policy in this Bill properly accounts for the barriers faced by families of disabled children when accessing this provision. For example, many providers under the 3 and 4 year old offer are not able to meet the needs of children with more complex needs and the additional costs of childcare for disabled children can limit the number of hours they can actually access. The combination of this could severely compromise a parent’s ability to meet the conditions of looking for work.

64. Mencap welcomes the fact that carers of children in receipt of the highest or middle rate care component of DLA are exempted from the All Work Related Requirements group. However, official DWP figures show that there are just 53,320 claimants of DLA for children aged 0-5, a figure that jumps to 172,650 for children aged 5-11. There is therefore a clear difference between access to DLA for those under the age of 5 and for those over that age which results in a large number of disabled young children under 5 not receiving DLA but then going on to claim it when they are older.

65. We are therefore concerned that many carers of severely disabled children will be subject to the aforementioned conditions – and associated sanctions – when it will later be shown to have been unrealistic to expect them to do so, due to a successful claim for DLA being made. Mencap believes this policy must be changed to reflect the fact that a disabled child’s needs may be harder to identify under the age of 5, so using DLA as a basis for exemption of carers is not sufficient.

66. Mencap therefore believes that the government should consider using additional criteria to determine whether someone is caring for a severely disabled child that goes beyond a sole reliance on them claiming DLA.

**Suggested amendment**

Clause 15, page 14, line 43, at end insert new sub-clauses:

( ) The provisions in this section do not apply to those responsible carers of disabled children aged 3 or 4

( ) The Secretary of State must lay regulations determining what a disabled child is for the purpose of this subsection and may include, but will not be limited to,

(a) those children in receipt of an Education, Health and Care Plan,
(b) those children in receipt of a Statement of Special Educational Needs,
(c) those children identified by their local authority as having special educational needs,
(d) those children with child in need status,
(e) children meeting the definition of disabled under the Equality Act 2010.
Reductions in social housing rents (Clause 19)

67. The Bill legislates for a reduction in social housing rent levels by 1% for the next four years. Mencap is concerned that this will have a negative impact on the provision of specialist supported housing for people with a learning disability, including pioneering social investment initiatives by providers to help people with a learning disability live independently.

68. For example, Mencap’s housing arm, Golden Lane Housing, have successfully pioneered a £10m bond that bought accommodation for over 100 people. Such bonds rely on investors receiving a return on their investment at a certain level. The Welfare Reform and Work Bill with its announcement of a reduction in social rents of 1% over 4 years calls into question the feasibility of these projects and their attractiveness to investors, on which such schemes rely.

69. By jeopardising the viability of supported housing projects, the reduction in social housing rents inadvertently also jeopardises other government policy objectives, such as the Department of Health and NHS England’s Transforming Care programme, which aims to ensure people with a learning disability can live in-outpatient units and live in the community with appropriate support.

70. Work previously commissioned by the Homes and Communities Agency (HCA) has estimated its investment in supported housing results in a net cost benefit of around £199 million per year for people with a learning disability; this is £6,764 per person per year.113

71. In light of this and the negative impact we believe the 1% reduction will have on the availability of suitable housing for people with a learning disability in the community, Mencap believes that Golden Lane Housing’s proposal that specialised supported housing be exempt should be considered as a useful starting point to begin debate on this area. An amendment to achieve this is set out below.

Suggested amendment
Clause 20, page 20, after line 5 insert:

(e) the accommodation is specialised supported housing fitting certain criteria as defined in the Homes and Communities Agency’s regulatory framework for social housing in England set out in the Rent Standard Guidance April 2015.

72. However, we would like to see exemption of the wider specified and exempt accommodation sector from the 1% reduction over the next four years. We believe that exempting the wider supported housing sector would ensure that housing provision for those often vulnerable groups who need more specialist accommodation, including people with a learning disability, will not be negatively affected. We would encourage the committee to read across to the National Housing Federation submission on this.

September 2015

Written evidence submitted by Quakers in Britain (WRW 18)

1. Summary

1.1 Many of the welfare elements of the Welfare Reform and Work Bill will increase already unacceptable levels of poverty, and economic and social inequality. Alongside various other reforms announced in the Summer Budget 2015, we are concerned about the disproportionate impact they will have on some of the most vulnerable groups in British society.

1.2 We question the logic that such cuts will increase work incentives, or that they will start to tackle the root causes of poverty. Instead, several of the proposed changes continue the dangerous precedent set during the last Parliament of severing the link between entitlement to and claimants’ need. Over time, this fundamental shift in the nature of the social security system will serve to make millions of difficult lives even more precarious and will do nothing to bridge the deepening inequalities in UK society.

1.3 We are further concerned about some of the language and rhetoric that has been used in the context of this Bill. Whether wittingly or not, this risks creating false divisions between “tax payers” and “benefit claimants” and implies that some groups are more worthy or valued than others. The fact is that for the vast majority of claimants, being supported by the social security system is not a ‘lifestyle choice’ but an inescapable reality. The language and rhetoric used to debate welfare should reflect reality.

2. About Quakers in Britain

2.1 This submission is made on behalf of Quakers in Britain.114 It is informed by our belief that everyone is equal in the eyes of God and by the experience of members of the Quaker community. Quakers have both been directly affected by the last round of social security cuts and have witnessed their impact through their

113 Financial benefits of investment in specialist housing for vulnerable and older people, Frontier Economics for HCA (2010)
114 Formally known as the Religious Society of Friends (Quakers) in Britain. Registered with charity number 1127633. Around 23,000 people attend 478 Quaker meetings in Britain.
involvement in food banks, citizens advice bureaux, homeless shelters and other initiatives designed to address the worst aspects of poverty and inequality within our communities.

2.2 Whilst the social security system alone cannot deal with the underlying causes of poverty and inequality, an effective social safety net, based on the principle of need, is, in our view, a vital foundation of a just and compassionate society. However the safety net should be about more than simply providing a last line of defence against hunger, homelessness and destitution (although that too is important). It is something that should enable all to live with human dignity, to contribute to and be recognised as valued members of our society. There is already evidence to suggest that our system is failing substantial numbers within our communities, many of whom are either vulnerable, voiceless or both. We consider that many of the Welfare measures within this Bill will make the situation even worse.

3. Specific concerns regarding the Bill

3.1 We agree with the government that tackling the root causes of poverty is better than merely dealing with its symptoms. However, we have a number of reservations about whether the Bill, in its current form, will actually do this. The following provisions within the Bill are particularly problematic.

Abolition of Child Poverty Targets (clauses 4-6)

3.2 It is clear that the binding targets for the eradication of child poverty, as set out in the 2010 Child Poverty Act, will not now be met. However, in our view there is no justification for doing away with such targets altogether. Ambitious targets are an important signal of intent and a vital tool around which to focus action. Removing them sends completely the wrong signal about the value we, as a society, place on our children. Particularly in the context of other reforms in the Bill which will almost certainly increase child poverty, this gives the impression of seeking to bury rather than being open and transparent about bad news.

3.3 We recommend that the Bill be amended to retain legally binding child poverty targets, based on a range of indicators (including relative income), albeit with an extended time frame.

Life chances indicators with relation to the Child Poverty Act (clauses 4-6)

3.4 We recognise that there are some limitations to the relative income targets set out in the Child Poverty Act 2010. Nevertheless these are based on robust research and have a high degree of international acceptance. We believe that the limitations identified demonstrate the need to expand the duty to report on the existing child poverty measures, not to do away with it altogether.

3.5 Low income is a, if not the, defining feature of living in poverty and a major barrier to social mobility in itself. It is vital that statistics that reflect the number of children experiencing income poverty in a given period remain central to the public discourse and at the forefront of the minds of policy makers. As such they should continue to be reported alongside any other measures that Parliament chooses to introduce. The argument that that official statistics on relative income will still be collected and published separately misses this point. Creating a statutory duty for the Secretary of State to report to Parliament on the proposed ‘life chances indicators’, but not income based measures, will effectively relegate the latter whether or not they continue to be published.

3.6 Whilst we agree with the principle of broadening poverty measures, we are concerned that, by themselves, the proposed life chances indicators are flawed. In particular the proposed ‘worklessness’ measures (based on the number of households where no adult is in employment) ignore the growing reality of in-work poverty and insecure employment. On the whole, children living in households where adults are engaged in paid work are less likely to experience poverty. However with 64% of poor children living in households where at least one adult is working, the implied assumption that paid work is always a reliable route out of poverty is simply false. Despite, the introduction of the ‘National Living Wage’, in-work poverty is likely to remain a significant problem for the British economy. Any attempt to measure poverty through the lens of work must therefore take account of in-work poverty.

3.7 We recommend that the Bill be amended in order to retain the duty to report on the child poverty measures as stipulated in the 2010 Act, on an equal footing with, and at the same time as any new measures to be developed. Any new indicators must take account of and be transparent about the occurrence of in-work poverty.

Benefit Cap (clauses 7 and 8)

3.8 It is both common sense, and a matter of justice, that entitlement to support from the social security system be linked to the needs of claimants. The current household benefit cap already breaks that link and

117 Only 18% of adults who were classed as being low paid in 2002 were consistently paid above the low pay threshold a decade later. Monitoring Poverty and Social Exclusion 2014, Joseph Rowntree Foundation p 68. Available at http://www.jrf.org.uk/sites/files/jrf/MPSE-2014-FULL.pdf
effectively means that tens of thousands of households have incomes that are insufficient to meet what has been deemed necessary to meet essential needs. The cap has a disproportionate impact on large families and those based in higher cost housing areas. We recognise that different households will respond to a lower cap in different ways. It will not always be possible to increase their income by moving into paid work and for thousands of households a lower cap will simply equate to the loss of a substantial proportion of their income. This will almost certainly result in even more people who are unable to meet their basic needs and will deepen inequalities in society.

3.9 We are particularly concerned about the lack of clear criteria around the proposed new thresholds. The current £26,000 cap was built on the rationale that in order to be fair to the taxpayer, income from social security support (for households where no one was in paid work) should not exceed average earnings, with no explanation of the proposed new figures in either the DWP explanatory notes on the Bill or the impact assessment published. It is unclear exactly how the proposed lower levels of £20,000 and £23,000 were established. Without a clear rationale for the new figures, this gives the impression of an arbitrary approach which seems particularly difficult to justify.

3.10 We oppose the proposal that in future the Secretary of State should have the power to review the level of the cap, without recourse to Parliament and without robust criteria upon which to base their decision. The Bill proposes that in making decisions about the future level of the benefit cap the Secretary of State should take into account “the national economic situation” and “any other matters” that they consider relevant. These factors are too broad to be meaningful and in our view run the risk of decision making based on political expediency rather than the needs of some of the most vulnerable households in our communities.

3.11 We recommend that the Bill be amended to remove clause 8. Should this not be possible, sections giving the secretary of state the power to set the level of the cap in future, without reference to Parliament or clear criteria should be removed.

Benefit & tax credit freeze (clauses 9 and 10)

3.12 The proposal to freeze most ‘working age’ benefits for four years (two years longer than stated in the Conservative Party general election manifesto) will have a severe negative impact with regards to economic and social equality. Although the freeze would not represent a cash loss, it would have a significant impact over time both on the households it will affect directly and on society as a whole.

3.13 Coming on top of three years of below inflationary uprating during the last Parliament, the proposals would affect an estimated 13 million households and represent a significant 8% real terms cut in social security income between 2013 and 2020. There is already evidence to suggest that social security support does not enable many working age benefit claimants, (including many in paid work) to have an income which allows them to enjoy a minimally acceptable standard of living. Even in this period of low inflation, freezing benefits will weaken the ability to meet basic needs. Furthermore, in recent years, our economy has been subject to volatility and unanticipated price spikes for a number of basic commodities including food and fuel. It remains to be seen how households that are subject to a flat freeze on benefit rates would cope if such exogenous shocks were to hit the UK economy again. We are concerned that further weakening the link between benefit levels and the cost of living, will have the additional consequence of widening of the economic and social disparities between benefit claimants and the rest of the population. All evidence suggests that the UK should be seeking to reduce these inequalities, not introduce policies that will widen them.

3.14 We recommend that clauses 9 and 10 be removed.

Restriction of tax credits (clauses 11 and 12)

3.15 We have deep reservations about the proposals to restrict the payment of Child Tax Credits, or their equivalent under Universal Credit, to the first two children in a household for new claims and for third and subsequent children born after 6 April 2017. Like the proposals to further lower the benefit cap, this proposal...
would further weaken the link between entitlement to support and need. According to government figures, it could affect up to 3.7 million households once fully rolled out.\textsuperscript{122}

3.16 The government’s rationale is that “those in receipt of tax credits should face the same financial choices about having children as those supporting themselves through work”.\textsuperscript{123} It also claims that the changes, together with the new ‘National Living Wage’ (NLW),\textsuperscript{124} will increase work incentives and start to address the root causes of low pay. We believe that this makes a number of potentially false assumptions about the options open to eligible households, including those about the ability to automatically increase paid working hours or to find work after a period of unemployment. We note that even for most of those who are eligible for it,\textsuperscript{125} the NLW will not offset the loss of income from tax credits.\textsuperscript{126} The proposals would also have consequences for two single parents re-partnering, where between them they have more than two children.

3.17 Most fundamentally the inevitable result of these proposals, will be to hurt all children from larger low-income families. Whatever one’s opinion about whether or not household income should determine family size, we believe that it is morally unjustifiable that as a deliberate result of government policy, children be made to suffer for the supposed ‘choices’ made by their parents.

3.18 \textit{We recommend that clauses 11 and 12 be removed.}

\textbf{Employment and Support Allowance (clause 13)}

3.19 We also have concerns about the proposal to remove the ‘Work Related Activity Component’ (WRAC) payment of Employment and Support Allowance (ESA) from claims made after April 2017.

3.20 The stated intention of this proposal is to ensure that claimants have “the right incentives and support” to help people move into the labour market when they are ready. Although additional funding, earmarked for supporting WRAC claimants to move into paid work, was announced in the Summer Budget, it is unclear how this money will be spent, what that additional support will look like in practice and whether there will be further conditionality attached to it. These questions require urgent answers.

3.21 We are hearing anecdotal evidence from within the Quaker community, that without even having being implemented, these proposals are already causing additional stress and worry amongst claimants and their families. If implemented, the changes will cause further anxiety and instability for a group of people that has already been disproportionately affected by social security cuts. In some cases those affected may not be in a position to move into paid work for some time, if at all. The changes could therefore represent a substantial reduction in income over a substantial period of time.

3.22 We question the logic that the removal of income will create ‘work incentives’ or the suggestion that the current system “creates a financial incentive to claim sickness benefits over jobseekers allowance”.\textsuperscript{127} We are also concerned that the language used to present these proposals implies that large numbers of people claiming disability or sickness benefits are doing so by choice. In reality, this is not the case for the overwhelming majority of claimants. It is vital that future debate around this (and other) elements of the Bill do not fall into the trap of (either knowingly or unknowingly) painting inaccurate and potentially misleading pictures of claimants.

3.23 \textit{We recommend that the Bill be amended to remove clause 13.}

\textit{September 2015}

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\textbf{Written evidence submitted by Scope (WRW 19)}

\textbf{1. ABOUT SCOPE}

Scope is a UK wide, pan-disability charity. Scope exists to make this country a place where disabled people have the same opportunities as everyone else. Until then, we’ll be here. We provide support, information and advice to more than a quarter of a million disabled people and their families every year. We raise awareness of the issues that matter.


\textsuperscript{123} HM Treasury Summer Budget p38.

\textsuperscript{124} Whilst the NLW will give a much needed boost to some low waged workers, at £7.20 per hour, rising to £9 per hour it falls short of the £7.85 (£9.15 in London) that the Living Wage Foundations calculates is a genuine Living Wage which currently reflects the cost of living.

\textsuperscript{125} The fact that workers under the age of 25 will not receive the NLW is of particular concern. In the context of other proposed policy changes such as removal of the automatic entitlement to housing benefit for 18-21 year olds and the Youth Obligation scheme this introduces a new range of Statutory discriminations against younger adults and makes many assumptions about the situation and options open to them.


\textsuperscript{127} HM Treasury Summer Budget 2015 p 41.
Scope is a member of the Disability Charity Consortium (DCC) and the Disability Benefit Consortium (DBC).

2. **SUMMARY**

**Reporting on halving disability employment gap**

2.1 Scope warmly welcomes the Government’s bold and ambitious manifesto commitment to halving the disability employment gap, directly taking forward Scope’s policy recommendation.\(^{128}\)

The Work and Welfare Reform Bill contains measures to support the Government’s ambition of full employment. Halving the gap between the disability employment rate and the employment rate of non-disabled people is essential to achieving the Government’s broader aim of full employment.

2.2 Scope therefore believes that the Bill should include a requirement for reporting on progress made towards halving the disability employment gap in the context of full employment. It is critical that the reporting duty included in the Bill (Clause 1) is extended to include the progress made towards halving the disability employment gap.

**Reduction of ESA WRAG Component**

2.3 Scope opposes the proposed reduction in support provided to disabled people through the Employment and Support Allowance Work Related Activity Group (WRAG) set out in Clause 13. Disabled people placed in ESA WRAG have been found ‘unfit for work’ by the independent Work Capability Assessment (WCA). The proposed change will not incentivise disabled people to find work.

**Specialist disability employment support**

2.4 It is crucial that the Welfare Reform and Work Bill includes a commitment to improved specialist employment support for disabled people. This should be included in a New Clause after Clause 13.

**Triple locking of DLA/PIP**

2.5 Scope welcomes the recognition contained in the Bill of the importance of Disability Living Allowance (DLA) and Personal Independence Payments (PIP) in meeting the extra costs of disability. Scope believes it’s critical the Government builds on this commitment by triple locking the payments so that their value rises by the higher of CPI inflation, earnings or 2.5 per cent (Clause 7 and introduce a New Clause after 15).

3. **Clause 1 – Full Employment; Reporting Obligation:**

3.1 Clause 1 of the Bill introduces a reporting requirement on the Government’s progress towards achieving full employment. This is welcome and will ensure that both politicians and the public can be kept informed as to the progress towards this target.\(^{129}\) It is important that this reporting is extended to include the progress made towards halving the disability employment gap in the context of full employment.

3.2 The current disability employment rate is 48 per cent.\(^{130}\) The gap between disabled people’s employment rate and the rest of the population remains static at around 30 per cent, and has remained stagnant for over a decade. It now sits at 31.5 per cent.\(^{131}\)

3.3 The commitment to halve this gap has the potential to positively transform the role that disabled people can play in the workplace and in the country’s economic growth. Disabled people are already part of this picture; 3.7 million disabled people work in the UK\(^{132}\) and nine out of ten disabled people are in work or have worked in the past.\(^{133}\) Furthermore, research for Scope shows that a 10 percentage point increase in the disability employment would increase GDP by £45 billion by 2030.\(^{134}\)

3.4 With the overall rate of unemployment falling, it is more likely that people will be out of work as a result of structural or societal barriers than as result of lack of labour market demand. Scope analysis of the Labour Force Survey indicates that between July – September 2011, 18.5 per cent of the total number of unemployed

\(^{131}\) Ibid.
\(^{133}\) Office for Disability Issues, 2012/13.
\(^{134}\) Gulliford, Jenny. (2015), Enabling work: disabled people, employment and the UK economy. Landman Economics, commissioned by Scope as part of the Enabling Work report, used the government’s Family Resources Survey to model the economic impact of increasing the disability employment rate, as the most appropriate data set for this model. The rest of the statistics in this submission are based on a different government dataset – the Labour Force Survey. This measures income differently than the Family Resources Survey, therefore, its findings cannot be used to carry out a similar economic analysis.
people were disabled people. The latest statistics from April – June 2015 indicate that disabled people now make up 26 per cent of the total number of unemployed people.135

3.5 Reporting annually on the progress being made towards halving the disability employment gap will greatly help to deliver this vital Government priority.

Suggested amendment to Clause 1 which will introduce reporting of progress towards halving the disability employment gap:

Full employment: disability employment reporting information

At Clause 1, page 1, line 6 insert

(1A)

(1) The Secretary of State must, in the report laid before Parliament under Section (1) above, set out the progress which has been made towards halving the gap between the rates of employment of disabled and non-disabled people.

(2) (a) This report must set out how the Secretary of State has interpreted “halving the disability employment gap” and progress against this objective.

(b) In this report the Secretary of State must consider if progress has been sufficient and set out the factors which have been used in determining whether progress has been sufficient. These factors must include both the extent to which the gap has been reduced and the speed at which the gap is being reduced.

(c) The Secretary of State must, if progress under s1A(2)(b) is insufficient, set out in this report what remedial steps will be taken.

(3) (a) The Secretary of State must in this report include further information as to

(i) the overall rates of employment and

(ii) the progress of these rates of employment

In the groups of disabled people set out in section (1A)(3)(b) below.

(b) These groups of disabled people are working age people with:

(i) a learning disability

(ii) autism

(iii) mental health problems

(iv) Regulations may set out other groups of disabled people which are currently marginalised within the labour force and require a specific focus.

4. Clause 7 – Benefit Cap

4.1 Many disabled people face significant extra costs relating to their impairment.136 On average disabled people spend £550 a month on disability-related extra costs, but only receive an average of £360 a month from DLA or PIP.137

4.2 Extra costs impact upon disabled people’s financial resilience and make it harder to access opportunities to learn, work and participate in society, as well as save and contribute to pensions.138

4.3 DLA, and its replacement PIP, were introduced to cover the extra costs of disability. Scope welcomes the commitment from the Chancellor in the Summer Budget 2015 to protect DLA and PIP from taxation and means-testing.139 This follows the Prime Minister’s recognition of the importance of PIP in calling for the payment to be ‘safeguarded’ and ‘enhanced.’140

4.4 The Chancellor announced in the Autumn Statement 2014 that total welfare spending will be capped at £119.7 billion (with the exemption of the state pension and automatic stabilisers) within Annually Managed Expenditure (AME).141 Unlike other types of social security such as tax credits and Housing Benefit, spending on DLA and PIP is not dictated by changes in the employment rate or the economy. As such, there is a risk that the cap could be breached by spending elsewhere on social security.

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135 July-September 2011: 502,000 unemployed disabled people [All people with a long-term health problem or disability] and 2,206,000 unemployed non-disabled people. April- June 2015: 470,000 unemployed disabled people [Classified as Equality Act core disabled and/or work-limiting disabled only] and 1,311,000 unemployed non-disabled people. Whilst definition of disability used by the Labour Force Survey has changed over this period, the figures are the most reliable available. Source: Scope analysis of Labour Force Survey (2015).


137 Ibid.

138 Ibid.


140 More information can be found here: https://www.politicshome.com/economy-and-work/articles/story/david-cameron-tories-will-not-undermine-disability-benefits

4.5 Scope recommends that DLA and PIP are protected within the cap on AME, by either removing them from the cap or ring-fencing them within it.

5. **Clause 8 – Review of Benefit Cap**

5.1 The Government has recognised the significant role that DLA and PIP play in supporting disabled people to build their financial resilience by exempting these payments from the Benefit Cap. It is essential that these extra costs payments continue to be protected in any future reviews of the Cap.

6. **Clause 13 – Employment and Support Allowance: Work Related Activity Component**

6.1 Scope opposes the reduction in support provided to disabled people in the ESA Work Related Activity Group (WRAG) as set out in Clause 13 of the Bill. Employment and Support Allowance (ESA) supports disabled people who have been found ‘ unfit for work ’ by the independent Work Capability Assessment (WCA). Scope is concerned that reducing the financial support available for disabled people on ESA WRAG will serve as a barrier, rather than incentive, to entering the workplace.

6.2 **The proposed changes to Employment and Support Allowance will disincentivise disabled people from finding work:**

Despite the arguments set out within the Impact Assessment of the Bill, there is no evidence to show that reducing the rate of support to disabled people in ESA WRAG will incentivise disabled people.

Reducing the financial support available through the WRAG will create a bigger distinction between the support received by JSA claimants and those placed on the ESA Support Group. This will create a greater incentive for claimants to want to be placed on the ESA Support Group. Given the limited support available to disabled people in the Support Group, this will have the effect of moving people further away from the workplace.

Furthermore, it will act as a disincentive for disabled people in the ESA Support Group to seek employment. Claimants are likely to be concerned that should they subsequently fall out of work they will be re-assessed and placed in the WRAG, which would represent a significant drop in their income.

6.3 **Disabled people take longer to get back into work and the reduction will mean disabled people on ESA WRAG will have very low incomes for a long period of time:**

Disabled people trying to find, enter and stay in work face a number of barriers. This can include a lack of suitable and available jobs, poor attitudes from potential employers towards hiring disabled people, and a lack of appropriate support to enter the workplace.

Once out of the workplace, disabled people can find it much more difficult to return. 10 per cent of unemployed disabled people have been out of work for five years or more, compared with just 3 per cent of the non-disabled population. Almost 60 per cent of people on JSA move off the benefit within 6 months, while almost 60 per cent of people in the WRAG need this support for at least two years.

This means that disabled people are typically more likely to be out of work for a longer period of time, the reduction of the ESA WRAG component will mean that unemployed disabled people in this group are likely to have a very low income for a long period of time.

6.4 **Disabled people have fewer savings and assets than non-disabled people and have less financial resilience to deal with long periods of time with very low income. This is likely to place them further from the work place:**

Disabled people have lower financial resilience than non-disabled people.

Disabled people possess an average of £108,000 fewer savings and assets than non-disabled people. Households containing a disabled person are twice (16 per cent) as likely as households without a disabled member (8 per cent) to have unsecured debt totalling more than half their household income.

Scope has significant concern reducing the financial support available for disabled people on the ESA WRAG will have a significant detrimental impact on their financial wellbeing.

Unemployed disabled people are already less likely to be financially resilient as a result of being out of work for longer. Finding and entering work costs money – from transport to the interview, to paying for an internet connection - all of which are harder for disabled people to afford.
connection, through to check job search websites to appropriate work clothing. Reducing the amount of money available to disabled people to meet these costs will create an additional and unnecessary barrier to work.

6.5 The Work Capability Assessment (WCA) doesn’t accurately determine the support disabled people need:

As the WCA doesn’t assess employment support needs, the level of financial support a disabled person receives also determines the employment support they receive. This is unhelpful because these two things are not related.

The WCA is too medically-focused and does not relate to disabled people’s experience of trying to find work. Evidence from Disabled People’s Organisations (DPOs)150 and official reviews151 have all highlighted the inaccuracies of the assessment.

Given the inaccuracies of the WCA, and the high level of appeal rates152 it is likely that disabled people who should be placed in the Support Group will be placed in the WRAG. This will result in them being subject not only to inappropriate sanctions but also a lower level of financial support. This will almost certainly increase the number of appeals against WCA decisions and create further pressure on the backlog of assessments.

Suggested amendment:

‘Page 14, line 1, leave out Clause 13’

7. NEW CLAUSE AFTER CLAUSE 13 – SPECIALIST EMPLOYMENT SUPPORT

7.1 Disabled people face a range of barriers entering and staying in work. The Government must bring forward detailed plans for the development of improved employment support for disabled people in order to achieve its aim of halving the disability employment gap.

7.2 In his Budget, the Chancellor announced that the Government will provide new funding for additional support to help claimants return to work.153 It is essential that this investment is used to develop specialist employment support.

7.3 Scope proposes a new Clause which calls for investment in personalised, tailored employment support that effectively enables disabled people to get and stay in work.

7.4 Current back-to-work support for disabled people is ineffective. Job outcomes for disabled people on the Work Programme are low at only 8.7 percent for new ESA customers, and 4.3 percent for other ESA/Incapacity Benefit customers.154

7.5 Future employment support provision should take in to account the systematic and structural barriers disabled face in entering and staying work. Ensuring that all disabled people have access to specialist employment support will be vital in achieving the Government’s commitment to halving the disability employment gap.

7.6 Specialist providers have the expertise and ability to respond directly to specific barriers to work that disabled people experience. Examples of the services that specialist providers can deliver include:

— peer-to-peer sessions;
— interview and CV preparation;
— support focused around managing specific impairments and conditions within the workplace.

Smaller providers embedded in the community may also find it easier to informally link up public services for disabled people and reflect local labour markets than larger national prime providers. Disabled People’s Organisations (DPOs) are particularly well placed to do this as they have the lived experience and expertise to implement the most relevant form of support.

7.7 Work Choice – the Government’s specialist disability employment support programme – demonstrates many of these qualities, delivering voluntary, personalised and flexible support which takes into account all the barriers to work that a disabled person may face. However, Work Choice is small in scale and is poorly targeted to disabled people on ESA. Only 86,000 people have started Work Choice since 2010. Just 14,090 of who were

152 Currently there are more people waiting for the assessment or appealing the decision (over 514,000 as of February this year) than in the Work Related Activity Group (483,000)DWP Employment and Support Allowance Caseload (Thousands) : Phase of ESA claim by IB reassessment claim http://tabulation-tool.dwp.gov.uk/100pc/esa/esa_phase/ib_mig/a_carate_esa_phase_e_ib_mig_feb15.html
ESA recipients, representing 17 per cent of referred customers. This compares to 305,000 ESA customers on the Work Programme since 2011. However, the success of Work Choice in supporting disabled people back in to work should not be ignored. With both the Work Programme and Work Choice due to end within the next two years Scope recommends that the Government builds on the success of Work Choice to create a new programme of specialist support open to all disabled people.

7.8 Scope recommends the introduction of Pilot personal budgets for employment support:

- Personal budgets for employment support services would enable disabled people to have much greater control over the type of employment support they receive.
- There is already considerable evidence showing how personal budgets could work in practice, including international examples, and the considerable lessons learnt from the introduction of personal budgets in social care.

**Specialist back to work support (New Clause)**

Page 14, line 23 to insert a new clause

XXClause: Personalised and Specialist Employment Support

(1) The Secretary of State must make provision for additional personalised and specialist employment support in connection with (1)–(3)

(2) The forms of personalised and specialist employment support may be specified in guidance

(3) (a) The Secretary of State may make provision under subsection (1) to cities and local areas seeking to improve local disability employment rates

(b) Provision for this must be set out in guidance.

(4) The Secretary of State must issue guidance to support the shaping of a market amongst suppliers and with the purpose of encouraging diversity amongst suppliers in terms of expertise, size, locality and encouraging both profit and not-for-profit organisations.

8. **NEW CLAUSE AFTER CLAUSE 15 – TRIPLE-lockING EXTRA COSTS PAYMENTS**

8.1 It is critical that the Government builds on the commitment to enhance the value of PIP with a triple lock, so that the value of this payment rises by the higher of CPI inflation, earnings or 2.5 per cent, similar to the basic state pension. Scope is therefore calling for the introduction of a new Clause 16 within the Bill to this effect.

8.2 DLA and PIP are currently uprated by the Consumer Price Index (CPI). This is based on a basket of general consumer goods and services and is therefore discordant with the extra costs which these payments are intended to offset, as these are often for expensive, specialised items, e.g. a mobility scooter. Disabled people also use their DLA or PIP to pay for a number of costly services – Demos survey data showed disabled people spend an average of nearly £65 a month on household tasks, and over £40 a month on therapy.

8.3 A triple lock on PIP is therefore more likely to be aligned with the value of these goods and services because it provides a wider range of inflation measures.

8.4 Protecting and enhancing the value of PIP through a triple lock would have a major beneficial impact in supporting disabled people to meet disability-related costs more effectively and establish a stronger sense of financial stability. This will enable individuals to overcome financial barriers to accessing employment, pay more into savings and pensions and exert consumer spending power. This is essential to raising the living standards of a growing disabled population, a key element to establishing a thriving economy.

At page 14 paragraph 44 of the Bill, insert:

16. **Annual Uprating of Personal Independence Payment**

(1) Part 4 of the Welfare Reform Act 2012 (Personal Independence Payment) is amended as follows

(2) After section 87 insert

**Section 87A: Annual Uprating of Personal Independence Payment**

(1) The Secretary of State shall in each tax year review the effect on the value of the amount referred in section 77 subsection 1 if it is increased by each of

a. The percentage increase in the general level of earnings at the end of the period

b. The percentage increase in the general level of prices for goods and services, as measured by the Consumer Price Index or by any measurement formally replacing the Consumer Price Index.

c. 2.5 per cent

(2) The Secretary of State shall following this review in the same tax year lay before Parliament a draft order which increases the value of the amount referred to in section 77 subsection 1 by the greatest of the three amounts calculated under section 1 subsections (a)-(c) above.

(3) The review and order in subsections (1) – (2) above will include all components and levels of the award referred to in section 77 subsection 1.

September 2015

Annex

KEY STATISTICS

— There are nearly 12 million disabled people in the UK, and more than 6 million are of working age. 3.7 million disabled people work in the UK.\textsuperscript{160}

— Nine out of ten disabled people are in work or have worked in the past.\textsuperscript{161}

— The gap between disabled people’s employment rate and the rest of the population has remained largely static, at around 30 per cent.\textsuperscript{162}

— A 10 percentage point increase in the disability employment would increase GDP by £45 billion by 2030.\textsuperscript{163}

— A 10 percentage point increase in the disability employment rate would also result in a £12 billion gain to the Exchequer.\textsuperscript{164}

— A 5 or 10 point rise in the disability employment rate would reduce absolute poverty by either two or three percentage points, and relative poverty by either two or three percentage points, and relative poverty by three or five points.\textsuperscript{165}

— Once out of work, disabled people face considerable barriers to returning: 10 per cent of unemployed disabled people have been out of work for five years or more, compared with just 3 per cent of the non-disabled population.\textsuperscript{166}

— Disabled people spend on average £550 a month on costs associated with their disability.\textsuperscript{167} DLA/PIP currently covers around £360 of these costs.

— On average, disabled people have £108,000 fewer savings and assets than non-disabled people, and are three times more likely to draw on doorstep loans.\textsuperscript{168} Forty-nine per cent of disabled people use credit cards or loans to pay for everyday items including clothing and food.\textsuperscript{169} This all serves to undermine financial security and reduce the ability to save or build financial resilience, leading to debt and poverty.

— 386,000 (21 per cent) of DLA claimants are in work\textsuperscript{170} and 36,990 (2.7 per cent) of Jobseekers Allowance claimants who are actively seeking work claim DLA.\textsuperscript{171}

— A survey of over 1,000 disabled people has found that over half of DLA claimants in work said they would not be able to work without it.\textsuperscript{172} This means that nearly 200,000 people need DLA to get to work.\textsuperscript{173}

— There are 54,500 working age DLA recipients in full-time or part-time education.\textsuperscript{174}


\textsuperscript{161} Office for Disability Issues, 2012/13.


\textsuperscript{163} Gulliford, Jenny. (2015), Enabling work: disabled people, employment and the UK economy. See footnote 5 for an explanation of the data sets used in this modelling.

\textsuperscript{164} Ibid.

\textsuperscript{165} Ibid.


\textsuperscript{168} P.6 Ibid.


\textsuperscript{171} DWP Information Governance and Security: Work and Pensions Longitudinal Study.


\textsuperscript{173} 386,000 DLA claimants are in work. In a survey by the Disability Benefits Consortium over half of DLA claimants in work said they would not be able to work without it, meaning around 193 000 disabled people rely on DLA to work

\textsuperscript{174} Scope analysis of the Family Resources Survey 2011-12. Estimates have a percentage error of +/- 5 per cent
ADDITIONAL RECOMMENDATIONS TO SUPPORT LEGISLATION:

*Improve flexible working opportunities for disabled people:*

— Reducing the number of people unnecessarily leaving the labour market is an important part of increasing the employment rate amongst disabled people.

— Alongside employer attitudes, flexible working is critical for many disabled people to remain in work: 48 per cent of disabled people who responded to a Scope survey said they would benefit from modified hours in the workplace.\(^{175}\)

— Scope is calling for the introduction of flexible adjustment leave which would give disabled people the option of part time sickness absence when adjusting to changes, or fluctuations, in their conditions. Flexible adjustment leave would also mean employers are able retain the networks and experience of staff.

*Employment support measures at local level:*

— Local areas are being given greater control and say over their growth and employment strategies through the development of City Growth Deals, the introduction of Local Enterprise Partnerships, legislation currently going through Parliament on cities and local government devolution and the recent Greater Manchester combined authority devolution agreement.

— National and local government should use existing and future devolution initiatives to ensure that local employment support measures are put in place to connect disabled people with local job markets and growth.

*Reform of the WCA:*

— The Work Capability Assessment (WCA) is the gateway to employment support services, making it an essential first step in ensuring that disabled people receive the right support to return to work.

— The WCA is too medically-focused and does not relate to disabled people’s experience of trying to find work. Evidence from Disabled People’s Organisations\(^{176}\) and official reviews\(^{177}\) have all highlighted the inaccuracies of the assessment. The WCA and does not look at the wider factors – such as skills – which determine prospects of obtaining and sustaining work. The outcomes of the assessment do not currently help to determine the package of support which someone receives.

— Scope recommends transforming the WCA into a passport for support. The assessment should consider social, educational and environmental factors and determine “distance from” work rather than consider capability on a “yes or no” basis. One outcome of the Assessment should be a decision about the overall package of back-to-work support which an individual would receive. Assessing obstacles to work at the same time as support needs would encourage greater join up between the identification of barriers to work and the implementation of support.

For further information on Scope’s policy recommendations, please see:

Enabling Work: disabled people, employment and the UK economy
http://www.scope.org.uk/publications/enabling-work

A Million Futures: Halving the disability employment gap
http://www.scope.org.uk/publications/million-futures

Priced Out: Ending the financial penalty of disability by 2020

**Written evidence submitted by Unite (WRW 20)**

This evidence is submitted by Unite the Union, the largest trade union in the UK with 1.5 million members across the private and public sectors. The union’s members work in a range of industries including manufacturing, financial services, transport, print, media, construction and local government, health, education and not for profit organisations. As part of the Community, Youth Worker and Not for Profit sector Unite represents workers in advice and support organisations such as Citizen Advice, Housing Associations, Shelter and many others.

\(^{175}\) Scope Living Standards Survey, 2013.


In addition, Unite organises and supports peoples outside of employment through its Unite Community membership. Unite Community represents over 10,000 people who are active in campaigning in their local communities across the UK. A great deal of this campaigning has been focused on opposing local service closures, and tackling poverty. Unite therefore has a special interest and expertise not just in the field of employment, but also the impact of ‘welfare reform’ on those not in employment.

**Executive Summary**

- The Bill does not give a definition of full employment, nor does it require supplementary targets towards progressing towards equality of employment opportunities. The type of employment that is being created in our economy is a key issue, not just the amount. Unite wants to see the creation of decent work for all, not the continued creation of insecure, precarious, low paid work.

- Alongside commitments to full employment we need action to strengthen, not weaken, employment and trade union rights to ensure that full employment delivers a labour market that increases living standards and shares wealth, and does not trap people into poverty.

- The Bill creates a target for three million apprenticeships in England. Unite believes that the quality of apprenticeships is as important as the quantity – and the quality should not be sacrificed in pursing the quantity. There must be rigorous minimum criteria about what constitutes an apprenticeship, and the outcome should be a nationally recognised qualification. It should include the necessary underpinning technical knowledge and assessment of competence through colleges and work based learning in combination. There should be a fixed term of employment, with clear learning and career progression that brings lifelong benefit and employment opportunities to the learner, serving the wider interests of the economy and society – not just the narrow needs of a solitary employer.

- The Bill proposes to abolish the current four measures of poverty – relative, absolute, deprivation and persistent – which are income based, and the targets for their reduction. As the decisive factor in poverty is having an inadequate income this must remain central to the measure of poverty. The Bill proposes is to remove this.

- Deregulation in our labour market, weaker trade union and employment rights, have contributed to a rise in insecure, precarious work and low and stagnating wages. Work is now less of a route out of poverty. The government, with its erasure of current poverty measures, is trying to define the poverty experienced by low earning households out of existence – this is totally unacceptable.

- The introduction of the Benefit Cap severs the tie between the social security system and the meeting of need. The proposed new, lower level of cap also severs the link between benefit levels for an out of work household and the earnings of the rest of society. Benefits paid should be linked to need, built on the principle of solidarity. The benefit system should be comprehensive, universal and designed with the outcome of poverty elimination as central. Built on wider infrastructure investments, such as a large scale programme of building homes for social rent, and decent work for all, such a system is possible and achievable.

- The Bill freezes the main rates of most working age benefits. This directly impacts households who do not have an adequate household income through employment. To raise household incomes of low-earning working households we need an approach that increases wages and goes hand in hand with providing proper support from the social security system as part of tackling poverty in this country.

- Under the proposals to remove the work-related activity component in Employment and Support Allowance (ESA) for new claimants, people who have been assessed as not being currently capable of work will lose £29 a week because of these cuts. People in this situation and struggling to survive on benefits cannot afford this cut.

**Clause 1 – Full Employment: reporting obligation**

1. The Bill introduces a requirement on the Secretary of State to annually report on progress towards full employment. The TUC have campaigned for a number of years for all political parties to commit to such a policy, stating that “We do not want to return to the position in the early 1990s when, after more than a decade of mass employment, it was often claimed that full employment was no longer achievable.” However, currently the Bill does not give a definition of full employment, nor does it require supplementary targets around progressing towards equality of employment opportunities. The type of employment that is being created in our economy is also a key issue.

2. The TUC policy is for progress towards a target employment rate of 80 percent, a target that would move the UK towards the upper rates of employment across OECD countries. The TUC have noted that this is a challenging target – requiring an extra 2.5 million jobs to be created.

3. It is well documented that there is systematic discrimination in the labour market against particular groups of people. Rather than strengthening the mechanisms to tackle this discrimination we have seen the weakening and dismantling of key sections of the Equality Act – such as repealing employer obligations on third party
harassment – and equality infrastructure such as the Equality and Human Rights Commission. The Runnymede Trust reported last year that inequality in the labour market for Black, Asian and Minority Ethnic people had increased over the past decade. In March this year, House of Commons Library research found a 49 percent increase in the long-term unemployment of young BAME workers and the Runnymede Trust has further analysed that the 2015 Budget measures as a whole will have a “negative and disproportionate impact” on BAME people. In April 2015 the Public Interest Research Unit published joint research with Disabled People Against Cuts that indicated in the last four years there has been a deterioration in the workplace experiences and long-term job prospects of disabled workers. Women continue to experience a detrimental pay gap of 19 percent, have lower overall employment rates and account for 74 percent of all part time workers where there is a greater pay gap. Unite also has experience of older workers who have been made redundant from high skilled jobs and have been unable to find new jobs commensurate with their skills. This represents a loss of skills and knowledge from the labour market. Research by Anglia Ruskin University published in April added to the evidence that LGBT workers face discrimination, with lesbian and gay jobseekers less likely to be offered job interviews than heterosexual job applicants despite comparable skill levels. Commitments to tackling inequality and systematic discrimination in the labour market so that all sections of society benefit from a target for full employment are needed. Yet as well as widening our equality structures, the current Government is further eroding peoples’ employment and trade union rights and protections, particularly through the proposed legislation contained in the Trade Union Bill and ending the regulations that prevent employers replacing striking workers with agency workers.

4. It is crucial that in committing to full employment there is a concurrent commitment to decent work for all. Recent Bank of England analysis highlights that “… the changing composition of employment growth — including the mix of occupations, industries, ages and job tenures — could explain around one percentage point of the recent weakness in average annual earnings growth”. This suggests that the rapid recovery in headline job creation has been supported by low paid work. This corresponds with findings from a range of sources, including the Joseph Rowntree Foundation and from Unite’s experience that employment is increasingly less of a route out of poverty. There are 13 million people living in poverty in the UK and half of these people live in a household where someone is in employment. This proportion has grown in recent years, with stagnant and real falls in average wages and the growth of insecure, precarious employment – of which ‘zero hours contracts’ are emblematic of these wider trends. Younger workers beginning their careers have been particularly hit, with the IFS reporting in January 2015 that “Between 2008 and 2014, there is a clear pattern across the age spectrum, with larger falls in earnings at younger ages”. 5. Alongside commitments to full employment we need action to be taken to strengthen, not weaken employment and trade union rights to ensure that the full employment we create is a labour market that increases living standards and shares wealth, does not trap people into poverty, by creating decent work for all.

Clause 2 – Apprenticeships: reporting obligation

6. The Bill includes a commitment to three million apprenticeships in England by 2020. As part of moving towards all educational routes being open to all, and of being high quality, Unite strongly supports steps that place vocational education on an equal footing with academic qualifications. For this to happen there must be rigorous minimum criteria about what constitutes an apprenticeship. Unite believe that the term ‘apprenticeship’ is in danger of being de-valued in this country while the Government subsidises employers to finance the day training requirements of young workers, whom utilise public funding under the label of an apprenticeship. The quality of apprenticeships is as important as the quantity – and the quality should not be sacrificed in the quest for quantity.

7. Unite believes the outcome of an apprenticeship should be a nationally recognised qualification. It should include the necessary underpinning technical knowledge and assessment of competence through colleges and work based learning in combination. There should be a fixed term of employment, with a robust Individual Learning Plan defining the learning pathways and requirements. Apprenticeships should have clear learning and career progression, reaching advanced and higher levels of learning and skills as in other countries. Historically apprenticeships were served over a five year duration or longer. These timeframes will be different for individual learners and occupations (mature learners with recognition of prior learning may progress more quickly for instance). However, in the majority of cases, with advanced (level 3) and higher (level 4) apprenticeships, it is the experience of Unite, our members, the employers and the industries that we deal with, that a high quality industry recognised programme should span at least three years, and in the main will typically be a four year programme. At the end of an apprenticeship a learner should have achieved a nationally recognised qualification in a recognised occupation, and there should be a guaranteed job at the end of the apprenticeship. An apprenticeship should bring lifelong benefit and employment opportunities to the learner,
serving the wider interests of the economy and society – not just the narrow needs of a solitary employer. Unite believes that apprentices should ‘earn while they learn’, they should be part of national collective bargaining arrangements and agreements, and paid accordingly.

8. Trade unions have an important role to play in this agenda and the development of apprenticeship schemes, for example trade unions have been part of the Sector Skills Councils and have worked closely with them to promote good quality apprenticeships, such as those provided through the Technical Apprenticeship Service (TAS). Sector Skills Councils should be strengthened and be linked to wider national collective bargaining arrangements. The TUC and individual trade unions have worked with apprenticeship organisations, employers and government departments on tackling inequality in access to apprenticeships and breaking down the occupational segregation that contributes to unequal pay. The Unite Board member of the UK Commission for Employment and Skills is the Commissioner Lead for a UK Futures Programme competition looking at job design and how this impacts on pay levels and career progression, with job design contributing to the ‘trap’ where mainly female low paid workers remain in low paid jobs over many years – a contributing factor to the UK’s gender pay gap.188

9. Investment in apprenticeships must also not be at the expense of wider further education – a sector that is seeing its funding fall by a quarter next year, with repeated warnings that it is on the verge of collapse.189 Unite believes that all educational routes should be open to all young people. This should be supplemented by a supportive, independent careers service which includes face-to-face interviews with young people and discusses all possible options with them.

Clauses 4, 5 and 6 – Deletion of Child Poverty measures and other amendments to the Child Poverty Act 2010

10. The Bill proposes to replace the current four measures of poverty – relative, absolute, deprivation and persistent – which are income based, and the targets for their reduction by 2020. The decisive factor in poverty is an inadequate income and therefore should be central to its measure. The Bill replaces the current measures of poverty with measures of ‘workless’ households and educational attainment. These are not measures of poverty; they are measures of other issues which have some correlation with poverty.

11. As highlighted in paragraph 4 above, half of all people in poverty live in households where someone works. In addition, the Child Poverty Action Group, drawing on Households Below Average Income data from 1994-2014 have stated that “Measurements that conflate poverty and worklessness risk absurdity. Work is an inadequate income and therefore should be central to its measure. The Bill replaces the current measures of poverty with measures of ‘workless’ households and educational attainment. These are not measures of poverty; they are measures of other issues which have some correlation with poverty.

12. The current four measurements of poverty should remain in legislation as reporting requirements on the Secretary of State, as they recognise inadequate income as the decisive factor in poverty and therefore cover all of those who experience poverty.

Clauses 7 and 8 – Benefit Cap

13. The introduction of the Benefit Cap severs the tie between the social security system and the meeting of need. The proposed new, lower level of cap (£20,000 outside of London and £23,000 in London) also severs the link between benefit levels and the earnings in the rest of society.190 It will disproportionately impact on larger families living in London and the South, making whole swathes of the country unaffordable to live in. Over 200,000 children and over 80,000 adults have already been impacted upon, with the majority of households being lone parent households.

14. The level of benefits paid should be linked to need. The principle of solidarity – that the benefit system is comprehensive, universal and is designed with the outcome of poverty elimination – must be central. As stated above, the focus of our language and action must be on achieving full employment and a labour market that increases living standards and shares wealth, not traps people in poverty. We should not focus on making cruel and punitive cuts against those who need support – all of us are likely to need to call upon the support of the State at some point in our lives.


189 As has been frequently pointed out, the current rationale behind the benefit cap confuses the income of out-of-work families with the earnings of an in-work family, who would additionally receive further in-work benefits on top of their earnings.
Clauses 9, 10, 11 and 12 – Freezing of benefits and tax credits, changes to child tax credit and child element of Universal Credit

15. The Bill freezes the main rates of most working age benefits. This directly impacts households who do not have an adequate household income through employment. The approach taken by this Government so far has been to oversee the growth of new jobs in lower paid sectors of the economy, and to cut in-work benefit support. To raise the household incomes of low-earning working households we need an approach that increases wages hand in hand with providing proper support from the social security system as part of tackling poverty levels in this country. The TUC study Raising incomes for low-paid families concluded that “while it is vital for the earnings of low-paid households to rise, a more generous system of in-work benefits is also urgently needed”. 190

16. The Bill implements approximately 70 percent of the £12–13 billion in ‘welfare savings’ identified in the Summer Budget. At the same time the government announced a new National Minimum Wage (NMW) rate for those aged over 25 years, which it is misrepresenting by calling it a ‘National Living Wage’ (NLW). The patterns of losses and gains from the totality of government actions announced in the Budget play out differently across different household types. The Resolution Foundation have illustrated this with a couple of different examples; a single person working full time on the current NMW will be better off by more than £2,000 by 2020. But a couple with three children, both earning the NMW with one full time and the other part time could be £250 worse off. Those who are low paid, but are just above the new ‘NLW’ could be severely hit – a single parent with one child and working part time could see their annual income fall by £1,000.

17. The Resolution Foundation’s Gavin Kelly summarised the impact as “…the boost to pay and the cuts to in-work support don’t balance out. A £4bn boost to pay cannot match a £12bn cut to benefits. Millions of working families will lose and many on tax credits now face a punishing 80% marginal tax rate. Don’t let anyone tell you the benefits cuts pro-work”. 191 Such is the cuts to benefits example, the actual London Living Wage would need to increase to £11.65 an hour to make up the difference and to approximately £10.15 outside of London. As the Women’s Budget Group has also noted “…the main problem is that 60% of jobs paid at minimum wage are actually part-time (two thirds of which held by women), and for them the wage system cannot offset the cuts in benefits”. 192 The IFS estimate that the increase in the withdrawal rate of tax credits and the reduction in work allowances and thresholds (accounting for more than half of the total cut) will affect three million families, who are set to lose about £1,000 a year on average, before any change in wages is taken into account. This has been supplemented by analysis published by the Joseph Rowntree Foundation that “…most working families will be net losers. In particular, a big short fall between income and need will open up for many working lone parents. Furthermore, should costs rise faster than forecast inflation, disposable income will be further eroded for all households receiving working-age benefits. Overall, families relying on state help will find it hard to gain from economic growth, particularly if living costs start to rise again. Without a link between state support and rising prices, inflation is likely to erode or eliminate gains from wage rises”. 193 To repeat, to find it hard to gain from economic growth, particularly if living costs start to rise again. Without a link between state support and rising prices, inflation is likely to erode or eliminate gains from wage rises”. 193

Clause 13 – Employment and support allowance: work-related activity component

18. The Bill removes the work-related activity component in Employment and Support Allowance for new claimants. People – who have been assessed as not being currently capable of work – will lose £29 a week as a result of these cuts. The assessment of people in this group – which for many disabled people has been a humiliating experience – is that there is an expectation they may be capable of work at some point, but this may not be for some time. People in this situation and struggling to survive on benefits cannot afford to lose another £29 a week, and this cut and the attendant stress and impact on the ability to heat homes and to eat properly is likely to have the perverse impact that it makes people less capable of employed work in the future. The Bill also makes the equivalent changes to Universal Credit under Clause 14. These changes should not be made.

19. The experience of Unite Community members has been that the benefit system changes introduced under this government have been punitive, and effectively using the threat of hunger against people through the use of sanctioning of claimants. Applying sanctions that deny people financial assistance is cruel and often levied in a totally disproportionate manner.

Clause 14 – Universal Credit: work related requirements

20. The Bill includes measures that lower the age of the youngest child that a carer is expected to begin work related activity at. Unite would echo the criticisms voiced by Child Poverty Action Group that these measures make no provision for suitable childcare arrangements – there is no government policy on childcare support being put in place for those seeking work, just those in work, and even then the 30 hours free childcare only applies in England. Yet presumably if ‘work related requirements’ are not met then sanctions will be applied. There are additionally serious concerns that parents will be forced into inappropriate work that is...
incompatible or sustainable with their caring responsibilities. This is particularly the case when we are seeing an increase in short term, insecure and precarious work that is low paid and a further weakening of trade union and employment rights.

September 2015

Written evidence submitted by Crisis (WRW 21)

1. Crisis shares the Government’s intention of supporting people into work. For many of the people we work with, finding a job is the best way of making a sustained exit from homelessness. Last year we helped 668 people find work. This was a quarter of clients using our employment services, many of whom overcame significant barriers to work. A further 1305 gained qualifications and 530 entered work placements moving them closer to the labour market.

2. However, we are concerned that some of the measures contained in the Bill may increase homelessness and consequently move people further from the labour market.

3. Crisis has concerns about the lowering of the benefit cap, which will affect some single person households for the first time.

4. We note the absence in the Bill of proposals announced in the Budget to remove support for housing costs for 18 to 21 year olds and the long-term impact of freezing Local Housing Allowance rates. We expect these to be laid in secondary legislation, but we would urge ministers to use this Bill to lay out further details on both policies.

APPRENTICESHIPS REPORTING OBLIGATION

5. The Bill introduces a duty on the Government to report on progress made towards a target of three million apprenticeships by 2020.

6. Crisis welcomes this commitment to encourage the creation of three million apprenticeships in this parliament. For those who have experienced homelessness and can work, vocational training and employment provide a long term route out of homelessness, improving self-esteem and confidence and reconnecting them with society.

7. The Youth Obligation, announced in the Summer Budget, will place an expectation on unemployed 18 to 21 year olds to apply for an apprenticeship or traineeship, gain work-based skills, or go on a mandatory work placement after six months. For the Youth Obligation to effectively move young people further towards the labour market, it is vital that quality apprenticeships that provide a route into sustained employment are specifically targeted at this age group.

8. We are concerned, however, that the growth in take-up of apprenticeships since 2009/10 has been largely due to an increased take-up amongst over 25 year olds. In 2012/13, 37 per cent of apprenticeship starts were by people aged over 25, compared to just 27 per cent being taken up by under 19s.\(^{194}\)

9. From 2017 many 18 to 21 year olds will be unable to receive support for their housing costs while they seek work. Given this context, it is vital that young people are supported as much as possible into work, including through the creation of good quality, targeted apprenticeships. Housing costs should not be a barrier to young people engaging in work related activity and should be included in the list of exemptions if a Work Coach or adviser deems this necessary.

10. Crisis supports amendment 3 that requires information about the uptake of apprenticeships by age to be included in the reporting obligation. This should include specific analysis of the take-up amongst 18 to 21 year olds, who will be subject to both the Youth Obligation and restricted entitlement to support for housing costs.

11. The quality of apprenticeships should also be analysed and reported on. Amendment 3 also requires the Secretary of State’s report to include a report by the UK Commission on Employment and Skills on the quality of apprenticeships being provided.

LOWERING THE BENEFIT CAP

12. The Bill will lower the benefit cap to £20,000 for families and £13,400 for single people ( £23,000 and £15,410 respectively in London). The Bill also removes the requirement for the level of the cap to be set by reference to estimated average earnings.

13. At its current level, the benefit cap has mostly affected large families in areas with high rents. These lower thresholds mean that some single person households are likely to be hit by the cap for the first time. Crisis is concerned that, by affecting a far greater number of households, the cap will have a more significant impact on homelessness.

\(^{194}\) Skills Funding Agency/ Department for Business, Innovation and Skills (2015), Apprenticeships geography age and level: starts 2005/06 to 2014/15.
14. Analysis by Crisis, examining the cap in relation to LHA rates, shows that the new cap will affect single jobseekers in most parts of inner London. Single people currently in the Work-Related Activity Group for Employment and Support Allowance are likely to be affected in areas of inner and outer London, as well as in high rent areas such as Guildford and Oxford. This is because they will still be eligible for the work-related activity component (see below) but will be subject to the cap.

15. The Government has acknowledged that these lower thresholds are lower than average earnings, arguing the policy will encourage more claimants into work. Crisis is concerned that to date there is little evidence that the benefit cap is in fact encouraging people into work to justify this. According to the Government’s evaluation, just one in ten people affected by the cap in February 2014 had found enough work to become unaffected by the cap by the summer. The vast majority (78 per cent) were still capped, including a significant majority with barriers to employment, including poor health and/or skills gaps.195

16. Households have instead responded to the cap by cutting back on household essentials, including by skipping meals, while a significant proportion (45 per cent in summer 2014) are in rent arrears.196 Many cannot move house to reduce their housing costs because they are already living in the cheapest available accommodation in their area.197

17. We are supportive of amendments which seek to exempt temporary accommodation from the cap. People in temporary accommodation cannot control their housing costs as they have been placed in accommodation by their local council. Temporary accommodation costs are higher than standard housing benefit rates as a subsidy is included in the housing benefit award for the additional management costs. Single people living in temporary accommodation will have had to meet a very high threshold of vulnerability in order to be eligible for the homelessness duty.

18. Local Authorities have a duty to house statutorily homeless households and it is likely that in some areas a significant proportion of Discretionary Housing Payments (DHP) is being spent to mitigate the high cost of placing households in temporary accommodation.

19. We are also supportive of amendments which would exempt people in the Work-Related Activity Group of Employment and Support Allowance (ESA WRAG) from the benefit cap. One of the stated principles of the cap is to encourage people into work, but people in ESA-WRAG are not required to look for work. Applying the cap to people in ESA-WRAG imposes additional conditionality requirements that are not appropriate for those with limited capability for work.

FREEZING OF CERTAIN SOCIAL SECURITY BENEFITS

20. We are concerned that the freezing of Jobseeker’s Allowance (JSA) could create hardship and poverty for claimants, especially those who are at risk of homelessness. The shortfall between Local Housing Allowance (LHA) rates and actual rents is growing in many areas (see Local Housing Allowance section). Many people already use their JSA to help with the shortfall that they face. Freezing JSA means that people will have fewer funds to help with their housing costs, putting them at risk of rent arrears and homelessness.

21. We are supportive of amendment 15 which would annually review the freeze, taking into account both the rate of inflation and the national economic situation.

22. We are also supportive of amendment 39 which would see JSA increasing in line with the consumer price index.

REMOVING THE WORK-RELATED ACTIVITY COMPONENT IN EMPLOYMENT AND SUPPORT ALLOWANCE (AND THE EQUIVALENT IN UNIVERSAL CREDIT)

23. The Bill will reduce the level of entitlement for sick and disabled people who are not currently fit for work, but likely to be fit for work in the future, to the same rate as Jobseeker’s Allowance. It will apply to new claimants only. The reform is intended to remove an assumed financial incentive to claim sickness benefits over Jobseeker’s Allowance, and to increase employment levels amongst people with disabilities and health conditions.

24. People claim Employment and Support Allowance (ESA) because their poor health or disability presents a genuine barrier to work. In order to qualify, people must undergo a rigorous assessment of their sickness or disability to determine their capability for work.

25. Reducing the level of entitlement to the same rate as Jobseeker’s Allowance equates to a reduction of almost £30 per week. Given that people who claim ESA are struggling with difficult life circumstances, it seems hard to justify why they should not receive the same level of financial support in the future. People typically claim ESA for longer than JSA, Recent analysis from Mind has shown that 60 per cent of people on JSA move off the benefit within 6 months, while almost 60 per cent of people on ESA WRAG need this support for at least two years.198 Reducing the level of support is likely to put people at risk of significant financial hardship.

196 As above.
197 Department for Work and Pensions (2014), In-depth interviews with people affected by the Benefit Cap.
26. Crisis welcomed the announcement in the Budget that additional support will be given to those in the WRAG to help them take steps back to work. This is not included in the Bill but is a more appropriate way of motivating people to overcome barriers to employment and to prevent people from drifting too far from the labour market during a short-term illness. Crucially, this support should fully take into account other life circumstances such as homelessness that are related to, or exacerbate, people’s disabilities and health problems.

27. We are supportive of amendment 20 which removes the changes to the work-related component of Employment and Support Allowance.

SOCIAL RENT REDUCTION

28. The Bill will require providers of social housing to reduce rents for social housing by 1 per cent each year for the next four years.

29. Crisis is concerned that this will have an impact on supported housing, including hostels for homeless people and domestic violence refuges. Rents in supported housing tend to be higher than in general needs social housing and cover a much wider range of housing management activities. These higher rents reflect the additional costs of ensuring that the vulnerable tenants living in this type of housing are safe and supported.

30. Research from Homeless Link\(^{199}\) shows that 90% of residential homelessness services rely on housing benefit as a key source of income. Reducing their rents by 1% each year would disrupt their business models and make it considerably harder for them to deliver the type of support that is needed to help people move on from homelessness.

31. Supported housing, categorised as ‘specified accommodation’, is already exempt from normal housing benefit rules including the benefit cap in recognition of their unavoidably high running costs. We therefore believe the Bill should be amended to exempt specified accommodation from the 1% social rent reduction.

NEW CLAUSES

LOCAL HOUSING ALLOWANCE FREEZE

32. The freezing of Local Housing Allowance (LHA) was announced in the Budget and will be laid in secondary legislation. However we believe that a clause should be inserted which will require the Secretary of State to review the level of the LHA annually. We have significant concerns about the long-term impact of freezing the rates as rents continue to rise in many parts of the country. As it currently stands LHA rates will continue at their current level until 2019/20.

33. In the last parliament the link was broken between actual rents and the support available for housing costs, with rate increases capped at one per cent. As a result, homes in the private rented sector are already becoming increasingly unaffordable to people in receipt of housing benefit.

34. The shortfall between LHA rates and actual rents is growing even in many areas that have received additional funding to make up the shortfall – Targeted Affordability Funding (TAF) – allowing them to be uprated by 4 per cent. Remaining at their current level for the next four years will allow this shortfall to grow even wider.

35. Analysis by Crisis shows that across Great Britain, one in ten current LHA rates (98 rates) are already 5 per cent or more lower than the estimated 30th percentile of local rents. This includes 77 rates (8 per cent of rates overall) that have already benefited from an additional increase due to TAF\(^{200}\).

36. The Shared Accommodation Rate – intended to cover the cost of a room in a shared property– has been particularly affected by the decision to limit rate increases. A fifth (21 per cent) of Shared Accommodation Rates fall 5 per cent or more below the 30th percentile, even though almost all of these have received TAF\(^{201}\).

37. While the stated intention of the LHA reforms in the last parliament was to exert downward pressure on rents, Government research shows that tenants are shouldering most of the burden, with 94 per cent of the shortfall between LHA rates and local rents falling on new tenants and just 6 per cent being absorbed by landlords in rent reductions.\(^{202}\)

38. Private rents rose by 1.7 per cent across Great Britain last year alone. Oxford Economics has projected private rents to rise by 39% between 2015 and 2020 in England.\(^{203}\) A real terms cut to Local Housing Allowance will erode its value over time, making private renting increasingly unaffordable to people who need support with their housing costs.

39. The ending of an Assured Shorthold Tenancy is now the leading cause of homelessness. It accounted for 29% of all homelessness applications in England and 38% of applications in London.\(^{204}\)

\(^{199}\) Homeless Link, Support for single homeless people in England (2014).
\(^{200}\) Analysis of Valuation Office Agency, Scottish Government and Rent Officers Wales data.
\(^{201}\) As above.
\(^{202}\) Department for Work and Pensions (2014), The impact of recent reforms to Local Housing Allowances.
\(^{203}\) National Housing Federation (2013), Home Truths.
\(^{204}\) DCLG Live tables (2015).
40. It is vital the Government maintains Targeted Affordability Funding for each of the next four years at a sufficient level to support those with the greatest shortfall between their rent and the amount of support they can receive for their housing costs.

41. We are supportive of NC2 which would require the Secretary of State to review the level of the Local Housing Allowance annually, in light of the rate of inflation, levels of market rent and the national economic situation.

SUPPORT FOR HOUSING COSTS FOR 18 TO 21 YEAR OLDS

42. This is not contained in the Bill but was announced in the Budget. From April 2017, 18 to 21 year olds making a new claim for Universal Credit will not be entitled to support for their housing costs. Given that the Bill creates no new powers for this, we expect these measures to appear in regulations using powers already contained in the Welfare Reform Act 2012.

43. Crisis has serious concerns that removing young people’s access to support with their housing costs will lead to an increase in youth homelessness. Youth homelessness is already on the rise: 8% of 16-24 year olds report recently being homeless and in four years the number of young people sleeping rough in London has more than doubled.

44. The Government has made clear however that young people will be protected if they are vulnerable, if they can’t live with their parents or if they have been working for the previous six months. Crisis welcomes this commitment and believes it is vitally important to better understand who exactly will be protected.

45. For many young people housing benefit is all that stands between them and homelessness. This includes care leavers and those who have experienced violence or abuse from family members. Some may be unable to live with their parents because of relationship breakdown but find this difficult to prove, for example if they have been thrown out because they are LGBT or if a parent has remarried.

46. Young people who have already found themselves homeless may have been supported into accommodation funded by Housing Benefit, either by their local authority or by a homelessness organisation. Between 2010 and 2014 Crisis helped create 8,128 tenancies in the private rented sector for people who were homeless or at risk of homelessness, with support from the Department for Communities and Local Government. It is vital that young people can maintain these forms of accommodation— and that those at risk of homelessness can continue to access them.

47. In order to make sure that all young people at risk of homelessness are protected, it is essential that the list of exemptions takes into account all the reasons young people may need support with their housing costs. In terms of defining vulnerability, this should include:

i. Young people owed the homelessness duty.
ii. Young people who are homeless or at risk of homelessness being supported by local authority Housing Options teams.
iii. Young people living in homelessness accommodation projects.
iv. Homeless young people supported by voluntary or statutory agencies into alternative accommodation.
v. Those who have formerly been homeless as young adults.
vi. Those without family or who have experienced relationship breakdown with their parents.
vii. Care leavers and those who are known to children’s services due to child protection concerns.
viii. People who cannot live with their families because the accommodation is unsuitable, for example due to overcrowding.
ix. People who cannot live with their families because the neighbourhood is unsuitable, for example risk of involvement with gangs.
x. Those leaving custody.

48. The ministers should take this opportunity to lay out their proposed exemptions to this policy.

ABOUT CRISIS

49. Crisis is the national charity for single homeless people. We are dedicated to ending homelessness by delivering life-changing services and campaigning for change. Our innovative education, employment, housing and well-being services address individual needs and help people to transform their lives.

50. As well as delivering services, we are determined campaigners, working to prevent people from becoming homeless and advocating solutions informed by research and our direct experience. Crisis has ambitious plans for the future and we are committed to help more people in more places across the UK. We know we won’t end...
homelessness overnight or on our own but we take a lead, collaborate with others and, together, make change happen.

8 September 2015

Company Number: 4024938 | Charity Numbers: England and Wales 1082947, Scotland SC040094

Written evidence submitted by a number of mental health organisations (WRW 22)

Joint submission from the Centre for Mental Health, Hafal, the Mental Health Foundation, Mind, Rethink Mental Illness, the Royal College of Psychiatrists, Scottish Association for Mental Health.

ABOUT US

We are responding as a group of expert organisations from across the mental health sector. Many of our organisations provide information and advice to people with experience of mental health problems who are going through the benefits system. We have a number of concerns regarding the draft Welfare Reform and Work Bill, which we believe will have a detrimental effect on people with mental health problems. A full list of organisations that support this response is available in Appendix 1 at the end of the submission.

KEY RECOMMENDATIONS

— Remove Clauses 13 and 14 from the Bill.
— Introduce a reporting obligation for Government on progress against halving the disability employment gap, broken down by primary medical condition.
— Remove the Work Related Activity Group (WRAG) of Employment and Support Allowance (ESA) from the benefit freeze.
— Remove Housing Benefit from the benefit freeze, in particular for those in receipt of ESA (both groups) or Disability Living Allowance/Personal Independence Payment.
— No changes should be made to ESA until the WCA is fit for purpose for people with mental health problems. A pilot for reasonable adjustments for this group should be implemented as a matter of urgency.
— The Government should urgently review the effectiveness of the use of benefit conditions and sanctions among people with mental health problems.
— To increase transparency of the sanctions system, statistics on sanctions usage broken down by primary medical condition.
— People with a mental health condition to be exempt from conditionality associated with back-to-work support.

RESPONSE

1. Clause 13: Employment and support allowance: work-related activity component and Clause 14: Universal credit: limited capability for work element

1.1 We strongly oppose the removal of the WRAG component of ESA and the Limited Capability for Work (LCW) component of Universal Credit. We are concerned that having WRAG ESA at the same rate as Jobseekers Allowance (JSA) does not adequately recognise the distinction between people on JSA and those on ESA. As outlined in 2.1, people in receipt of the WRAG component of ESA have been assessed to have a limited capability for work. It is therefore unreasonable to treat this group as analogous to those who are capable for work.

1.2 We share the Government’s assessment that many people in receipt of ESA want to work. Therefore suggesting that the reason people currently do not return to work is because of the financial advantage of being in receipt of benefits is disingenuous. 70% of our survey respondents who are in the WRAG said they would like to return to work, with the right support. This latter part is crucial. It is often suggested that work is good for people’s mental health, but this is only the case if that work is appropriate and the person is supported properly.

1.3 Further, we know that with the right support, people with mental health problems can move into employment. This is evident from the success of specialist employment models such as Individual Placement and Support (IPS) in supporting people back to work.

1.4 Claiming that financial incentive is the cause of the high numbers on ESA also fails to recognize the extremely poor support that is being offered to the WRAG cohort. According to DWP figures, only 8% of ESA claimants who have been referred to the Work Programme with mental health problems have been helped into work compared to 24% of people who have been referred without a health condition.\textsuperscript{210} Research suggests that all too often people are not offered the right support and there is a lack of expertise in many back-to-work schemes.\textsuperscript{211} The concern is that this lack of support, coupled with a reduced income, will not create the optimal environment for people to move back to sustainable employment. In a recent survey by Rethink Mental Illness, 86% of respondents who were in receipt of the WRAG component of ESA said that a reduction in their benefits would decrease their ability to return to, or remain in, employment or education.\textsuperscript{212}

1.5 It is also likely that people in receipt of ESA will be reliant on this as their main source of income over a longer period than people in receipt of JSA. Figures show that almost 60% people on JSA move off the benefit within 6 months. In contrast, almost 60% people in the WRAG need this support for at least two years. It is unrealistic to expect people to survive on £73 a week for this length of time.\textsuperscript{213} This reduced financial support over a longer period time is likely to decrease people’s financial stability, which in turn is likely to have an impact on their mental health.

1.6 We also challenge the assertion that these changes to ESA and Universal Credit will save the Government money. While it may reduce the welfare budget, it is likely that the impact on people will lead them to seek help from other parts of the system. In our survey, 78% of respondents said they would need more support from their GP, community health services or inpatient mental health services.\textsuperscript{214} This could result in displaced expenditure from the welfare budget to health and social care budgets under the Department of Health.

RECOMMENDATION:
Remove Clauses 13 and 14 from the Bill.

2. Reports

2.1 We welcome the commitment from Government to halve the disability employment gap. We know that people affected by mental illness have a high ‘want-to-work’ rate.\textsuperscript{215} However, this group has a very low employment rate, for example of only 8% people with schizophrenia are in work.\textsuperscript{216} Many people are let down by the lack of mental health expertise in back-to-work support services and a limited understanding amongst employers of the reasonable adjustments and other support they could be offering employees with mental health problems.\textsuperscript{217}

2.2 We have concerns that the removal of the work-related activity component of Employment and Support Allowance (ESA) and the limited capability for work element of Universal Credit (UC) for new claimants will undermine, rather than support, this commitment to closing the disability employment gap. Removing these components could actually move people further from work as the reduction in financial support may have a detrimental impact on their health and wellbeing. Given that halving this gap is one of the key drivers in the impact assessment for these proposals, we feel that the Government should be held to account on whether this policy is meeting its objectives.\textsuperscript{218}

RECOMMENDATION:
Following Clause 3 of the Bill, add in an additional clause:

4. Disability employment gap: reporting obligation
The Secretary of State must lay a report before Parliament annually that sets out the progress that has been made towards halving the disability gap, with information broken down by primary medical condition.

3. Clause 9: Freeze of certain social security benefits for four tax years

3.1 People in receipt of Employment and Support Allowance (ESA), whether in the support group or the work-related activity group (WRAG), have been assessed as having limited capability for work as a result of a

\textsuperscript{210} Statistic calculated from Department for Work and Pensions response to a Parliamentary Question (http://www.parliament.uk/business/publications/written-questions-answers-statements/written-questions-answers/?page=1&max=20&questiontype=AllQuestions&house=commons%2clords&uin=209801) and the Department for Work and Pensions tabulation tool.
\textsuperscript{212} Mind (2014) We still have work to do.
\textsuperscript{213} Figures obtained from DWP Tabulation Tool (http://tabulation-tool.dwp.gov.uk/100pc/esa/esa_phase/ctdurn/a_carate_r ESA_phase_c_tcdurn_nov14.html) and ONS Labour Market Statistics June 2015 (http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/june-2015/table-bent03.xls)
\textsuperscript{217} Mind (2014) We still have work to do.
health condition or disability. We therefore welcome the exemption of the ESA support group from the freeze but are very concerned that the WRAG is currently included in the proposal.

3.2 50.5% of people in the WRAG have a mental or behavioural disorder as their primary medical condition.\(^{219}\) The impact assessment for this proposal suggests that ‘this policy will gradually build the incentive for people to make the choice to move into work’.\(^{220}\) However people in the WRAG, by definition, have a limited capability for work. We therefore feel that framing a move back to work as a choice is inappropriate for this group of claimants.

3.3 The impact assessment for clauses 13 and 14 states that there will be no cash losers from this policy and that vulnerable people are protected. We believe that this will not be the case if the WRAG is included in the freeze and recommend that ESA is removed in its entirety from this clause.

3.4 We also have concerns about the inclusion of Housing Benefit in the benefit freeze. Many people affected by mental illness rely on this financial support to be able to live in a safe and stable home environment, which is crucial in promoting recovery. In our survey, 40% of people affected by mental illness who receive benefits are in receipt of Housing Benefits.\(^{221}\) We therefore recommend that Housing Benefit is excluded from the freeze, in particular for those in receipt of ESA (both groups) or Disability Living Allowance/Personal Independence Payment.

**RECOMMENDATION:**

Under paragraph 1 of the Schedule, remove the following:

\[(f)\] specified in regulations under section 2(1)(a) of the Welfare Reform Act 2007;

\[(g)\] specified in regulations under section 2(4)(c) of the Welfare Reform Act 2007, so far as relating to the component under section 2(3) of that Act;

and \[(h)\] specified in paragraph 1 of Schedule 4 to the Employment and Support Allowance Regulations 2008 (S.I. 2008/794 S.I. 2008/794);

and

Insert the following after paragraph 1 of the Schedule:

2. The freeze will not apply to the sums specified in 1(b) and 1(c) of the Schedule where –

\[(a)\] the claimant or the claimant’s partner is receiving an employment and support allowance under Part 1 of the Welfare Reform Act 2007;

\[(b)\] the claimant, the claimant’s partner or a child or young person for whom the claimant or the claimant’s partner is responsible, is receiving a disability living allowance;

\[(c)\] the claimant, the claimant’s partner or a child or young person for whom the claimant or the claimant’s partner is responsible, is receiving a personal independence payment;

4. Wider factors

4.1 This Bill will not be operating as a stand-alone piece of legislation and there are a number of elements in the current system that may exacerbate the detrimental provisions of the Bill. Although these may be out of scope of the Bill Committee, we feel they are important dependencies to be considered.

**Work Capability Assessment (WCA)**

4.2 The current accuracy of the Work Capability Assessment in assigning people to the correct group, particularly those with mental health problems, is a serious concern. In May 2013, the Upper Tribunal ruled that the WCA put people with mental health problems at a ‘substantial disadvantage’ as part of its interim judgement in a Judicial Review brought forward by two anonymous claimants.\(^{222}\) If people who are at already at a disadvantage through the system are then placed wrongly in the WRAG, this will have a significant financial impact on them.

4.3 As part of the final decision of the Upper Tribunal, it was recommended that he Secretary of State for Work and Pensions carried out his proposed pilot of reasonable adjustments to the WCA for claimants with mental health problems.\(^{223}\) We urge that this pilot be introduced and reported on before any changes are made to ESA that could impact on this group of claimants.

\(^{219}\) http://tabulation-tool.dwp.gov.uk/100pc/esa/icdgsumn/esa_phase/a_carate_r_icdgsumn_e_esa_phase_feb15.html


\(^{222}\) MM & DM v Secretary of State for Work and Pensions (WCA) [2013] UKUT 0259 (AAC); [2013] UKUT 0260 (AAC).

\(^{223}\) MM & DM v Secretary of State for Work and Pensions (WCA) [2015] UKUT 0107 (AAC).
Recommendation:
— No changes should be made to ESA until the WCA is fit for purpose for people with mental health problems. A pilot for reasonable adjustments for this group should be implemented as a matter of urgency.

Conditionality

4.4 According to DWP figures, 60% of sanctioned ESA claimants have a mental health condition or learning disability. We believe that the sanctions system currently does not take mental health into account or understand the potential impact of symptoms on someone’s ability to engage with work-related activity.

4.5 There is also very little evidence that conditionality works for people affected by mental illness. Instead it is likely to have a negative impact on the support available to people. An independent report on employment support for people with mental health conditions found that ‘the actions of the advisor and the relationship they build with their client are key to helping any individual back to work.’ This was echoed in a DWP Research Report which stated ‘trusting relationships between claimants and case managers is key to success in overcoming claimants’ concerns and building confidence about going back to work.’ We are concerned that this important relationship is negatively impacted by the ‘us and them’ approach created by conditionality.

4.6 Sanctions data is not currently available broken down by primary medical conditions other than through a Freedom of Information request. It is therefore difficult to assess whether any one group is being disproportionately sanctioned and to scrutinise the use of sanctions. Earlier this year, the Work and Pensions Select Committee highlighted that ‘there is a lack of evidence for the efficacy of financial sanctions in moving claimants with long-term health conditions and disabilities closer to employment or into work.’ We echo their calls for a review of the sanctions system, particularly their impact on vulnerable claimants with a mental health condition.

Recommendations:
— The Government should urgently review the effectiveness of the use of benefit conditions and sanctions among people with mental health problems.
— To increase transparency of the sanctions system and publish data on sanctions usage broken down by primary medical condition.
— To add people with a mental health or behavioural condition to the list of people exempt from conditionality associated with back-to-work support.

Proposed Amendments

Clause XX
The Welfare Reform Act 2007 is amended as follows.

After 11J (8) insert:
(9) The Secretary of State must publish a report in each quarter of the calendar year setting out information about:
(a) the number of people who have been sanctioned for failing to comply with a work related requirement.
(b) the Primary Medical Condition of the person who has been sanctioned.
(c) the amount of the reduction applied to the person.
(d) the period for which the reduction had effect.
(e) the number of people who have been sanctioned on more than one occasion in the last financial year.

Clause XX
The Welfare Reform Act 2007 is amended as follows.

After 11E, (1),(b), insert:
(c) the person has a ‘Mental and Behavioural Disorder’ as a Primary Medical Condition and is in receipt of either the work-related activity component of Employment and Support Allowance (ESA) or the limited capability for work element of Universal Credit (UC).

APPENDIX 1:

WHO WE ARE

Centre for Mental Health

Centre for Mental Health is an independent, national charity that aims to help to create a society in which people with mental health problems enjoy equal chances in life to those without. We aim to find practical and effective ways of overcoming barriers to a fulfilling life so that people with mental health problems can make their own lives better with good quality support from the services they need to achieve their aspirations. Through focused research, development and analysis, we identify the barriers to equality for people with mental health problems, we explore ways to overcome those and we advocate for change across the UK.

Hafal

Hafal is run by its 1,000 members – people with a serious mental illness and their families and carers. Every day our 160 staff and 150 volunteers provide help to over 1,000 people affected by serious mental illness across all the 22 counties of Wales. The charity is founded on the belief that people who have direct experience of mental illness know best how services can be delivered. In practice this means that at every project our clients meet to make decisions about how the service will move forward and the charity itself is led by a board of elected Trustees, most of whom either have serious mental illness themselves or are carers of a person with a mental illness. ‘Hafal’ means equal. Our mission is to empower people with serious mental illness and their families to enjoy equal access to health and social care, housing, income, education, and employment, and to achieve a better quality of life, fulfil their ambitions for recovery, and fight discrimination.

Mental Health Foundation

For over 65 years across the UK, the Mental Health Foundation has been securing better mental health for all. Its work is centred on prevention. The Foundation believes that there is far more scope for interventions that prevent people developing mental health problems and help sustain recovery. Through research and evaluation the Foundation expands understanding of how to improve mental health; and then shares this knowledge with decision makers and the public, advocating for supportive policies and the roll out of best practice more widely.

Mind

We’re Mind, the mental health charity for England and Wales. We believe no one should have to face a mental health problem alone. We provide advice and support to empower anyone experiencing a mental health problem. We campaign to improve services, raise awareness and promote understanding.

Mind has a network of over 150 local Minds, running services across England and Wales. Each local Mind is an independent charity run by local people, for local people. Each is responsible for its own funding and the services it provides, but all are affiliated to Mind. In 2014, local Minds worked with more than 400,000, and services include supported housing, crisis helplines, drop-in centres, employment and training schemes, counselling and befriending.

Rethink Mental Illness

Rethink Mental Illness, the leading national mental health membership charity, works to help everyone affected by severe mental illness recover a better quality of life. We help over 52,000 people each year through our services and support groups and by providing information on mental health problems. Our website receives over 600,000 visitors every year. Rethink’s Advice and Information Service helps almost 8,000 people each year and advises people daily with benefit claims.

Royal College of Psychiatrists

The Royal College of Psychiatrists is the leading medical authority on mental health in the United Kingdom and is the professional and educational organisation for doctors specialising in psychiatry.

The Scottish Association for Mental Health

SAMH is Scotland’s largest mental health charity, providing services across Scotland and campaigning on mental health issues. Every day staff and volunteers work to prevent suicide, challenge stigma, promote good mental health and well-being. SAMH is highly active in campaigning for positive change and aims to influence mental health policy and legislation, all the while raising funds to continue this vital work.

August 2015
Written evidence submitted by the National Housing Federation (WRW 23)

**Summary of Key Points:**

— The rent reduction requirement in the Bill will have a substantial financial impact on housing associations. Not only will it undermine their business plans, which are based on a regime of CPI + 1% rent increases to which Government committed itself as recently as last year; it will undermine confidence in the sector on the part of lenders. The impact will make it more challenging for associations to deliver new homes.

— The rent reduction requirement should be amended to exclude certain categories where the impact will be particularly severe, such as some stock transfer organisations and certain types of supported housing.

— Rent regulation mechanisms are increasingly complex, confused and unfit for purpose. Government should withdraw from rent setting altogether and put that responsibility with the boards of housing associations.

— The reduction in the benefit cap to £20,000 (£23,000 in London) will make it harder for thousands of households to find suitable housing. The application of the cap to temporary housing will be especially damaging and will make it far more difficult to provide emergency and short-term accommodation for homeless families. Temporary housing should be exempted from the overall benefits cap.

1. **Introduction**

The National Housing Federation is the trade body for housing associations in England. Our members are independent non-profit social landlords, housing between them some five million people.

In this submission, the Federation focuses on two elements of the Welfare Reform and Work Bill that have a particular impact on the work of housing associations: the proposed rent reduction programme, which will result in a substantial fall in associations’ projected rental income; and the reduction in the benefits cap to £23,000 in London and £20,000 elsewhere.

2. **Executive Summary**

Britain is in the midst of a housing crisis that has been a generation in the making. As a nation we have failed to build enough homes for decades and we are currently building less than half the number we need each year. This is having an impact on people of all walks of life and all parts of the country. It was no surprise that housing was a top five vote-deciding issue at the last election. The public are demanding action from government and politicians are responding. We were delighted that housing was front and centre of all the political parties’ election campaigns and that the Prime Minister highlighted the vital need for more homes outside Downing Street in his first speech after the General Election. This offers a once in a generation opportunity to tackle the housing crisis and deliver the homes the country so desperately needs.

Housing associations have a crucial role to play in working in partnership with government to achieve this. They are amongst the most successful public private partnerships in England’s history, securing £75 billion in private investment for new homes. For every £1 invested by government, associations put in £6 of their own money. This has allowed them to deliver desperately needed affordable homes in every part of the country and add £13.9 billion to Britain’s economy every year. Housing associations currently house 2.3 million households in England and last year they built one in three of all new homes – 40,000 houses. They want to do even more and have an ambition to triple that number by 2033.

Housing associations are already having a big impact and are committed to doing even more. However, recent announcements in the Summer Budget and Queen’s Speech will make this significantly more challenging and this submission sets out how government can mitigate the impact of a number of these measures. This includes:

— The extension of Right to Buy to housing association tenants.

— The reduction in social rents by 1% a year for four years.

— Pay to Stay.

— Universal Credit and the lowering of the benefit cap.

The Bill requires a reduction in rents of social housing of 1% in 2016/17 and in each following year until 2019/20. This is in contrast to the Government’s former policy of a ten-year rent settlement that was to have run from 2015/16 to 2024/25, under which social rents were due to increase by CPI+1% each year. This therefore represents a very substantial reduction in associations’ anticipated rental income. Although most associations have the financial strength to withstand the impact of this loss of income, it will inevitably make it more difficult for them to deliver planned developments, although they will strive to do so.

The rent reduction requirement adds a further layer of complexity to what is already a rigid and confusing mechanism for regulating social rents. There is a strong argument for allowing associations to set their own rents, within an overall rent envelope.
There are a number of specific types of provision (such as some forms of supported housing), and types of organisation (such as recent stock transfers), for which the rent reductions are likely to prove particularly difficult. In addition, the current drafting of the Bill creates a number of ambiguities and unintended outcomes.

Turning to the benefit cap, we anticipate that its proposed reduction (to £23,000 in London and £20,000 elsewhere) will mean that thousands of families will find it harder to afford suitable housing, which in turn will hamper claimants’ ability to enter the labour market. The application of the lower benefit cap to temporary housing will have an especially damaging effect on emergency and short-term housing provision for some of the most vulnerable households in the country.

3. MAIN TEXT

Reduction in Social Housing Rents

Housing associations are committed to building the homes the country needs and will do all they can to continue with this vital work. However, it is important not to underestimate the impact of the rent reduction announced in the Summer Budget on the business plans of many associations.

Housing association rents have been subject to some form of regulatory control since 1998. Prior to this, during the period from 1991/92 to 1998/99, the government substantially reduced the level of capital grant for new development and encouraged HAs to introduce higher rents to allow development to continue. As a result, HA average rents increased by just over 40% in order to support increased social housing development; during the same period, the average Government grant per completed home fell by 68%. In other words, associations increased rents in order to maintain their development programmes despite cuts in Government subsidy. Fundamental decisions about the level of rent remained with boards.

Although this policy was followed by the government in the full knowledge that the Housing Benefit bill would grow (famously, a government minister of the time said that rents should rise and ‘housing benefit will take the strain’), the level of growth in HB was deemed unacceptable. The incoming Labour government in 1997 was also concerned that HA rents were out of step with local government rents and wanted to bring the two regimes more closely into alignment. Accordingly, in 1998, for the first time on the entire history of HAs, the government played a direct role in rent setting through the regulator and introduced “rent convergence”. This limited housing associations’ rent increases to the Retail Prices Index (RPI) + 1%. At the same time a system of “target rents” was laid down using a formula based on local wage levels and the local housing market.

In 2002, the policy was revised to RPI + 0.5%. This level could be varied by plus or minus £2 per week to achieve convergence between the local authority and housing association sectors and to ensure that target rents could be reached. The timetable set for full convergence was 2012.

In due course, this whole process became a key intervention mechanism for ministers. Although convergence could only be achieved over a period of time, and only if the formula was followed, ministers from time to time intervened in ways which made convergence more difficult. For example, in 2009, ministers imposed a rent freeze on local government rents, thus at a stroke making convergence almost impossible.

Meanwhile, beginning in 1988 and continuing to the present, a large number of homes have been transferred from local government ownership to housing association through the process of large scale voluntary transfer. This was carried out primarily as a means of financing significant repair and reinvestment requirements. Rents in these cases were negotiated between the selling local authority and the purchasing housing association. The rent was then part of the 30 year business plan which was the basis for the purchase price paid by the HA to the council. In many cases, rents were restricted for the first five years, meaning that most rents were below target rent. Critically, the business plans then assumed that the rent formula, and rent convergence criteria would kick in to allow rents to rise towards the target. Large scale 30 year borrowing was then organised on these assumptions. These contracts required formal approval by government.

In July 2013, the coalition government announced that rent convergence would end from 2015. This created significant problems for LSVT HAs whose rents remained far below target as they would lose the ability to add the plus £2 allowed under the convergence rules. This, of course, was not just a problem for one year as the rent increase was lost in perpetuity. Contracts that had been signed off by the government were, as a result, put under extreme pressure causing severe problems to many of these business plans. It should be noted that this decision was made without the benefit of any sector consultation.

Separately, in the 2010 Comprehensive Spending Review, the government reduced new capital investment in housing associations by 63%. However, the government wished to see the same level of new supply, so it introduced an entirely new rent regime to support new supply. This regime, known as affordable rents, set rents at up to 80% of market levels, with the express purpose of allowing housing associations to use the additional rental income to fund the development of new housing, minimising the level of capital subsidy. These rents were not subject to the convergence formula or target rules as they were set as a specific proportion of market levels. Rents were to be rebased at relet or at the renewal of a tenancy granted for a fixed term (typically, five years) to ensure they remained responsive to changes in the market. For social rents, the government continued with the rent setting process with a revised (but unachievable) target convergence date of March 2016.
In the May 2014 the government announced that from 2015/16, social rents would rise by CPI + 1% each year for 10 years (i.e., until 2024/25). The specific government announcement said

“Overall, in coming to a decision on our new rent increase policy, we have tried to balance the need to ensure that rent increases are manageable for tenants, and not excessive, with the need to ensure that landlords have the income needed to invest in new affordable homes and services. We remain of the view that CPI + 1 percentage point strikes the right balance.

“We have committed to this policy for ten years. We have made this commitment so that tenants and landlords have long-term clarity and stability, and landlords are able to benefit from this in terms of planning for future investment, accessing funding and achieving value for money.”

This announcement was warmly welcomed by the sector because it provided housing associations and their funders with certainty over long-term income streams and the clarity and confidence to make long ranging strategic investment decisions. Significant volumes of long-term debt were organised as a direct consequence of the certainty implied by a clearly stated commitment by government.

As a consequence of all of this, rent policy in the HA sector is a shambles. We still have a few historic fair rent tenancies. We have assured rents, formula rents, a convergence strategy in tatters, affordable rents (many of which are unaffordable and almost none of which is affordable to people who are not in work). We have LSVT organisations who entered into long term contracts and funding commitments in good faith and with the full knowledge and approval of government whose business plans are now impossible to deliver and for some of whom the ending of the +£2 was a severe financial setback. We have some rents that are only around 50% of target, others that are as much as 30% above target. And for tenants, rents appear to be (and indeed are) random and inexplicable.

This, then, is the context in which the government decided to legislate to impose rent cuts of 1% pa compound for each of 4 years. This is a clear breach of a strongly stated commitment made only one year ago, which calls into question the strength and validity of any further commitment now made. Although it is a single measure, it has a hugely different impact on individual rents and organisations. All of this is a direct consequence of 16 years of government involvement in rent setting.

This is now clearly not fit for purpose. **Government should, at the earliest available opportunity, withdraw from rent setting altogether and put that responsibility back where it belongs, with the boards of HAS.** They are best placed to balance their mission and objectives with their long term fiduciary obligations. They know the neighbourhoods and communities where they work and are able to set rents (sometimes higher, sometimes lower) to reflect the needs of these customers and places and support their tenants’ aspirations. As regulated organisations, they are accountable for the rents they set to their customers and to the public via the regulator.

We estimate that the rent reduction imposed by the Bill will result in a loss of more than £3.85 billion in rental income over the four-year period. This has delivered shockwaves throughout the sector – undermining the ambition of housing associations and confidence of many of their delivery partners. Moody’s, the sector’s principal credit rating agency, has interpreted Government action as a signal of its withdrawal of support for the sector, and has put the sector’s credit status on negative watch. A systematic downgrade in the credit standing of housing association could result in an increase in the cost of funds of housing associations.

Uncertainty about the future of rents from 2020/21 means the sector will appear increasingly less attractive to potential new investors.

The damage to lender confidence and the reduction in rental income will make it more difficult for housing associations to achieve their ambition of significantly increasing the number of homes they build. It will also threaten other vital work including investing in revitalising local economies, providing supported housing for vulnerable people and creating jobs and helping more people into work.

Meanwhile, however, we are keen to work with the government to mitigate the most significant impacts of the rent reduction policy embodied in the Bill.

In this submission we set out a range of limited categories of housing to which it is inappropriate or unnecessary, for policy reasons, to apply the rent cut and for whom the proposed cut would have a fundamental impact on the viability of the organisation.

**Supported housing**

Supported housing caters for a wide range of tenants with specific needs that require a greater or lesser degree of support. This type of housing is already subject to very tight margins across the board; it relies on contracts for care or support services, and there are no alternative models for housing provision of this kind. Between 2011-2015 funding for housing-related support was reduced by 45% on average according to the National Audit Office, at the same time as demographic changes have led to greater demand and more complex needs. It is thus a part of the sector that is particularly vulnerable to any reduction in its income. As it stands, the rent reduction measure would lead to a loss of existing supported housing schemes for people with particular needs (eg older people, people with mental health problems, people fleeing domestic violence, people with learning disabilities and others). There would also be a reduction in the number of schemes developed for this range of
client groups, with members already reporting that they are pulling out of planned development. The loss of these services would have a major impact on public spending.

Our members’ financial modelling shows that major viability question marks apply to all types of housing association, large providers as well as small, who are looking at viability of supported housing on a scheme-by-scheme basis. This means the question facing us is about the future of supported housing for vulnerable and older people, not merely the future of individual organisations. Examples of the impact on existing services and future development that housing associations have modelled include:

— a large national provider of supported housing who estimates this change would lead to the loss of 104 schemes, removing 1969 support spaces for clients including 228 spaces in domestic violence services.
— a small specialist learning disability provider who will have their operating margins reduced to 0.2% and will be forced to cancel all their proposed development of learning difficulty schemes.
— a large national organisation who will be forced to reduce planned development of extra care by 400 units, including units built specifically to help people home from hospital.

We recommend exempting “specified accommodation” from this policy measure, in order to avoid large numbers both of waiver requests and of lost schemes. The Government has already recognised the value of supported housing and the importance of exempting this part of the sector from the potential adverse effects of welfare reforms such as the benefit cap and direct payments. “Specified accommodation” is the definition used by DWP for these purposes, and was developed in consultation with the sector over a number of years.

This is hundreds of thousands fewer units than an exemption for the entirety of supported housing. There is already a process for identifying housing that meets this definition, and this serves to limit the amount of supported housing that qualifies. In order for a unit of supported housing to be classified as ‘specified accommodation’ there must be a certain amount of care and support provided to the tenant, and the tenant must need it. Supported housing that meets this definition will therefore be the housing where tenants require greater levels of care and support, and would be harder to replace once lost.

Although exempting “specified” housing will involve a compromise in the overall cost saving from this measure, we know that by securing the provision of this housing there are cost benefits to the public purse. The HCA has previously estimated its investment in specialist housing results in a net cost benefit of around £640m per year. Some of these cost benefits would be lost if the rent reductions result in a loss of provision. It is unclear what would happen to the people currently living in supported housing, those who are already waiting for specialist homes, as well as the increased numbers of people needing supported housing in the future. The impact could be more A&E visits for homeless people, more people with learning disabilities unable to move out of care institutions, and older people stuck in hospitals for longer. Housing associations would rather be helping these people to get on, stay healthy, and stay independent.

Recent Stock Transfer Organisations

Stock transfer organisations generally start out with a business plan that involves increasing rents in accordance with HCA guidelines and using this anticipated revenue to underpin borrowings that will allow them to undertake much-needed improvements to the stock they inherit from the sponsoring LA. This business model means that the organisation’s finances are typically extremely tight in its early years of operation. Moreover, during this initial period, the rents are typically well below HCA formula rents. There is, therefore, a very strong case for a targeted exception for relatively recent STOs to protect their position during a vulnerable phase in their business and to safeguard their ability to fund improvements promised to tenants at the time of transfer.

The alternative is that these organisations will struggle to deliver improvements promised to tenants at the time of transfer. In some cases, indeed, their financial viability could be at risk, meaning potentially a number of compelling cases for a waiver. We should be happy to work with CLG to devise a suitably targeted exemption.

Affordable rents

We also argue that there is a very strong case to be made, in both operational and policy terms, to exclude affordable rent housing from the rent cut requirement. Affordable rent currently accounts for less than 5% of the housing association sector (and much less of the local authority sector), so its exclusion would have only a very minor impact on the Government’s projected benefits savings. And this cost is far outweighed by the benefits.

— The only landlords allowed to charge affordable rents are those doing so as part of an investment agreement with HCA: in other words, developing associations (and a few local authorities. Thus the exclusion of affordable rents from the rent reduction regime will target additional resources very accurately on organisations that are building additional homes to meet the country’s pressing housing need.
— The exclusion of affordable rents would off-set the drain on the income of developing associations caused by the ‘minus one’ regime, thus making it less likely that they will have to withdraw from or scale back on development.
— Affordable rents are designed to be ‘rebased’ against the private market after a set period (often 5 years). The Rent Standard provides for them to be increased annually by CPI+1% between rebasing, which should keep the rent roughly in touch with the wider market and should reduce the uplift that rebasing is likely to involve. But if the affordable rent has been cut by 1% each year instead, it will have lost contact with the private market and the eventual rebasing is likely to result in a very high increase for the tenant.

Although we believe the case outlined here is a strong one, we argue that even if it were not accepted, it is necessary to amend the Bill to allow scheduled conversions to market rent in accordance with development agreements between associations and the HCA.

**Other issues relating to rent reductions**

We also urge amendments to clarify the legislative intent where this is not clear from the current drafting of the Bill. Key issues include the following.

— **Service charges:** Current practice is that for secure rents, service charges (whether fixed or variable) are outside the rent envelope; whereas affordable rents are deemed to include the service charge. This distinction is established policy and should be maintained; but the current wording of the Bill does not differentiate between social rents and affordable rents.

— **Relents of properties below formula rent:** While most housing association properties are now let at formula rent, there are a number of exceptions to this, notably among recent stock transfers. Current rent policy allows these properties, when they fall vacant, to be relet at formula rent (also known as ‘target’ rent). The ability to relet at formula rent is important for the finances of organisations with, historically, very low rents. The Bill should be amended to allow reletting of vacant properties at formula rent (albeit the formula rent itself will decrease by 1% annually during the rent reduction period).

— **Rent increases other than in April:** Although the great majority of social housing rents are increased annually in April, a minority are increased at other times of year such as October. The Bill does not adequately provide for this situation and will generate unintended consequences unless amended.

— **Housing excluded from the HCA Rent Standard:** Certain specialised categories of housing are not subject to the HCA’s Rent Standard, even if they fall within the statutory definition of ‘social housing’. These include temporary housing, intermediate rent housing, housing developed under PFI arrangements, and specialised supported housing. This Bill should likewise provide for these types of housing to be excluded from the rent reduction regime.

To sum up, the rent cut requirement overturns a policy that was announced as recently as May 2014. Housing associations will do everything they can to continue to build the new housing that the country so urgently needs and share the government’s priority to deliver increased supply. However, the policy will make this task significantly more difficult.

**Benefit cap**

The most effective way of reducing the benefit bill is to support people into employment, rather than make blanket reductions in benefits that apply regardless of local rent levels and family circumstances. We share the government’s goal to reach full employment and believe that good quality and secure housing is the building block to achieve that ambition.

**Housing affordability**

A secure and decent home is often the starting point to help people back into work, however, the provisions in the bill to lower the cap to £23,000 in Greater London and £20,000 elsewhere will severely impact the affordability of housing for thousands of families.

This affordability challenge is not restricted to families renting in the private rented sector as our modelling shows that a couple with three children would not be able to afford the average housing association rent on a 3-bed property in any region. Under the £23,000 cap in London, families would face a shortfall between benefit and rent of £27.79 per week. The weekly shortfall under a £20,000 cap ranges from £37.40 in Yorkshire and Humberside to £67.35 in the South East, based on the current rent agreement.

**Temporary accommodation**

We are particularly concerned about the impacts of a lower benefit cap on families living in temporary accommodation (TA). TA is a vital part of the homelessness safety net, and is used by Local Authorities to accommodate households who have been demonstrated to be vulnerable, at risk of homelessness, or in emergency housing need. Temporary housing costs more to provide because of management standards and the procurement process, but can deliver crucial savings to the public purse, minimising the need for more costly emergency interventions such as housing households in bed and breakfast accommodation.

Households placed in TA by local authorities have little scope to move to reduce their housing costs. They are also, because of the nature of their circumstances, likely to be further from the job market and often may have a history of arrears and financial struggles. If they are no longer able to manage to keep up with rent payments in temporary housing due to the cap they may find themselves homeless again, and it is likely that local authorities will struggle to rehouse them. **People living in TA should be treated in a similar way to tenants in supported ‘exempt accommodation’ and have their housing costs omitted from the calculation of the cap.**

**Impact assessment**

The impact assessment published on 20 July 2015 does not include the following:

- Breakdown by region: the impact assessment states that under the lower cap 24% of cases will be in London. No figures are provided for other regions.
- Breakdown by number of children in the household.
- Breakdown by main benefit received (JSA, IS, ESA).
- Breakdown by tenure (private rented / social rented).
- Breakdown by amount of money lost per week (in £50 bands).

These breakdowns are available for the live benefit cap caseload and were included in the impact assessment published prior to the introduction of the £26,000 benefit cap. **We urge the committee to request the publication of this analysis for the lower benefit cap.**

_September 2015_

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**Written evidence submitted by The Riverside Group Ltd (Riverside) (WRW 24)**

1. **Introduction: About Riverside**

1.1 This submission is being made by The Riverside Group Ltd (Riverside). Riverside is one of the largest charitable housing association groups in the country, owning and managing over 53,000 homes.

1.2 With a substantial national profile and over 80 years of experience in developing affordable housing, we work in some of the country’s most challenging neighbourhoods. Our large supported housing and retirement living division, Riverside Care and Support, provides high quality support to more than 12,000 service users, with a diverse range of housing needs.

1.3 In providing information and recommendations, we believe that we can draw from our considerable experience in providing housing to people in lower paid work and who often rely on support from the welfare system. Two thirds of our homes are let to low income households at a social or affordable rent.

2. **Executive Summary**

2.1 The Government is unveiling a set of changes through the Welfare Reform and Work Bill which will impact on the provision of homes for low income households in England as well on the ability of tenants to afford them.

2.2 In completing this response we have focused on the areas where we feel we can propose constructive amendments to the Bill which will help the Government meet its overall objectives, whilst avoiding unforeseen consequences.

2.3 Our detailed response follows the order of the Bill but in summary we have two main recommendations:

(i) Clause 20: that two additional exceptions are introduced to the face of the Bill to cover particular categories of housing where rent reductions may threaten scheme viability, or lead to a potential breach of contract. These are supported housing and social housing provided through the Private Finance Initiatives (PFI).

(ii) Clause 7: that the Government clarifies the basis on which it has chosen an overall benefit cap of £20,000 per annum (£23,000 in London) with reference to national household income distributions, and commits to an annual review based on criteria which include changes in living costs and earnings, as well as national economic situation.

3. **Our Response in Detail**

3.1 Our detailed response follows the order of the Bill with comments followed by recommendations.

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4. Clause 7-8: Benefit Cap

4.1 As an organisation housing a high proportion of low income households we are concerned about the impact of the reduction to the benefit cap on the livelihoods of our tenants, especially those of working age and with three or more children.

4.2 At its current level (£26k) the cap affects only a very small numbers of our tenants – c 80, mainly in London. This is because our rents are relatively low, and we have applied our own ‘capping’ mechanism to affordable rents in higher value areas.

4.3 However, despite relatively low rents, we now estimate that at the lower rates the numbers will grow to 500+ (over 6% of working age tenants), and this will extend to affect families outside London where the majority of our stock is located. Without a commitment to review the level of the cap, this number has the potential to grow over time, particularly when any benefit freezes come to an end. Despite the range of exceptions that will apply, this will mean that an increasing proportion of tenants may not have sufficient income to meet the whole of their rent liability.

4.4 Given this significant risk, it is not clear on what basis the level of the lower cap has been identified. The previous £26k cap related to median incomes. We also note that the Bill only requires the Secretary of State to review the level of the cap once every Parliament, with the only specific criterion that he or she is bound to consider being the overall state of the economy.

4.5 We recommend that in the interest of transparency, the Government clarifies how the lower cap levels have been selected with reference to national household income distributions, and that the scope of the impact assessment is extended to assess the numbers of social housing tenants who will not be able to afford to pay their rent.

4.6 We also propose that the level of the cap is subject to a process of annual review against an extended set of clear criteria, which includes changes in earnings and living costs.

5. Clause 19: Rent Reduction

5.1 The proposal to reduce rents for social housing tenants by 1% per annum for the four years from April 2016, presents very significant challenges for the sector, representing a sharp reversal of long-standing Government policy with little time for landlords to prepare.

5.2 This is clearly very good news for tenants, particularly those in work who are meeting all or some of their housing costs, and will improve overall affordability, albeit in a poorly targeted way.

5.3 Registered providers will need to adjust quickly to a sustained reduction in income for the next four years, confounding expectations of inflation linked rent increases for a ten year period introduced in April 2015. This represents a paradigm shift in the funding of social and affordable housing and will have long-term repercussions across 30 year business plans, with rental income “rebased” at a lower level from 2020.

5.4 From a Riverside perspective the scale of lost income will be huge. Making a direct comparison with our approved business plan (2015-20), our early provisional projections indicate that the impact will be a reduction in income in excess 16% over four years, a cumulative total of almost £100m. Without any form of mitigation this will reduce our operating margin by 9.5%. This is a critical measure for credit rating agencies, and there is a strong possibility that Riverside (and other providers) could face a ratings downgrade, resulting in an increase in long term borrowing costs which would in turn affect development capacity.

5.5 Of course Riverside will seek to mitigate this unprecedented loss in income, and we are currently discussing a wide range of options with our board, with efficiency considerations to the fore. However it is highly unlikely that efficiency savings alone will offset lost income and we will need to reconsider the scale and nature of our development programme, whilst seeking to maximise delivery of new homes in the context of the new financial reality and other related issues such as Right to Buy replacement. We estimate that the proposed rent reductions will require an additional internal subsidy of £12k per new home built (for rent) funded by Riverside. Based on our current 2014-17 programme this will require an additional internal subsidy of up to £12 million (a 50% increase).

Phasing

5.6 Given the fact that the Bill is still at an early stage in its passage through Parliament, we believe there is a strong case for giving registered providers some discretion over the phasing of the rent reductions, provided that the same overall cumulative reduction is achieved by April 2020.

5.7 The process of rent variation can be complex, and at Riverside it commences in early autumn as part of the budget and business planning round. Implementing rent decreases at this scale is unprecedented, and getting the detail of legal notices right across all tenancy types will be essential, particularly if future rent increases (post 2020) are to be valid. Adequate time for preparation will be important, yet there is every possibility that the Bill will not receive Royal Assent until after the point that notices will need to be served for the April rent variation. Time will also be required for the regulator to consider the case for organisational exemptions.
Rent on re-letting a property

5.8 Whilst it is accepted that annual rent reductions will apply to existing tenants, it is proposed that in some limited circumstances there should be an opportunity to rebase rents to a higher level when a property is re-let in accordance with current regulatory standards, with subsequent decreases applying only to the new tenant.

5.9 This will continue the process of rent convergence, and enable developing landlords to continue to generate additional income to services loans for new development, in accordance with contracts with the HCA.

There are three particular circumstances where this should be permitted:

(i) **Affordable rent conversions**: Social landlords who have built or are building new homes under the Affordable Homes Programme(s), are permitted to ‘convert’ the rents of a number of existing properties to an ‘affordable rent’ (80% of market) when they are re-let. Whilst the new converted rent is then varied in accordance with regulatory guidance (currently CPI + 1%), the rent is subsequently rebased to the market every time there is a subsequent re-let. This is one of the fundamental principles of the affordable rent regime, and landlords have entered contracts to develop new affordable homes at a lower level of capital subsidy assuming this additional income. The numbers of affordable rent conversions are strictly limited and set out in funding contracts entered with the HCA – they currently account for 4.7% of Riverside’s annual re-let rents. **It is proposed that during the four year period of rent reductions, these affordable rent conversions are still permitted (for those landlords developing new homes under a contract with the HCA), with subsequent decreases applying only where the property is tenanted.**

(ii) **The end of secure tenancies (housing associations)**: Some housing associations have a diminishing number of pre-1989 secure tenancies, where a fair rent is set with reference to a rent registered by the rent officer. For historic reasons some of these rents remain very low, and under rent convergence it has been the long-held regulatory position that these legacy tenancies should be re-let at ‘target rents’ (the default position for social housing) once the original ‘secure’ tenant moves on. This accounts for around 2.1% of Riverside’s annual relets. **In order to promote consistent and transparent rent setting, it is proposed that this position should continue, with subsequent annual rent decreases applying only to the new tenant after the home has been re-let.**

(iii) **Rents below target**: In a similar vein, there are a number of historically low rents for properties let on assured tenancies, which had been ‘converging’ towards target rents through the policy of rent restructuring introduced in 2002. Whilst this policy largely ceased with the regulatory changes introduced in April 2015, social landlords are still permitted to re-let these low rent properties at target once vacated, for similar reasons of consistency and transparency. It is proposed that this position should continue.

6. **Clause 20: Exceptions**

6.1 The Bill lists a number of exceptions to the rent reduction provisions including housing for low cost home ownership and housing which has been repossessed by a mortgagee. We believe these exceptions should be extended to cover two additional forms of social housing: supported housing and housing developed under the Private Finance Initiative.

**Supported Housing**

6.2 Supported housing is a high cost/low margin form of social housing provision, which provides essential homes and services for some of the most vulnerable groups in society: those with physical disabilities and learning disabilities, the homeless etc. The proposed rent reduction is likely to threaten the viability of many supported housing schemes, and indeed the overall financial viability of a number of smaller specialist providers who deal exclusively with this type of provision. From a fiscal perspective, this would be counter-productive, in that a number of national studies have demonstrated that supported housing services provide excellent value for the public purse, especially in relation to outcomes that reduce health, care and criminal justice costs.230

6.3 Riverside owns and manages around 4600 units of supported housing (less than 10% of our stock). Because of the specialist needs of service users, it is expensive to develop and costly to manage and maintain, and so supported housing generates a much lower margin than other forms of social housing in our portfolio. Our supported housing currently generates an overall net operating margin of 7%, which is around 17% below the Group average. We estimate that a year on year reduction in rental income would make this element of our business loss making, with the net margin falling to 1% with a deficit being generated once interest payments are taken into account.

6.4 This will present Riverside with very difficult choices, and whilst it is unlikely that we would withdraw from supported housing altogether, it does mean that we will need to consider which services we retain, based on an assessment of viability rather than need. This will play out across the whole sector, where supported housing is likely to shrink as a form of provision and would also act as a significant disincentive to sector restructuring, acting as a break on merger and acquisition activity where housing providers have significant supported housing businesses.

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230 frontier-economics capgemini.
6.5 To ensure that the full range of high need supported housing is captured within any exception, we propose that the ‘specified accommodation’ definition of supported housing used in Welfare Reform Act 2012 (regulations) is used to define the exception, ensuring consistency.

Private Finance Initiative (PFI)

6.6 Riverside currently owns and manages 148 PFI funded social housing dwellings (with a further 328 on site) and provides management and maintenance services to a further 1051 owned by a local authority. These schemes are located in areas as diverse as Hull, Derby and Sandwell.

6.7 Typically PFI schemes require registered providers to fund and develop new homes and then provide services to a strict specification under inflexible long-term contracts, predicated on predictable income streams. The rent reduction provisions set out in the Bill will reduce the viability of these contracts, and over time, they could start to make a loss as providers have little room for manoeuvre in terms of cost reduction.

6.8 The unique nature of PFI schemes has already been recognised by the Social Housing Regulator in its rent standard guidance, where rent setting sits outside the target rent regime. It is logical that a similar exception should be explicit in this Bill, with rent continuing to be set in line with business plan expectations.

7. Future Welfare Changes

7.1 Though we have focused on Clauses 7-8 and 19-20 in this response, we would like to make a final comment on the potential removal of automatic entitlement to the housing element of Universal Credit for 18-21 year olds, announced by the Chancellor in the Summer Budget, but not set out in this Bill. We understand that this important change is likely to be introduced through regulations.

7.2 As we currently understand it, the change will not impact on young people receiving Housing Benefit, but only those with housing costs in Universal Credit. We also believe that it is planned that there will be a six month grace period for young people coming out of work to help them get back into work without being put at risk of losing their home. We welcome both of these proposals and the commitment to protect vulnerable young households, including those with children.

7.3 However we are concerned about how any exceptions to the policy for vulnerable households will be applied in practice, and in particular how vulnerable young people who have formerly lived in supported housing should be protected through a continuing entitlement to receive Universal Credit to meet housing costs where there is no safe family environment to return to.

7.4 Whilst young people living in supported housing may continue to be entitled to receive help with their housing costs where these continue to be met by housing benefit in the case of ‘specified accommodation’, in due course many will move into general needs homes, and at that point look to Universal Credit to meet their housing costs. It is essential that these young people remain entitled to benefits to meet housing costs, given that most will not, by definition, have a stable parental home to return to. Move on accommodation is an essential part of the journey towards a sustainable tenancy, and in the long-run help with housing costs for 18 – 21s in these circumstances will prevent more expensive interventions arising from ‘bed blocking’ in supported housing.

7.5 Whilst we will respond to any future consultation in due course, we would urge this committee to recommend to the Government that housing costs relating to 18–21 year olds who have previously lived in supported housing, continue to be eligible to be met through Universal Credit.

8. Further Information

8.1 We trust the Committee will consider this evidence in its detailed consideration of the Bill.

September 2015

Written evidence submitted by TPAS (WRW 25)

About TPAS

TPAS is the leading national tenant involvement organisation in England. We believe in housing practitioners and tenants working in partnership to improve their homes and their communities. Our membership is made up of local tenants and landlord organisations, and covers over 2.2 million homes. We have been representing our members across England since 1988.

Summary

This submission reflects the opinions of involved tenants, whose voices have been little heard in discussions about the proposed reforms to social housing rents. It gives their perspectives on the likely effects of the Bill as currently presented, and what would be most and least desirable outcomes.
The key points of our submission to the Committee are:

— We have heard ministers, MPs, and pressure groups say that social tenants will welcome the rent reductions. This is an inaccurate claim. Tenants’ actual priorities should be heard, understood and considered during the passage of this Bill.

— Tenants’ concerns about the negative impact of rent reductions on the services they receive far outweigh happiness about any personal financial gain.

— Many tenants believe that the rent reductions will undermine social housing provision in terms of its quality, quantity, and contribution to tenants’ lives.

— Concerns focus on two inter-related issues. Firstly what social landlords will inevitably have to do in response to the rent reductions. Secondly how social landlords will choose to respond, and how far their decisions will align with tenants’ priorities.

— As this Bill is considered and refined, we would like to see:

  — A clear statement from government and social landlords on what accommodation options will be available to people affected by the benefit cap and reduced tax credits and by the anticipated resultant changes in letting practice.

  — Consideration of whether social landlords could or should be given flexibilities to subsidise the rents of households whose incomes are inadequate to cover even a social rent, in order that every household in the country has at least one viable type of housing provision open to them.

  — Scrutiny of likely impacts on maintenance standards, tenant involvement and development of new sub-market rented homes.

  — Restatements of landlords’ commitments to, and the regulator’s requirements for, maintenance of the Decent Homes standard, good quality property maintenance, and tenant involvement.

  — A requirement for tenants to be consulted and engaged with before revisions to landlords spending plans or business structures resulting from this Bill are finalised.

INTRODUCTION

1.1 TPAS is pleased to share evidence to inform the Public Bill Committee’s consideration of the Welfare and Work Bill. Discussions about government policy for social housing have become increasingly focused on the impact on providers of social housing. Whilst TPAS does also speak about the experiences of organisations that emphasise engagement with tenants, the purpose of this submission is to make sure that tenant voices are heard and reflected in consideration of the Bill.

1.2 Our evidence is based on comments made to us by the large body of tenants who are voluntarily involved with their social landlord. As well as paying rent in return for housing services, these people help to scrutinise service delivery, agree and monitor maintenance contracts, prioritise and address neighbourhood issues, inform business priorities, and so on. We refer to them as ‘involved tenants’ – because they engage with their landlords and understand how housing providers operate.

1.3 This submission focuses on likely effects of the Bill on landlords’ behaviours and priorities rather than on their finances, because the information to shape it comes primarily from people who receive services. Our submission is based on comments and opinions gathered from several hundred social tenants since the July budget.

1.4 It is important to remember that, alongside rent cuts, the full package of policies for social housing currently includes mandatory sales of council accommodation, loss of stock through the expanded Right to Buy, higher rents for households where individuals earn only moderate incomes, possible loss of security of tenure, and the likelihood of some tenants facing increasing difficulties accessing and sustaining any sort of housing because of the welfare reforms. Taken together, these give involved tenants strong cause for concern about the future of social housing.

1.5 Tenants are worried about how the Bill will affect landlords’ future ability to deliver valued services to the same client groups that receive them today. They worry about whether social landlords can afford to do this, and also whether they will choose to. They fear that social landlords will stop letting to some types of household, stop funding tenant engagement with staff and decision making, reduce levels of provision of core services, and pull away from delivering new homes and offering a local presence.

WELFARE REFORMS

2.1 Social landlords have already had to deal with the impacts of welfare reforms, and in the most part they have tried to support tenants whilst doing this. However some have changed who they let homes to, and involved tenants expect more landlords to do this in future because of the reforms in this Bill. There is great concern about this. Some people will be unable to get social housing because they cannot pay for it – but what is to become of them when even the cheapest housing is out of their reach? We would like government and landlords to understand and comment on what accommodation options will be available to people affected by altered letting practices, and by the benefit cap and reduced tax credits.
2.2 Perhaps landlords could find a way to ‘subsidise’ people whose benefits no longer cover the rent, in order that they can still live in a social home. During consideration of this Bill we would like politicians and landlords to explore if this is possible (perhaps through variable rents), as it seems an increasing number of households will have no viable housing options in future - a highly undesirable outcome.

RENTER REDUCTIONS

3.1 As social landlords lose money from rent reductions, some tenants stand to gain. It may be useful for the Committee to understand tenants’ responses to this position.

3.2 Not all tenants will see a direct impact on their personal finances as a result of the rent reductions because many receive some Housing Benefit (or Universal Credit) to help them pay the rent. Some will benefit though. Of the tenants responding to our recent survey who will see a financial benefit from the rent reduction, the vast majority would use the money for day to day living costs, with around 20% hoping to save it for future use.

3.3 When the rent reductions were announced, there was an expectation that they would be welcomed by tenants. On the face of it this is a reasonable assumption: we know that many tenants’ incomes are under significant pressure, and the stated intention to use the savings for living costs confirms this. However, the first response of involved tenants was concern about potential negative effects on the landlord services they value rather than joy about positive impacts on personal finances. Tenants are also well aware that benefit reductions and Pay to Stay (especially for working households) will amplify pressure on ability to meet living costs by more than the amounts saved through the rent cuts.

4.1 Involved tenants understand that landlords will need to need to make cuts to their expenditure because of reduced incomes resulting from rent reductions and from other policies that sit outside of this Bill. They do not expect that efficiencies (in the sense of doing the same things at a lower cost) will cover the losses. Consequently they have clear views about areas that should be protected from cuts, and about the need to involve tenants in decisions about revisions to landlords’ spending plans.

4.2 Day to day maintenance of properties is the area that involved tenants would most like to see protected from spending cuts. Maintenance is important for quality of life, and current standards are hard won e.g. by tenants campaigning for the Decent Homes programme and being involved in setting and monitoring standards/contracts. Investment in building new homes is valued because it means that future tenants can benefit from security and affordability too. Tenant involvement is also considered high priority for protection, because of the benefits it brings both to landlords and to involved tenants. The recent report, An Investment Not A Cost, shows that there is a business case for landlords to support tenant involvement. It delivers cost savings as well as service improvement and social dividends, and moving away from it now would undermine years of effort invested in developing relationships and working practices.

4.3 The possible impacts of the rent cuts on these areas should be scrutinised and understood as this Bill is considered, and a statement from government and/or landlords that maintenance and involvement will be protected would be welcome.

4.4 There is a strong desire for all tenants to be consulted before revisions to landlords spending plans are finalised. Equally strong is the desire for discussion with, or inquiry by, tenant-led scrutiny groups and residents’ associations. Use of up to date information held about tenants and their opinions would also help to bring tenants’ priorities into landlords’ decisions.

4.5 Timescales for remodelling financial plans, and for reporting these to the regulator, are tight but involvement of tenants should not be pushed aside in haste to meet deadlines. If this happens the decisions made will not be the best ones – local knowledge and insight into services will be bypassed – and historic partnership working will be quickly undermined. We would like to see a requirement for tenants to be consulted and involved before revisions to landlords’ spending plans or business structures resulting from this Bill are finalised.

CONCLUSIONS

5.1 Involved tenants are worried about the implications of the provisions in this Bill. They are concerned for potential future tenants as well as for themselves. We would like their actual responses to proposed rent cuts to be better reflected in debate, and we would like to see protection for their priorities strengthened as this Bill passes through Parliament.

September 2015

Written evidence submitted by Carers UK (WRW 26)

ABOUT CARERS UK

1. Carers UK is a charity set up to help the 6.5 million people who care, unpaid, for family or friends. At some point in our lives every one of us will either need care or be involved in looking after an older relative, a

231 https://nationaltenants.files.wordpress.com/2015/03/tlc-an-investment-not-a-cost.pdf
sick friend or a disabled family member. Whilst caring is part and parcel of life, without the right support the personal costs can be high and caring can affect your job, your health and your finances.

2. Carers UK is a membership organisation of carers, run by carers, for carers. We have 17,000 members and a reach of many more. We provide information and advice about caring alongside practical and emotional support for carers. Carers UK also campaigns to make life better for carers and influences policy makers, employers and service providers, to help them improve carers’ lives.

3. Carers UK’s advice and information services answer around 20,000 queries from carers and professionals every year. Our website is viewed by over 100,000 people every month, 27,000 subscribe to our monthly email newsletters, and the combined reach of our online communities and social networks exceeds 38,000. We’re in regular contact with around 1,500 local organisations, including many run by carers, who are in touch with around 950,000 carers.

4. Carers UK has offices in Wales, Scotland and Northern Ireland.

SUMMARY

5. While the Welfare Reform and Work Bill contains provisions to protect Carer’s Allowance from the freeze on working age benefits and an opportunity to improve reporting on back-to-work provision for former carers, Carers UK are deeply concerned that a number of measures in the Bill will have a damaging impact on the finances of the 6.5 million people in the UK who provide unpaid care for ill, frail or disabled friends or family members.

6. Unpaid carers save the state an estimated £119 billion per year, yet Carers UK’s research shows that many carers are already facing a daily struggle to make ends meet as a result of the additional costs of caring combined with a loss of income from giving up work or reducing working hours. A Carers UK survey of 4,500 unpaid carers in 2015 showed that nearly 5 in 10 (48%) were struggling to make ends meet, with 41% of those struggling cutting back on essentials such as food and heating. Nearly half of all carers responding to the survey (45%) said that financial worries were affecting their health.

7. In its Election Manifesto the Government committed to “Increase support to full-time unpaid carers” yet this Bill contains proposals that will result in a real terms cut to carers who rely on vital support from the social security system. These cuts come on top of previous changes to welfare which Carers UK have estimated will result in a cut to carers incomes of over £1 billion between 2011 and 2018.

8. Carers UK are deeply concerned that the cumulative impact of repeated cuts to carers incomes, combined with further reductions in local government funding, and therefore the amount of social care individuals can receive, will place an increasing strain on families, pushing carers to breaking point, ultimately threatening the sustainability of caring relationships.

9. This briefing details the key issues in the Bill for carers, proposing amendments to four key areas:

   — **Employment**: Introducing employment reporting requirements for former carers as part of the Government’s ‘Full Employment’ aspiration.

   — **The Benefit Cap**.

   — **The freeze of certain social security benefits for four tax years**.

   — **Universal Credit: Work Related Requirements**.

Carers UK would also welcome clarification on the impact of the conversion of Support for Mortgage Interest (SMI) Grants to Loans.

10. Carers UK are a member of the Disability Benefits Consortium. The DBC is a national coalition of over 60 different charities and other organisations committed to working towards a fair benefits system for disabled people and carers. Carers UK recognises that there are a number of other proposals in the Bill that will affect carers, such as the changes to tax credits and the cut to the ESA WRAG group and supports the amendments put forward in the DBC submission to the Public Bill Committee.

EMPLOYMENT (CLauses 1-2)

11. Carers UK welcomes the proposed duty on the Secretary of State to report annually on progress towards full employment as well as increasing the numbers of apprenticeships.

12. Every year 2.1 million people find their caring role comes to an end. While not all of those whose caring role finishes will have given up work to care, or will be of working age, a significant number will have left the workplace to provide unpaid care to an older, ill or disabled friend or relative. **Indeed, Carers UK**...
research shows that over 2.3 million people have given up work at some point to care, unpaid, for loved ones.\textsuperscript{237}

13. The Government doesn’t currently collect information about the number of working age carers that remain out of work after their caring role ends. However, evidence from Carers UK’s Caring & Family Finances Inquiry\textsuperscript{238} indicated that former carers, who are of working age, remain significantly less likely to be in work than non-carers of working age. Other research estimates that 195,000 women and 120,000 men have left work to care and remain out of employment.\textsuperscript{239} The Women’s Business Council recognise that caring responsibilities can significantly reduce the opportunity for women to remain in the workforce and have made a number of recommendations to Government on this issue.\textsuperscript{240}

14. Providing the right support to enable carers to return to work is essential, not only for their health and wellbeing but for the wider economy. Research from Age UK and Carers UK indicates that £5.3bn has been wiped from the economy in lost earnings, due to people who’ve dropped out of the workforce due to caring responsibilities.\textsuperscript{241} This Bill provides Government with an opportunity to help more former carers back into work.

**Recommendation**

15. As part of the ‘full employment’ reporting requirement, Carers UK believe the Secretary of State should also include information about employment support provided to former carers and collect information on the number of former carers of working age who have returned to employment following the end of their caring role.

**Suggested Amendment**

Clause 1, Page 1, line 6, at end insert:—

( ) In this report the Secretary of State must also include information about employment support provided to former carers and the number of former carers of working age who have returned to employment following the end of their caring role.

**The Benefit Cap (Clause 7)**

16. The Bill proposes a reduction in the benefit cap from £500 per week (£350 for single people) to £442.31 per week in Greater London (£296.35 for single people) and £384.62 per week (£257.69 for single people) outside of London, to be phased in from April 2016. Since it was first proposed in the 2012 Welfare Reform Act, Carers UK has opposed the benefit cap and called for all carers to be exempt from it.

17. While an exemption for households including a Disability Living Allowance or Personal Independence Payment claimant exists, this does not protect all families affected by disability or all carers from the cap. This is due to the way a ‘household’ is defined by the benefits system.

18. For the purposes of the benefits system, a ‘household’ is considered to be an adult, their partner (if they have one) and any children they have under 18. If any other adult relatives, e.g. older parents, brothers and sisters or even adult children live in the same house they are considered to be part of a different benefits ‘household’ or unit – even though they live together.

19. This means that while carers looking after disabled partners and disabled children under 18 are exempt from the cap, those caring for adult disabled children, siblings or elderly parents are subject to the cap.

20. The Government Impact Assessment for the introduction of the Benefit Cap in 2012\textsuperscript{242} estimated 5,000 households containing carers would be affected by the introduction of the cap.

**The Impact of the Lower Cap on Carers**

21. The Impact Assessment for the Welfare Reform and Work Bill\textsuperscript{243} states that 6% of Carer’s Allowance recipients that have a benefit income above the new cap level will be subject to the cap. Households who have had their benefit capped at £26,000 will lose on average a further £64 per week due to the lowering of the cap. Households falling above the new cap will lose, on average, £39 a week.

22. The cumulative impact on carers households who were capped at £26,000 and will be capped again at the lower amount will be devastating, resulting in an estimated average loss of £169 a week, compared with before the introduction of the cap.

\textsuperscript{238} Carers UK (2014) Caring and Family Finances Inquiry
\textsuperscript{240} Women’s Business Council (2013) Maximising Women’s Contribution to Future Growth.
\textsuperscript{242} Benefit Cap (Housing Benefit) Regulations 2012: Impact assessment for the benefit cap.
\textsuperscript{243} Welfare Reform and Work Bill: Impact Assessment for the benefit cap.
23. Recent DWP research shows that households containing Carer’s Allowance claimants subjected to the cap are more likely to move into work then those not capped. This research reinforces Carers UK concerns that the cap may ultimately act to disincentivise family care, forcing carers back into work as their finances collapse and they can no longer afford to care. This ultimately puts extra strain on already stretched social care services who are forced to step in and provide care at a substantially higher cost to the public purse.

**RECOMMENDATION**

24. Carers UK strongly supports the following Disability Benefits Consortium amendment that would exempt all carers in receipt of Carer’s Allowance from the Benefit Cap.

**Suggested amendment**

Clause 7, Page 9, line 6, at end insert new sub-clause:

( ) Households containing members who are in receipt of Carer’s Allowance are exempt from the benefit cap

25. Carers UK also supports the following Disability Benefits Consortium suggested amendments that require the Government to carry out further assessment of the impact on disabled people, carers and their families before the threshold is lowered and require the Secretary of State to consider the impact of the Cap on disabled people, carers and their families during the proposed annual review of payment levels:

**Suggested amendment**

Clause 8, page 11, line 29, at end insert new sub-clause:-

( ) Before lowering the benefit cap threshold the secretary of state should assess the impact of the benefit cap on disabled people, their families and carers and report his or her findings to parliament

**Suggested amendment**

Clause 8, page 10, line 30, at end insert new sub-clause:

( ) the impact on disabled people, their families and carers, and

**FREEZE OF CERTAIN SOCIAL SECURITY BENEFITS AND CERTAIN TAX CREDIT AMOUNTS FOR FOUR TAX YEARS (CLAUSE 9 & 10)**

26. Clause 9 of the Welfare Reform and Work Bill proposes that the rates of certain working age benefits will be frozen for four years at their 2015/16 rate. Clause 10 makes equivalent provision for certain tax credit elements.

27. The freeze excludes certain disability benefits such as Disability Living Allowance, Personal Independence Payment and the support component of Employment and Support Allowance. Carers UK understands Carer’s Allowance and the Carer Premium are excluded from the freeze however, the benefit was not listed among those protected in the Explanatory Notes. Carers UK would therefore welcome absolute clarification of its exemption.

28. Despite the exclusion of certain disability benefits from the freeze, many carers receive Tax Credits and other means-tested benefits as a significant or majority part of their benefits package and, as a result, will not be protected from the real-terms cut.

29. For example, research shows half of carers claiming Carer’s Allowance also receive Income Support because they are on a very low income. The Government announced that the ‘Carer Addition’ top-up to Income Support would rise with inflation – however this does not mean carers are protected. The main chunk of these carers’ benefits will face a real-terms cut as a result of freeze. This is on top of previous below inflation increases of 1%.

30. For example, a carer receiving Income Support in 2015-16 receives the Income Support personal allowance of £73.10 and the Carer Premium ‘top up’ of £34.60.

31. While the Carer Premium part of the benefit will rise in line with CPI, the rest of the benefit will remain at £73.10 for the next four years. By 2019-20 carers will receive nearly £190 a year less in Income Support than they would have done if the whole benefit was uprated in line with CPI.

**RECOMMENDATION**

32. Carers UK support the following Disability Benefits Consortium suggested amendments to exempt carers from the four year freeze on benefits.

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244 DWP (2014) Benefit Cap: Analysis of outcomes of capped claimants.

245 Developing a clearer understanding of the Carer’s Allowance claimant group (2011) Gary Fry, Benedict Singleton, Sue Yeandle and Lisa Buckner; commissioned by the DWP.
Suggested Amendment

Clause 9, Page 11, line 33, at end insert new sub-clause:

( ) People who are disabled under the Equality Act 2010 definition or households in receipt of Carer’s Allowance are exempt from the freeze.

Suggested amendment

Clause 10, Page 12, line 31, at end insert new sub-clause:

( ) People who are disabled under the Equality Act 2010 definition or households in receipt of Carer’s Allowance are exempt from the freeze.

Universal Credit: Work Related Requirements (Clause 15)

33. Carers UK are concerned about the implications of the proposed change in conditionality for responsible carers on Universal Credit. This would see responsible carers with a child aged 3 or 4 being allocated to the All Work Related Requirements group and requiring them to look for, and be available for work.

34. Many parents and carers of disabled children aged 3-4 will be unable to fulfil these requirements, particularly due to the well documented lack of childcare for disabled children. While carers of children in receipt of the higher or middle rate care component of Disability Living Allowance (DLA) are exempt from these requirements, many children under 5 do not receive this benefit due to difficulties in identification of need during early years and administrative delays.

Recommendation

35. Carers UK support the following Disability Benefits Consortium suggested amendment to exempt carers of disabled children aged 3 or 4 from the proposed new conditionality of the All Work Related Requirements group.

Suggested amendment

Clause 15, page 14, line 43, at end insert new sub-clauses:

( ) The provisions in this section do not apply to those responsible carers of disabled children aged 3 or 4

( ) The Secretary of State must lay regulations determining what a disabled child is for the purpose of this subsection and may include, but will not be limited to,

(a) those children in receipt of an Education, Health and Care Plan,
(b) those children in receipt of a Statement of Special Educational Needs,
(c) those children identified by their local authority as having special educational needs,
(d) those children with child in need status,
(e) children meeting the definition of disabled under the Equality Act 2010.

Support for Mortgage Interest (SMI) Grant to Loan (Clauses 16-18)

36. Carers UK would welcome further information on the conversion of Support for Mortgage Interest (SMI) Grants to Loans. SMI acts as a “safety net” for carers on low incomes or those who have had a sudden drop in income, allowing carers who are struggling with mortgage repayments and receiving one of the qualifying benefits (such as Income Support) to stay in their own home.

37. Carers UK is concerned that the changes to the benefit put forward in the Bill will put added pressure on carers who are already facing significant financial hardship.

Key questions:

— What assessment has the Government made on the impact on carers of extending the “waiting period” for SMI eligibility from 13 to 39 weeks?
— What repayment mechanism will be introduced, and at what income threshold when will a homeowner be eligible to pay back the loan when they move back into work?
— Will homeowners have the choice to defer payment until the sale of a home?

September 2015

Written evidence submitted by the National Autistic Society (WRW 27)

The National Autistic Society (NAS) is the UK’s leading charity for people affected by autism. We have around 20,000 members and over 100 branches, who are at the heart of what we do. We provide a wide range of advice, information, support and specialist services to 100,000 people each year. A local charity with a national presence, we campaign for lasting positive change for people affected by autism, and empower local people to influence change they will experience at a local level.
ABOUT AUTISM

Autism is a lifelong developmental disability that affects how a person communicates with, and relates to, other people. It also affects how they make sense of the world around them. It is a spectrum condition, which means that, while all people with autism share certain difficulties, their condition will affect them in different ways. Some people with autism are able to live relatively independent lives but others may need a lifetime of specialist support. People with autism may also experience over- or under-sensitivity to sounds, touch, tastes, smells, light or colours. Prevalence studies show that more than 1 in 100 people has autism.246

SUMMARY

1. In order for the Government to achieve its stated aim of ‘full employment’ it is essential that the Government address the disability employment gap. The NAS warmly welcomed the current Government’s manifesto commitment to halve the disability employment gap and believe The Welfare Reform and Work Bill (the “Bill”) represents its first opportunity to work towards its commitment by making sure the Secretary of State is required to report on progress towards the goal of full employment for those with a disability.

2. The National Autistic Society’s (NAS) research indicates that the autism employment gap is even bigger than the disability employment gap. Just 15% of adults with autism are in full time paid employment,247 yet 79% of people with autism on out-of-work benefits want to work.248 The Bill represents the opportunity to address this issue and make sure that people on the autism spectrum are able to live independently, with support when they need it.

3. Further support for people with autism can come through Government schemes like Access to Work, but the specific needs of adults on the spectrum need to be recognised by the scheme.

4. In order to reach the Government’s ambition of halving the disability employment gap, the NAS believes that key amendments are necessary to ensure that disabled people and particularly people on the autism spectrum play a part in achieving full employment. Furthermore, to get into work, people on the autism spectrum need access to high quality employment support services.

5. We welcome the Government’s commitment in the July Budget to protect Disability Living Allowance (DLA) and its replacement Personal Independence Payment (PIP) from means-testing and taxation. DLA was designed to mitigate against the extra costs disabled people face as a result of their impairment. DLA and PIP play a vital role in supporting people on the autism spectrum to live independently, be included in society and to work.

6. However we are extremely concerned that the Bill legislates to cut a number of working age benefits which people on the autism spectrum are disproportionately likely to receive, such as Employment and Support Allowance (ESA), Jobseeker’s Allowance (JSA), Housing Benefit (HB), Tax Credits and the new Universal Credit (UC).

7. Autism often makes life more expensive. Many people on the spectrum are among the country’s most vulnerable citizens and rely on disability and other benefits as their main source of income, to pay their bills, and for basics such as food and clothing. A reduction in benefits will undoubtedly have a detrimental impact on their ability to live independently, be fully included in society as well as look for work.

8. One parent told us that any cuts to her daughter’s benefits could mean she’d have to give up her independence entirely, leading to a “return of the depression and suicidal ideation”. As well as the devastating impact for her and her family, it would ultimately result in additional cost to the taxpayer due to more costly crisis intervention in future.

9. We are particularly opposed to the cut of £30 a week for new claimants in the Employment and Support Allowance (ESA) Work Related Activity Group (WRAG).

10. The Government has stated that it believes the £30 is disincentivising disabled people in ESA WRAG from working. This is misleading as these people have been found by an independent assessor as currently not fit for work.

11. Furthermore no evidence has been presented to back up their assertion. We believe it is unacceptable for the Government to cut benefits for sick and disabled people by £30 with no evidence that doing so will increase work incentives.

12. This submission provides more information on each of these areas.


EMPLOYMENT (CLAUSE 1)

13. Only 15% of autistic adults are in paid full-time employment, but 79% of autistic adults on out-of-work disability benefits want to work. This represents a huge pool of untapped talent. The Government’s Think Autism adult autism strategy also outlines the importance of increasing employment among autistic adults.

14. The Bill requires the Secretary of State to lay a report before Parliament every year that outlines progress made towards “full employment”. We welcome the intention to monitor progress in this important regard. However, we are concerned that this will not accurately monitor the number of disabled people that are included in the workforce, or the Government’s progress towards halving the disability employment gap.

15. Furthermore, to ensure that all disabled people are benefiting from the Government’s full employment strategies, data used to compile the Secretary of State’s report should capture information on an individual’s disability, including autism. Employment support will differ depending on an individual’s needs. For example, an autistic adult may require support around sensory issues, or understanding instructions that another disabled person will not. The current Labour Force Survey does not give this level of detail.

16. Without this information, it will not be possible to understand whether the Government’s full employment strategy is benefitting disabled people, including those on the autism spectrum, and thereby closing the disability employment gap. We, alongside other disability charities, including Scope and Mencap, support the below amendment:

Suggested amendment

Clause 1, page 1, line 6 insert:–

(1A)

(1) The Secretary of State must, in the report laid before parliament under Section (1) above, set out the progress which has been made towards halving the gap between the rates of employment of disabled and non-disabled people.

(2) (a) This report must set out how the Secretary of State has interpreted “halving the disability employment gap” and progress against this objective.

(b) In this report the Secretary of State must consider if progress has been sufficient and set out the factors which have been used in determining whether progress has been sufficient. These factors must include both the extent to which the gap has been reduced and the speed at which the gap is being reduced.

(c) The Secretary of State must, if progress under s1A(2)(b) is insufficient, set out in this report what remedial steps will be taken.

(3) (a) The Secretary of State must in this report include further information as to

(i) the overall rates of employment and

(ii) the progress of these rates of employment

In the groups of disabled people set out in section (1A)(3)(b) below.

(b) These groups of disabled people are working age people with:

(i) a learning disability

(ii) autism

(iii) mental health problems

(iv) any other impairment or long term health condition which is marginalised within the labour force and requires specific focus

17. In his Budget speech, the Chancellor announced that the Government will provide new funding for additional support to help claimants with a disability return to work. We believe that this funding needs to be invested in specialist programmes if it is to work for autistic adults.

18. We regularly hear from adults on the spectrum that the current programmes are not working for them. We also know that job outcomes for disabled people on the Work Programme are low at only 8.7 percent for new Employment Support Allowance (ESA) customers, and 4.3 percent for other ESA/Incapacity Benefit customers.

19. Meanwhile, research into the impact of a specialist autism support scheme found that almost 70% of adults found work, when supported by this scheme, demonstrating the significant impact that this type of help can have.


**Suggested amendment**

After Clause 1, Page 1, line 8, at end insert new clause:—

Personalised and Specialist Employment Support

(1) The Secretary of State must make provision for additional personalised and specialist employment support

(2) The forms of personalised and specialist employment support may be specified in guidance

(3) (a) The Secretary of State may make provision under subsection (1) to cities and local areas seeking to improve local disability employment rates

(b) Provision for this may be set out in guidance.

(4) The Secretary of State must issue guidance to support the shaping of a market amongst suppliers and with the purpose of encouraging diversity amongst suppliers in terms of expertise, size, locality and encouraging both profit and not-for-profit organisations.

**EMPLOYMENT AND SUPPORT ALLOWANCE: WORK RELATED ACTIVITY COMPONENT (CLAUSE 13)**

20. When people are assessed as currently not fit for work they are placed in either the ESA Work Related Activity Group (WRAG) for disabled people with limited capability to work or the ESA Support Group for disabled people with limited capability for work related activity.

21. People in ESA WRAG may be able undertake work related activity which might involve education and training. Over time and crucially with the right support, they are expected to move towards and into work.

22. The Bill legislates to reduce the amount of support new claimants receive within the ESA WRAG from £102.15 a week to £73.10, from April 2017 – a reduction of £29.05 per week. This is despite the fact that the WRAG is specifically there to provide support for those disabled people who are assessed as currently being not fit for work.

23. This measure will have a significant impact on many people on the autism spectrum. We know that while the majority of autistic adults want to work, only 15% are in full time paid employment. This is due to the significant barriers they face, and the additional support they require to find and stay in employment, which is currently extremely limited.

24. For many autistic adults, the support they need is long-term and they are therefore likely to experience a longer period of unemployment than those without autism. A reduction in the rate paid to them will therefore have a significant financial impact on them, potentially causing debt and stress.

25. No evidence has been presented to back up the assertion that the ESA WRAG payment is a financial incentive that discourages claimants from seeking work. This does not reflect our experience supporting people on the autism spectrum, and this rhetoric is incredibly offensive.

26. We therefore strongly oppose the reduction in ESA WRAG payments by £30 a week and wish to see the clause left out.

**Suggested amendment**

Page 14, line 1:

*leave out Clause 13*

**THE BENEFIT CAP AND CARERS (CLAUSE 7)**

27. The Bill lowers the benefit cap so that the total amount of out of work benefits a household can claim is £23,000 in London and £20,000 outside of London.

28. Whilst we welcome the exemption of those in receipt of disability benefits from the benefit cap, we are particularly concerned about the impact of the cap on carers of adult disabled sons or daughters who live with them, and are seen as non-dependents in the benefits system.

29. More than two thirds of autistic adults rely on their families for financial support and many parents tell us that they have to give up work to help support their autistic son or daughter. Imposing the cap on such households will be potentially devastating, leaving some unable to meet the cost of their housing payments.

**Suggested amendment**

Clause 7, Page 9, line 6, at end insert new sub-clause:

( ) Households containing members who are in receipt of Carers Allowance or who attract the carer element of Universal Credit are exempt from the benefit cap

*September 2015*
Written evidence submitted by the Abbeyfield Society (WRW 28)

CLAUSES 19 – 21, RENT REDUCTIONS

1. SUMMARY

1.1 The Abbeyfield Society is a charity that has been supporting older people by providing sheltered housing and specialist homes for nearly 60 years. We are one of a relatively few number of Housing Associations that offers specialist housing to the elderly at affordable rates and there is significant demand for our services.

1.2 Abbeyfield fears that the recent Budget measures that require housing associations to reduce their rents by 1% a year to 2020 are the most significant challenge registered providers have faced in recent years. It urges the Committee to add an exemption to this measure for associations that provide supported housing for older people.

2. CONCERN OVER ENFORCED RENT REDUCTIONS

2.1 The focus of this submission is clauses 19 – 21 of the Welfare Reform and Work Bill that requires social landlords to reduce rents by 1% a year until 2020. This is one of the most profound changes imposed on housing associations in many years, not least because it removes certainty and reduces their borrowing capability. It will also hit rent income and in the Abbeyfield Society’s case we estimate this is likely to be by £1.5 million or 13% by 2020.

2.2 To understand the implications, this measure needs to be set within the broader context in which we operate:

- Ageing population and the growing needs of our residents due to proliferation of conditions such as dementia.
- Ever-changing and increasing regulation.
- Local Authorities are not paying a fair rate for the support we provide.
- In April 2014 (over a year before the Chancellor announced his Living Wage measures), we became the first national care provider to pay the higher rate Living Wage as set by Citizens UK.

2.3 As a charity that ploughs what surplus it makes back into our specialist housing, undermining our income presents deep challenges. Not only is the uncertainty caused disruptive and unhelpful operationally, we are very concerned that it will affect our ability to invest. Credit rating agencies and lenders are already questioning the impact on the housing sector as a whole by suggesting that this rent reduction could wipe 30% off UK housing association asset values.

2.4 Not unreasonably the Abbeyfield Society based its current assumptions on the 10 year fixed formula for social rents the Government laid down in May 2014 and which assured an annual increase of CPI + 1%. Instead, we now have to adapt to the worst-case scenario that we may have to reduce rents by 1% a year and forgo the previously anticipated CPI + 1% per year. Over the four years to 2020 this amounts to a 13% reduction in expected rent income.

2.5 While the Welfare Reform and Work Bill does provide the possibility of exemption for some social landlords, we have been advised that this would only be granted in extreme cases. We would apparently be required to show that we were non-viable and had explored merger options thoroughly before exemption would be given. If correct, these tests are unreasonable and we urge the Bill Committee to include a blanket exemption for older people’s supported housing because:

- The costs associated with providing sheltered housing for the elderly are often greater than those borne by standard housing associations eg, there is often a warden or housekeeper, we provide two meals a day to our sheltered tenants, we offer communal facilities such as sitting rooms, sun lounges and gardens that require maintenance
- The average tenancy in one of our sheltered houses is far shorter than in standard association accommodation. This is because our tenants may have to move on due to changing care needs or given the age profile of the people we support, they may pass away. Inevitably this adds to our costs.

3. POTENTIAL NEGATIVE IMPACT OF RENT REDUCTION CLAUSE

3.1 Administrative Burden

Evolved over the past 60 years, the Abbeyfield Society’s operational structure includes 185 member societies which together house nearly 6000 older people within a larger national Abbeyfield Society that houses nearly 2000 people. Through this comprehensive local network Abbeyfield is able to meet the varying needs of individual communities. At the same time, being fleet of foot and cost conscious means that many of the smaller Abbeyfield Societies do not have large administrative resource. Therefore such unanticipated major changes as scoping out the impact on their future plans due to the rent reductions would impose an undue burden.
3.2 Pressure to close/merge

The Homes and Communities Agency has already flagged the possibility that the suggested rent reductions could increase the chance of mergers.\(^{251}\) Given the Abbeyfield Society’s longstanding diverse structure that embraces smaller registered providers, we can envisage a situation where some of our smaller providers may come under pressure through these rent reductions and have to merge with others. Our biggest concern would be if such actions resulted in having to disrupt older people, a great number of whom have lived in our traditional sheltered houses for many years.

3.3 Cuts to plans to build new homes and specialist services

The rent reduction measures have already caused a negative reaction amongst the credit ratings agencies that warn that the rent reductions would affect a housing association’s ability to invest.\(^{252}\)

From our charity’s perspective, we have moved from a situation earlier this year where we could approach a lender with the certainty of rent income for up to ten years up to 2025. Most lenders looking to invest in social housing are seeking stability and accept the inherently reduced returns as a trade in for certainty. The suddenness of the Government’s proposed changed has undermined this and we are fearful that this will impact lenders willingness to fund our essential new developments in the pipeline for 2020 onwards.


4.1 Not all Housing Associations are the same

UK housing associations vary in size from fewer than 10 homes, to more than 50,000. In the Abbeyfield movement, our smallest registered provider houses six older people all of whom are paying an affordable rent covered by housing benefit. It is quite wrong to treat a charity like ours that happens to be a housing association in the same way as the largest associations whose tenants do not require specialist support and who manage vast ex-local authority estates.

4.2 Housing Associations have the capacity to deliver efficiency savings

As a charity the Abbeyfield Society has different priorities to many other housing associations and yet we are determined to run our services as efficiently and effectively as possible. An example of this came in April 2014 when we became the first national care provider to pay the Living Wage. Although this added to our costs, we are confident that this enhances the way we support the older people that live with us. For us it can’t all be about the bottom line. We are a charity and it is unreasonable for this rent reduction to apply to us.

4.3 Rents may have gone up but so have our costs

The Government suggests that because Housing Association rents have increased by 20% over the three years from 2010-11 this justifies the current rent reduction proposals. The reality is that increases in social rents have barely kept pace with increased expenditure resulting from heavier regulation and higher operating costs. Nor does it account for the fact that the Government’s own figures suggest that around £3 billion of housing benefit expenditure in 2010/11 can be attributed to real private rent growth over the previous ten years.\(^{253}\)

September 2015

Written evidence submitted by StepChange (WRW 29)

Summary

— While the current welfare safety net is not always adequate to ensure all households can make ends meet, it is protecting a much larger number of struggling households from complete financial meltdown in the aftermath of a temporary setback.

— The Welfare Reform and Work Bill will introduce major changes to the current welfare safety net. We are concerned that some of these changes may push a significant number of already struggling households into unmanageable debt. **We urge the Government to commit to ensuring that an effective safety net against income shocks remains a key outcome of welfare reform.**

— In particular we highlight our concerns about the following proposed changes:
  — The introduction of a two child limit for the child element of Child Tax Credit (CTC) and Universal Credit (UC) and the abolition of the family element in tax credits (Clauses 11 and 12).
  — Changing the waiting period for support for mortgage interest (SMI) eligibility from 13 to 39 weeks (Clause 16).

\(^{251}\) http://www.insidehousing.co.uk/business/finance/rent/moodys-budget-changes-credit-negative-for-associations?adfesuccess=1

\(^{252}\) http://www.insidehousing.co.uk/business/finance/rent/moodys-budget-changes-credit-negative-for-associations?adfesuccess=1

— Changing SMI from a benefit to an interest-bearing loan, secured against the mortgaged property. (Clauses 16-18).

**Child Tax Credit**

— Nearly 3 million families are struggling to pay their bills and credit commitments. Larger families are particularly vulnerable. **Removing the child and family elements of benefits and tax credits is likely to significantly increase the financial vulnerability of these households affected by the changes in future.**

— We suggest an adjustment period of up to one year from the start of a claim period where claimants would continue to receive both a child element for CTC and Universal Credit for all their children and the family element.

**Support for Mortgage Interest (SMI)**

— We are concerned that changing the waiting period for support for mortgage interest (SMI) eligibility from 13 to 39 weeks is forgetting the lessons learned in the previous decade, where Government sponsored research repeatedly identified the 39 week SMI wait in particular as a barrier to sustainable home ownership. **Therefore we believe that the Welfare Reform and Work Bill should be amended to keep the SMI waiting period at 13 weeks.**

— We do not believe that the Government has made the case for the policy objective or the SMI loan proposals, at least for support for people in temporary financial difficulty. **The proposals should be amended so that SMI support would remain as a benefit, not a loan, for up to the first 12 months of a period of SMI support.**

**BACKGROUND ON HOUSEHOLD DEBT**

1. StepChange Debt Charity is the largest specialist provider of free, independent debt advice operating across the UK. In 2014, almost 600,000 people came to us for help with their debts.

2. Around 15 million people are financially vulnerable – falling behind on bills and using credit to meet essential costs. 2.9 million are in severe problem debt. Debt drives mental and physical health problems, splits families, causes unemployment and worsens productivity. We estimate the social costs of these problems to be £8.3 billion.

3. The causes of problem debt can be complex. But when people struggle to make ends meet or experience income shocks that they can’t adjust to quickly, severe financial difficulty can follow close behind. As experts in household debt we see the links between low pay, insecure employment and problem debt every day. So we warmly welcomed the Summer Budget announcement of an enhanced National Living Wage. But without the support of effective safety nets at the point when people face income shocks this won’t be enough to keep households in financial difficulties afloat.

**WELFARE BENEFITS, INCOME SHOCKS AND DEBT**

4. Almost two thirds of our clients cite an income shock such as redundancy, reduced hours or illness as the key factor that led to them falling into debt. Nationally, only one in three people (34%) believe they could meet the cost of essential bills if they faced a 25% drop in their income.

5. For people experiencing income shocks, welfare benefits and tax credits provide a vital safety net. Around 28% of people calling StepChange Debt Charity this year had a budget deficit, even after receiving our detailed budgeting advice. This means they could not meet ongoing essential household expenditure in their current circumstances. But without the support of benefits and tax credits this would increase hugely – 67% of our clients would have deficit budgets, including 55% of our clients in working households. This is without including the contribution of housing benefits.

6. We would emphasis that the risk of debt following an income shock is an issue for working households as well as households with no adult currently in work. Around 57% of people seeking debt advice from StepChange Debt Charity are in households where someone was in full time work, part time work or self-employment. Over half of these said a shock to their household income was the main cause of their debt problem.

7. So while the current welfare safety net is not always adequate to ensure all households can make ends meet, it is protecting a much larger number of struggling households from complete financial meltdown in the aftermath of a temporary setback, until their circumstances improve.

**THE WELFARE REFORM AND WORK BILL AND HOUSEHOLD DEBT**

8. The Welfare Reform and Work Bill will introduce major changes to the current welfare safety net. StepChange Debt Charity is concerned that some of these changes may push a significant number of already struggling households into unmanageable debt. In particular we highlight our concerns about the following proposed changes:

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The introduction of a two child limit for the child element of Child Tax Credit (CTC) and Universal Credit (UC) and the abolition of the family element in tax credits (Clauses 11 and 12).

Changing the waiting period for support for mortgage interest (SMI) eligibility from 13 to 39 weeks (Clause 16).

Changing SMI from a benefit to an interest-bearing loan, secured against the mortgaged property. (Clauses 16-18).

The introduction of a two child limit for the child element of Child Tax Credit and Universal Credit and the abolition of the family element in tax credits and the first child element in Universal Credit (Clauses 11 and 12)

9. We know that households with dependent children can be especially vulnerable to debt. Almost 1.4 million UK families are currently in problem debt and nearly 3 million families are struggling to pay their bills and credit commitments. Larger families are particularly vulnerable. They are already more likely to be in arrears than smaller families and in greater need of a safety net following an income shock due to higher irreducible expenditure.

10. Our experience of problem debt is that small margins make a big difference. A small budget surplus can help a household begin to recover from problem debt, with the right support and forbearance from creditors. But even a small budget deficit can leave households unable to pay for essential housing costs, or food or fuel, without resorting to credit (often high cost credit) that can quickly spiral out of control.

11. Analysis based on some of our clients (people who called us in the first half of 2015 who receive CTC) shows that the proposed reduction in the CTC safety net is likely to significantly increase the financial vulnerability of households affected by the changes in future; pushing the majority of these households into deficit budgets.

**The effect of capping the child element to two children (assuming all households with more than two children are affected):**

- Currently 17% of CTC recipients among our clients with three or more children show a deficit budget; placing the limit on support to two children would increase this to 90%.
- 69% of our clients in receipt of CTC with deficit budgets have arrears on rent, or mortgage, or gas, or electricity or council tax compared to 49% of those with a surplus.

**The effect of the family element cut (assuming applies to all CTC recipients):**

- The proportion of households in receipt of CTC with deficit budgets would increase to 66%.
- Households with one child would see the biggest rise – from 24% to 72% in deficit budget – an increase of 48%.

12. So removing the child and family elements of benefits and tax credits will put significantly more families in a position where they cannot cope with an income shock. Families in that position are more likely to fall into problem debt which, contrary to the principles of the Government’s approach to welfare, means families are more likely to lose work or be held back at work, and take longer to find new work.

13. Increases to the personal allowance and the National Living Wage are unlikely to provide an effective alternative safety net to help families recover from income shocks from illness or unemployment. For instance recent research from Joseph Rowntree Foundation suggests that low paid working couples will only gain if both work full time. At the time of seeking advice, only around 2% of our clients in receipt of Child Tax Credit had both parents in full time work.

14. StepChange Debt Charity supports the Government’s intention to ensure that work rather than welfare benefits gives families sufficient and secure income. This is in line with our clients’ aspirations. But this does not reduce the need for safety nets to help households recover from periods of temporary financial difficulties.

15. So we urge the Government to commit to ensuring that an effective safety net against income shocks remains a key outcome of welfare reform.

**MITIGATING THE CONSEQUENCES OF THE PROPOSED CHANGES ON THE EFFECTIVENESS OF THE TAX CREDIT AND UNIVERSAL CREDIT SAFETY NET**

16. The Government’s policy objective of these changes is “ensuring those on benefits face the same financial choices around the number of children they can afford as those supporting themselves in work”. 257

17. However it is clear that these proposals would also withdraw support from families who were previously supporting themselves through work until a life event reduced their income from work. The figures above

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demonstrate how the removal of this support increases the likelihood that working families falling on hard times will also fall into problem debt.

18. Therefore we suggest an adjustment period of up to one year from the start of a claim period where claimants would continue to receive both a child element for CTC and Universal Credit for all their children and the family element.

Changes to Support for Mortgage Interest (SMI) – Clauses 16-18

19. SMI is a key safety net for families facing an income shock who live in mortgaged property. It provides help with specified mortgage interest payments to claimants of Income Support, Income-based JSA, Income-related ESA and Pension Credit. There are similar provisions for Universal Credit claimants – but not where the claimant or their partner has any earned income, which we believe undermines the effectiveness of this safety net.

Changing the waiting period for SMI eligibility from 13 to 39 weeks

20. The current SMI scheme includes a waiting period of 13 weeks between an individual being treated as entitled to the underlying means tested benefit and when they can start receiving support for housing costs through SMI. The Government has announced an intention to return to the 39 week waiting period in place before 2009, using a regulation making power in Clause 16(3).

21. We are concerned that this is forgetting the lessons learned in the previous decade, where Government sponsored research repeatedly highlighted gaps in the mortgage safety net, and the 39 week SMI wait in particular as a barrier to sustainable home ownership. Evidence from the Joseph Rowntree Foundation suggests that 44% of SMI claimants developed arrears in the 39 week wait. After the change back to a 13 week waiting period in 2009, research for both the Department for Work and Pensions and the Department for Communities and Local Government found this had been effective in holding down arrears and possessions.

22. While we recognize that the economy is in better shape than when the waiting period was reduced, these insights remain valid both for homeowners falling into financial difficulty now and in the future.

23. We are concerned that moving the waiting period back to 39 weeks will significantly increase the number of families in danger of having their home repossessed in the event of an unexpected income shock. Based on analysis of our client base, 16% of families in severe problem debt would be driven further into arrears (and therefore face increasing danger of having their home repossessed) by changing the waiting period for SMI eligibility from 13 to 39 weeks.

24. We estimate the average mortgage interest costs potentially payable by the SMI scheme for homeowners with mortgage arrears who called StepChange Debt Charity in the first half of 2015 was £61.82 per week. This equates to around 54% of a couple’s personal allowance for Jobseekers Allowance. If these homeowners had to seek support from the SMI scheme, the change from a 13 week to a 39 week waiting period (so a 26 week reduction in support) would represent a loss of £1,607 on average. This would accrue directly as mortgage arrears or possibly unsecured credit debt as financially vulnerable homeowners struggle to keep up with their mortgage.

25. However some homeowners would be likely to lose significantly more as a result of this change. 32% would face a loss in support of more than £2,000 and 14% would lose between £3,000 and £4,000. For households in need of help from the SMI scheme, this is likely to significantly increase arrears, increase the likelihood of repossession and push people further into unmanageable debt.

26. The experience of our clients leads us to believe that that the Welfare Reform and Work Bill should be amended to keep the SMI waiting period at 13 weeks.

Changing SMI from a Benefit to an Interest-bearing Loan, Secured Against the Mortgaged Property

27. Turning SMI into a system of loans represents a significant change to the social security safety net. It moves from an insurance principle (pooling risks of life events such as unemployment or illness across society), to a credit principle where Government loans support to people in financial difficulty. StepChange Debt Charity is concerned about this change for several reasons.

28. Credit is not a good safety net for ongoing living expenses when people are in financial difficulty. Every day we see cases where people have used credit to keep up with living expenses like housing costs, food and fuel. In contrast to sustainable, affordable credit used for smoothing larger expenses, this tends to deepen financial difficulties and make debt problems harder to deal with. It is not clear that the impact assessment has

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sufficiently considered the consequences of extending credit on the terms suggested to financially vulnerable households to meet their housing costs.

29. **A system of quasi commercial loans will undermine the effectiveness of the mortgage safety net.** These loans, charged against the property, would increase homeowners’ indebtedness in an uncertain and (in the short term) open ended way at a time when homeowners will be financially very vulnerable. People who use credit as all or part of how they cope with an income shock are between 8 and 20 times more likely to fall into problem debt than people who use savings or welfare safety nets. Substituting credit for welfare in a further part of the system will lead to more problem debt.

30. **Double debt jeopardy:** The current limits on the SMI scheme (paid at a standard mortgage interest rate and mortgage balance capped at £200,000) mean that many borrowers will not get their full interest costs met by an SMI loan. For instance 12% of StepChange Debt Charity clients with mortgage arrears would have a shortfall in mortgage interest because of the £200,000 cap if they needed to draw on SMI support. This creates double debt jeopardy – debts will accrue through the SMI loan, while mortgage arrears continue to grow as people can’t afford the rest of their monthly payments.

31. **Greater risk of negative equity:** Research by Oxford University has shown that negative equity is a prime driving force behind voluntary possession. Securing SMI loans against property may well create or result.

32. **Increasing recourse to high cost unsecured credit:** in the years leading up to the credit crunch debt advice providers saw many examples of homeowners with mortgage arrears or facing repossession turning to subprime lenders or quick sale and ‘sale and rent back’ companies for help, often suffering detriment as a result.

33. **Worsening the “debt barrier” to work:** The additional indebtedness on those households forced to repay SMI loans may delay their recovery from financial difficulties and prolong their financial vulnerability. People in financial difficulty repeatedly tell us how worries about their debts undermine their confidence and ability to find work. Worries about the level and timing debt repayments required by creditors can also become a significant disincentive to work – 48% of out of work people with debts told us they were worried about higher debt repayments when they got back in work.

34. The policy objectives for the SMI loan proposals state that ‘Support for homeowners... when unemployed or sick is fair, but it is unfair to the taxpayer to subsidise assets for the homeowner’. 263

35. But people will seek help from the SMI scheme to cover temporary periods of unemployment or illness. In these cases the SMI scheme is supporting continued occupation of a home rather than subsidising asset accumulation. It is also clear that a number of Government initiatives employ public resources to help people into homeownership. Helping homeowners retain homeownership through periods of temporary hardship seems a necessary and equally fair object of public policy.

36. Furthermore in the recent past Right to Buy borrowers were the most likely to experience arrears and payment problems, according to the Financial Services Authority, who found 41% of current RTB borrowers had a record of payment problems of some kind. 264 An effective SMI safety can help protect the Government’s investment in home ownership.

37. So for these reasons we do not believe that the Government has made the case for the policy objective or the SMI loan proposals, at least for support for people in temporary financial difficulty.

38. For people claiming SMI support for a prolonged period the situation may be different, as housing assets will tend to accumulate value in the long term and people will have time and more options to adjust their housing situation and deal with an outstanding mortgage. Therefore we believe that the SMI loan proposals should be amended so that SMI support would remain as a benefit, not a loan, for up to the first 12 months of a period of SMI support. This would ensure that the SMI scheme continues to help homeowners in temporary financial difficulty stay in their homes while avoiding the possible negative consequences described above.

39. In addition we would ask the Government to give a commitment on the following points:

   — The Government should commit that no one will lose their home as a result of an SMI loan.
   — People taking out SMI loans should not face unaffordable requests for loan repayments or court action to recover any amount outstanding.
   — The Government should not seek to make a profit out of homeowners in financial difficulty as a matter of policy.

261 http://www.economics.ox.ac.uk/materials/papers/4426/paper499.pdf
262 The Financial Services Authority investigated the Sale and Rent Back market in 2012 and found that the majority of sales were either unaffordable or unsuitable. The Quick House Sale market was the subject of a report by the Office of Fair Trading in 2013 which identified multiple business practices that may not comply with the law.
263 Welfare Reform and Work Bill: Impact Assessment for Converting Support for Mortgage Interest (SMI) form a benefit into a loan.
People taking out SMI loans should not face any additional interest or administrative charges in respect of these loans.

The Government should clarify what support will be available where SMI loans in not suitable.

September 2015

Welfare Reform and Work Bill: Written evidence submitted by the Motor Neurone Disease Association (WRW 30)

1. Introduction and summary

i. Few conditions are as devastating as motor neurone disease (MND). It is rapidly progressive in the majority of cases, and is always fatal. People with MND will, in varying sequences and combinations, lose the ability to speak, swallow and use their limbs; the most common cause of death is respiratory failure. Most commonly the individual will remain mentally alert as they become trapped within a failing body, although some experience dementia or cognitive change. There are up to 5,000 people living with MND in the UK. A third of people with the disease die within 12 months of diagnosis, and more than half within two years. There is no cure.

ii. The MND Association is the only national organisation supporting people affected by MND in England, Wales and Northern Ireland, with approximately 90 volunteer led branches and 3,000 volunteers. The MND Association’s vision is of a world free from MND. Until that time we will do everything we can to enable everyone with MND to receive the best care, achieve the highest quality of life possible and to die with dignity.

iii. This submission covers elements of the Welfare Reform and Work Bill 2015 that will affect people with MND and their carers. In particular, we are concerned that the benefit rate freeze will mean that people with a terminal illness will be subject to benefits cuts despite the Government’s assurances of protections for the most ‘vulnerable’ people. We do not support the inclusion of ESA as a whole in the benefits freeze; but as a minimum, people receiving people receiving ESA in the support group must have their full ESA entitlement, including the basic allowance, up-rated in line with inflation.

iv. The reduction in the benefit cap will adversely affect full-time unpaid carers who do not live in the same household as the adult that they care for, and we believe that the continued inclusion of Carer’s Allowance and Bereavement Allowance is both principally wrong and impractical, given the level of support that these people need in the face of significant disruption to their lives. Both benefits should be removed from the scope of the benefit cap, and protection must be extended to carers who do not fall under the same household as the adult that they care for.

v. There has not been sufficient evidence-based consideration of how changes to support for mortgage interest (SMI) benefits will affect people with disabilities, and in particular people with a terminal illness such as MND. The Committee must maintain the current system of support for mortgage interest (SMI) payments as a benefit, rather than a loan and ensure that there is provision for people with a terminal illness such as MND so that they do not have to wait for 39 weeks to qualify for SMI support.

vi. We also believe that there is an important opportunity in this bill to address levels of disability poverty. We recommend that the Bill should create an annual reporting obligation on levels of disability poverty, a realistic target for year-on-year reductions and ensure that further legislation is compliant with this target.

vii. We welcome the opportunity to contribute to the formation of this Bill, and hope that the Bill Committee will consider seriously the evidence and suggestions laid before it.

2. Measuring disability poverty

i. We believe that this Bill presents an opportunity to further consider how we monitor the extent to which people with disabilities are living in poverty.

ii. Recent statistics from the Department of Work and Pensions (DWP) reveal that the percentage of people living in households where at least one member was disabled who were in absolute poverty rose from 27 per cent in 2012-13 to 30 per cent in 2013-14. The number of people in these households living in absolute poverty rose by 300,000 in that single year. This is an issue that needs realistic action. The Government must commit to an annual reporting obligation on the number of disabled households living in poverty, if it is to work seriously to reduce that number. It must also set targets for achieving the necessary reductions. Making this commitment will help the Government to achieve its ambitions both to support more disabled people into work and to protect people who cannot work as a result of their disability or health condition.

iii. We recommend that:

a. An additional clause is inserted to create an annual reporting obligation on levels of disability poverty, measured as households with at least one member with a disability with income below 60% of median household income, in line with current methodology.

b. The Government should create a realistic target for year-on-year reductions in disability poverty and ensure that further legislation is compliant with this target.

3. Clause 7 and 8: Changes to the Benefit Cap

i. People who provide unpaid care to people with MND, but do not live in the same household, may be affected by the benefit cap. This might include adults with caring responsibilities for both their children and their parents.

ii. We do not believe that the Impact Assessment for the benefit cap provides adequate justification for reducing the cap. The Department of Work and Pensions (DWP) has previously been criticised by the UK Statistics Authority for implying a causal link without robust evidence between the application of the benefit cap and people moving into work. What is more, even if there was a causal relationship between capping benefits and people moving into work, it would not work exponentially; there is no robust evidence that simply lowering the cap will cause more people to find jobs. It will, however, force more people who provide full-time unpaid care into financial hardship.

iii. In addition, the Impact Assessment does not provide a justifiable rationale for reducing the cap. While we remain opposed to the benefits cap overall, the existing level of the cap has an identifiable rationale, set at average household earnings. The reduced cap does not. Furthermore, clause 8 enables the Secretary of State to review and change the level of the cap at any time without any adequate protection; matters that the Secretary of State consider relevant under clause 8 section 3(b) is a dangerously vague specification. If the link is maintained with household earnings, then changes in this rate, taking inflation into account, should be the only relevant consideration.

iv. Finally, the continued inclusion of Carer’s Allowance, along with Bereavement Allowance, under the cap is unfair and penalises those who are far from the job market. This Government has noted the importance of unpaid carers and the vital support they provide to people with MND and other illnesses and disabilities. The Conservative Party manifesto committed to increasing support for full-time unpaid carers, and the Party has since declared its intention to create a new Carers Strategy to look at how it supports carers. Policies such as the benefit cap are inconsistent with this objective. People who care full-time for people with MND are extremely unlikely to be able to move into the job market, and yet face financial disincentives through the cap. Carers and others who have recently lost a husband, wife or civil partner and claim Bereavement Allowance may also be subject to the cap, which is grossly unfair at a time when they may need to cope with significant changes to their lives.

v. In response to these concerns and inconsistencies, we call on the Committee to:

   a. Remove Clause 7 section 2 reducing the level of the benefit cap, in order to maintain its current level and relationship with average earnings.

   b. Insert an additional sub-section stating that those in receipt of Carer’s Allowance must be exempt from the benefit cap in all circumstances, including when they do not fall under the same household as the adult that they care for.

   c. Remove clause 7 section 4(a) and section 4(b) in order to remove Carer’s Allowance and Bereavement Allowance from the scope of the benefit cap.

   d. Remove clause 8 section 2 and section 3(b) in order to safeguard against inappropriate reviews and any reductions on grounds other than the national economic situation.

4. Clause 9: Freeze on Certain Social Security Benefits for Four Tax Years

i. The Bill as drafted proposes a real terms benefit cut for terminally ill people. In the Summer Budget, the Chancellor stated that “the welfare system should always support the elderly, the vulnerable and disabled people.” But under the proposed reforms the system will fall short. We see no justification for subjecting the most vulnerable group imaginable to these cuts, and we oppose the proposals. We agree that benefits for the most vulnerable, including carers’ benefits, pensioners’ premiums and PIP, should be exempt from the four year benefit rate freeze. However, the Government’s current proposals do not extend this exemption to the full value of ESA for people who are terminally ill or are unable to engage in work-related activity for other reasons.

ii. The benefit freeze will affect people with MND in two ways. Firstly, people with MND who claim housing benefit, child tax credit and a range of other benefits will feel the cumulative impact of these benefits being reduced, while their daily cost of living and the cost of managing their disability rise.

iii. Secondly, even if they are placed in the support group for ESA they will see a real-terms reduction in their benefit. Only the support group component of ESA remains unfrozen; the basic component will stay at its 2015/16 cash level. Assuming that without the freeze the basic rate would continue to rise at

the 1% rate set during the last parliament, people in the support group in 2016/17 will be almost £40 worse off that year. By 2019/20 they will be over £150 worse off.

### Table 1

<table>
<thead>
<tr>
<th>Year</th>
<th>CPI applied to support group component (OBR projection)</th>
<th>Basic rate up-rated by 1% per annum (weekly rates)</th>
<th>Benefit rate freeze applied to basic rate (weekly rates)</th>
<th>Annual difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Basic rate</td>
<td>Support group component</td>
<td>Total</td>
</tr>
<tr>
<td>2015/16</td>
<td>0.0</td>
<td>73.10</td>
<td>36.20</td>
<td>109.30</td>
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<tr>
<td>2016/17</td>
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<td>2017/18</td>
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<tr>
<td>2018/19</td>
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<td>75.31</td>
<td>37.92</td>
<td>113.23</td>
</tr>
<tr>
<td>2019/20</td>
<td>1.9</td>
<td>76.06</td>
<td>38.64</td>
<td>114.70</td>
</tr>
</tbody>
</table>

iv. The impact of the benefits freeze for people furthest away from the jobs market is even clearer when compared to what the total entitlement to ESA would be if it rose directly in line with prices, as Table 2 below shows. By 2019/20, people with MND in the support group will be £257.40 worse off in real terms.

### Table 2

<table>
<thead>
<tr>
<th>Year</th>
<th>CPI (OBR projection)</th>
<th>Up-rating according to CPI (weekly rates)</th>
<th>Benefit rate freeze applied to basic rate (weekly rates)</th>
<th>Annual difference</th>
</tr>
</thead>
<tbody>
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<td>2019/20</td>
<td>1.9</td>
<td>78.05</td>
<td>38.64</td>
<td>116.69</td>
</tr>
</tbody>
</table>

v. We believe that this is wrong in principle. People with MND will face reductions in financial support both directly and indirectly as a result of this bill, increasing an already considerable financial challenge in managing the extra costs of their condition. As such, we recommend the following amendments to the draft Bill:

a. Under clause 9, insert a further sub-section exempting ESA as a whole from the freeze of social security benefits in order to fulfil the commitment to protect disability benefits.

b. Ensure that people receiving ESA in the support group have their full ESA entitlement, including the basic allowance, up-rated in line with inflation.

5. Clause 13 and 14: Removal of the Employment and Support Allowance Work-related Activity Component and Universal Credit Limited Capability for Work Element for new claims

i. Most people with MND should be placed in the Support Group when assessed for ESA. However, a very small minority with the slowest progressing form of MND may be in the Work-Related Activity Group (WRAG). In addition, we know that people with MND are occasionally mistakenly put in WRAG and are not necessarily aware of either the distinction or their right to appeal the decision. Universal Credit does not yet affect people with MND, but is likely to in the lifetime of this parliament.

ii. People of working age who are diagnosed with MND will typically endeavour to remain in work for as long as it is possible for them to do so. For a person with MND, being forced to leave work is often a highly unwelcome milestone in the progression of their illness, which they will often strive to delay as much as possible. People with MND who claim ESA do not do so because they do not want to work. They do so because the profoundly disabling effects of their illness make it impossible to work. They will rely on ESA to ensure that they are still able to meet their basic costs of living. Reducing ESA reduces their ability to meet these costs. Clearly more needs to be done to support people with disabilities, including people in the early stages of MND, to be able to work but this must not include penalising them when they lose that ability. ESA was designed to recognise that some people may not
be able to work as a result of ill health and that they would need extra support to be able to access the job market, avoiding the false dichotomy of ‘fit-for-work’ or ‘unfit’ that Incapacity Benefit created. Reducing financial support for those in the WRAG is a clear step backward.

iii. As such, we recommend the following amendments to the Bill:
   a. Remove Clause 13 in order to maintain the work-related activity component of ESA.
   b. Remove clause 14 in order to maintain the limited capability for work component of Universal Credit.

6. CLAUSE 16: LOANS FOR MORTGAGE INTEREST

i. We are concerned that the conversion of the support for mortgage interest (SMI) benefit to a recoverable, interest-bearing loan will put people who are unable to meet the cost of their mortgage as a result of a sudden MND diagnosis, and the resulting costs, at serious risk of foreclosure. This will be true both of people who do not have life insurance, and of people who have difficulty securing a speedy payout from life insurance. While a loan will still be available to people with MND this reform relies on the assumption that fewer people will be prepared to take up a loan. People with MND will be no different; once their disease progresses to the point that they are unable to work and earn, they will not be able to return to work, and so will lack the ability to manage the required interest payments and administrative charges proposed by the Bill.

ii. In addition we are extremely concerned that a person with MND or any other terminal illness will be required to serve a 39 week qualifying period before being entitled to support. For some people with MND, this will be longer than the period between their diagnosis and death. The Committee should either remove the qualifying period entirely, or introduce a fast-track mechanism for those with terminal and rapidly progressive conditions, for whom any qualifying period is entirely inappropriate.

iii. People with MND who have life insurance will usually find that this ultimately covers their mortgage costs; however, securing a payout can sometimes be problematic, as insurance companies sometimes quibble, in error, over whether the diagnosis meets the term of the policy. In this situation, urgent assistance to meet costs in the short term is vital, and eliminating the 39 week qualifying period all the more important.

iv. The impact assessment accompanying this reform bases its forecasts on assumptions that people have substantial levels of asset wealth, and that they are able to rely on families and friends for alternative financial support. There is little evidence in the impact assessment to back these assumptions up. There is also no consideration of the impact of the long qualifying period for people in emergency situations and no substantial consideration of the impact of this policy on people with disabilities and health conditions.

v. We recommend that:
   a. The current system of SMI as a benefit, rather than a loan, is maintained
   b. Provision is made for people with a terminal illness such as MND so that they do not have to wait for 39 weeks to qualify for support.

7. CONCLUSION

i. We welcome the opportunity to contribute to the formation of this Bill, and hope that the Bill Committee will consider seriously the evidence and suggestions laid before it. In particular, we hope that the Committee will recognise the difficulties posed by the benefit rate freeze and changes to the benefit cap, ESA and SMI for people with MND and their carers.

ii. We also hope that the Government will take this opportunity to consider how it will measure the rate of disability poverty and how it will work to reduce this rate. We would welcome further conversations on this subject in the future.

September 2015

Written evidence submitted by Le Personne Benevolent Trust (WRW 31)

Le Personne Benevolent Trust is a small Almshouse Charity providing accommodation for 43 needy elderly single women in Caterham, Surrey. It has an annual rental income of £200,000. The Charity’s total reserves represent less than 9 months of its total annual turnover. 97% of the Charity’s income is provided by its Residents from rent and service charges.

The Charity is a Registered Provider of Social Housing as a result of it receiving government grants to improve the accommodation. To supplement these grants the charity has borrowed over £1million to fund the improvements. The security of its future rental income, based as it was on the Governments Fairer Rent Regime formula, was a significant factor in securing the loans.

The rent restrictions contained in the Bill will remove £300,000 of income from the Charity over the next 10 years. During the same period, a further £200,000 will be lost as a result of the demise of the supporting people funding programme for sheltered housing.
The premise that this loss of income can be offset by reductions in the operating costs of Housing Associations may apply to large Registered Providers. However, not all Registered Providers are large organisations. Those that are also Almshouses are very small with few properties.

The Le Personne Homes is run by a husband and wife team and is managed by volunteer trustees. There are few opportunities for cost reductions in such a lean organisation, as is the case with most Almshouses. It is through the efforts of this small group of people that 43 vulnerable needy women are able to live independently for rest of their lives, without placing a significant additional burden on the State.

The Charity’s Trustees have assessed the financial impact of the rent restriction aspects of the Bill and conclude that the long term financial viability of the Charity will be placed at risk from the reductions in incomes. In the short term there will be an increasing detrimental effect on the condition of the premises and on the social and financial wellbeing of the Residents.

The Trustees believe that the Secretary of State should use the proposed powers in the Act to exempt Almshouse Charities that are also Registered Providers from the Rent Reduction requirements of the Act.

September 2015

Written evidence submitted by St Mungo’s Broadway (WRW 32)

ABOUT St Mungo’s BroadWay

Our vision is that everyone has a place to call home and can fulfil their hopes and ambitions. As a homelessness charity and housing association our clients are at the heart of what we do.

We provide a bed and support to more than 2,500 people a night who are either homeless or at risk, and work to prevent homelessness, helping about 25,000 people a year. We support men and women through more than 250 projects including emergency, hostel and supported housing services, advice services and specialist health, skills and employment services.

We currently work across London and the south of England, as well as managing major homelessness sector projects such as StreetLink and the Combined Homeless and Information Network (CHAIN).

We influence and campaign nationally to help people to rebuild their lives.

1. SUMMARY OF KEY POINTS:

1.1 Our evidence focuses on the reduction in social housing rents.

1.2 We are seriously concerned that the requirement to reduce rents in social housing in England by one per cent per year for four years will result in the loss of supported housing schemes for homeless and vulnerable people.

1.3 Section 20 of the Welfare Reform and Work Bill should be amended to include rents charged in ‘specified accommodation’ among the list of exceptions to the rent reduction requirement that are already listed.

1.4 Rents in supported housing have to cover a much wider range of housing management and maintenance activities than rents in general needs social housing. This is due to the needs of supported housing tenants.

1.5 St Mungo’s Broadway has estimated that the rent reduction requirement would result in the loss of £1.25 million in rental income by year four, income which would have otherwise been used for essential maintenance and to help homeless and vulnerable people maintain their accommodation.

1.6 This proposed cut to rental income comes after five years of significant cuts to funding for support for vulnerable people. The National Audit Office (NAO) found local authority spending on the Supporting People programme had fallen, on average, by 45% between 2010/11 and 2013/14. Spending cuts are projected to be even more severe during the next five years.

1.7 Given the higher cost of housing management and maintenance, some supported housing schemes for homeless and vulnerable people are less likely to be able to absorb the reduction in their rental income and will be forced to close. This will lead to an increase in homelessness and rough sleeping, particularly in London.

2. DETAILED EXPLANATION OF OUR PROPOSED AMENDMENT

2.1 Section 19 of the Welfare Reform and Work Bill introduces the rent reduction requirement. Section 19 states that: “Registered providers of social housing must secure that the amount of rent payable in a relevant year by a tenant of their social housing in England is 1% less than the amount that was payable by the tenant in the preceding 12 months.”

2.2 Section 20 of the Bill lists a number of exceptions, describing when section 19 of the Bill would not apply. We recommend an amendment to section 20 of the Bill to add rents charged in ‘specified accommodation’ to the list of exceptions. The following wording might be appropriate: “Section 19 does not apply in relation to a tenant of social housing if the accommodation is specified accommodation.”
2.3 Specified accommodation is a status which came into law in 2014 through the Housing Benefit and Universal Credit (Supported Accommodation) (Amendment) Regulations 2014 (SI2014 No. 771). Specified accommodation has a different purpose to general needs accommodation. It is defined as housing where care, support, or supervision is provided. People who live in specified accommodation have support needs that generally mean they would find it difficult to sustain accommodation in which support was not provided. These support needs might be related to homelessness, mental health issues, offending, domestic violence, substance use or any combination of these.

2.4 The rationale for treating supported housing separately from other social housing has already been recognised in the decision by government to keep housing costs for ‘specified accommodation’ out of Universal Credit and benefit cap calculations. This provides a practical precedent. It would be wrong to undo these steps the government has already taken to help protect housing for the most vulnerable.

2.5 The Department for Work and Pensions and the Department for Communities and Local Government have commissioned a review into supported accommodation in order to establish a better evidence base for future funding decisions. Therefore, the government should wait for the outcome of the review before introducing changes that have any significant impact on the income of supported housing providers.

2.6 Housing benefit is currently the primary means by which supported housing residents fund their housing costs. As such, they would not benefit directly from lower rents. If existing supported housing units shut down, the rent reduction would have a negative impact on residents.

3. INTENSIVE HOUSING MANAGEMENT

3.1 Supported housing provides accommodation and vital support to help people recover from homelessness and to gain the skills and confidence needed to live independently. Rents in supported housing cover a much wider range of housing management and maintenance activities than rents in general needs social housing. This is due to the needs of supported housing tenants.

3.2 St Mungo’s Broadway, along with a small number of other homelessness charities and housing associations, provides housing and support to people with very high support needs. Our tenants are our clients. Among the clients in our housing services 52% have slept rough, 72% have a mental health need, 44% have a significant physical health condition and 56% have a substance use problem. These problems often overlap and are rooted in repeated experiences of trauma from a young age. 22% of our clients have experienced violence or abuse from a family member or partner. Only 8% are currently working.

3.3 In addition to providing the right support to help our clients make a sustained recovery from the issues that led to their homelessness, we must provide intensive housing management to ensure the physical condition of the property meets the needs of our clients and that they are able to sustain their tenancy. Intensive housing management is paid for from rental income. The requirements are much higher than in general needs housing. Heavy wear and tear is much more likely due to more rapid turnover of accommodation units as people move on to more settled accommodation and can be related to their higher needs and ability to care for their accommodation.

3.4 All of our housing meets DCLG requirements to be free of health and safety hazards, be in a reasonable state of repair, have reasonably modern kitchens, bathrooms and boilers and be reasonably insulated. We also try to create recovery oriented environments, where design, decoration and furnishing is carefully considered and of a good standard.

3.5 The minimum frequency for decorating internal communal areas in our properties is every three years, and every five years for external areas. Again, the costs associated with maintaining communal space are higher than in general needs housing where there are fewer common areas.

3.6 Tenancy management is also a more intensive task. As a homelessness organisation we actively seek to house people with an unsettled and/or unsuccessful housing track record. The experiences and problems that have contributed to our clients’ homelessness also make it more likely they will act in a way that puts their tenancy with us at risk.

3.7 A history of poor money management and debt is common among our clients. 43% of our residential clients have difficulty managing their money. Our staff spend a lot of time ensuring our clients can pay the service charge they are expected to pay in addition to their housing benefit payment, as well as dealing with other situations involving conflict or risk to help avoid eviction. We actively seek to house people with an unsettled or unsuccessful housing track record.

4. TENANT TURNOVER

4.1 Minimising the number of void bed spaces has been a longstanding key performance indicator for St Mungo’s Broadway, reflecting their importance both in terms of financial cost, but also the moral importance for a homelessness organisation of maximising use of available accommodation.

4.2 However, some void bed spaces are inevitable. The temporary nature of our accommodation with a focus on positive moves through our services, and the fact that the majority of our housing is shared rather than self-contained, means that resident turnover is high. We actively seek to promote resettlement, making space for those in greater need. Therefore, the number of units that become vacant every year is much higher than in general needs housing, where turnover rates are typically well below 10%.

4.3 In St Mungo’s rented bed spaces in 2013–14 there were 2,143 new occupants for 1,791 bed spaces. This is a turnover rate of 120%, revealing that some residents move through our services within months, rather than years. Turnover rates vary depending on the service type. We run a number of assessment centres which usually operate as part of a local authority vulnerable adults pathway and move people through very quickly to more appropriate accommodation. In 2013–14 there were 515 new occupants in 83 St Mungo’s assessment centre bed spaces. Our hostel accommodation and specialist complex needs housing also has a high turnover. In semi-independent housing services, the turnover rate was slightly lower at 73%.

4.4 When bed spaces become vacant, there are costs associated with cleaning and redecoration to a suitable standard for the next tenant. There are also costs associated with lost rental income while waiting for a suitable referral. Given the specialist nature of supported housing, it is much harder to ensure suitable, sufficient referrals at the right time than in general needs housing.

5. Impact on income and services

5.1 If applied to core rents, we estimate that the 1% annual rent reduction requirement would result in the loss of £1.25 million in rental income to us by year four – between £250,000 and £300,000 each year.

5.2 A recent stock condition survey shows we will need to spend £4.38 million on our properties over the next 5 years, an average of £876,498 per year. Therefore, the rent reduction requirement would result in the loss of 28 per cent of our total maintenance spending requirements. This means some of our buildings would deteriorate, they would no longer be economic to run and we would be forced to sell or close the property resulting in the loss of accommodation for homeless and vulnerable people.

5.3 By taking into account the rental income we had anticipated over this period based on the most recent rent formula of CPI +1%, the overall impact on the organisation’s finances over the four year period is £4 million.

5.4 The rent reduction requirement must also be considered in the context of significant cuts to local authority spending on housing related support services (formerly known as Supporting People services). In 2014 the National Audit Office reported that local authorities’ spending on Supporting People services had decreased on average by 45 per cent since 2010–11.270 The latest Homeless Link annual review of support for single homeless people in England indicates likely effects of this reduction in funding. Many services ‘are struggling to maintain a good level of service on a lower budget’ and ‘many services are adapting by reducing costs where they can, sometimes limiting the level of support they can offer’.

5.5 The reduction in funding for housing related support services is making it harder to help people make a sustainable recovery from homelessness. Homeless Link research shows that in recent years a higher proportion of supported housing services have refused access to homeless people with the highest needs or more challenging behaviour. The reduction in rental income will make it hard to even provide the right housing, regardless of the support available.

6. Impact on development

6.1 Grant funding for general needs housing development has fallen significantly in recent years, but so has funding for specialist programmes aimed at improving homelessness provision.

6.2 In the past St Mungo’s was able to call on almost 100% grant funding from government to support acquisitions and development. However, recent programmes, such as the Homelessness Change programme, have seen typical grant rates at just 40%.

6.3 Therefore, even in supported housing, the ability to expand to help meet the housing demand is dependent on stable rental income in order to improve access to development finance and to generate a surplus to reinvest.

6.4 We would like to invest in new properties and plans were in place to purchase 26 additional units over the next three years. It will not be possible to pursue these plans if the rent reduction requirement is applied. This is frustrating when the availability of genuinely affordable housing is so limited. Increasing our own stock is one of the ways we can ensure that there is more housing available for people who would otherwise be homeless or even sleeping rough.

7. Efficiency savings

7.1 In the current economic climate where the priority is to reduce the deficit, it is understandable that the government expects social landlords, like any other organisation benefitting from public subsidy, to make

efficiency savings. However, this is not a new requirement. St Mungo’s Broadway has already taken efforts to use our rental income more efficiently.

7.2 We have already introduced changes to collect rent and manage voids more efficiently. We have restructured our maintenance team, saving one post and renegotiated terms with contractors. We are reducing the running costs by insulating properties. By merging two homelessness organisations last year we again have been able to drive efficiency savings in terms of management costs and overheads.

8. PREVENTING COSTS ARISING ELSEWHERE

8.1 As stated by the previous government, ‘Homelessness brings misery and uncertainty to individuals and families. But it is also negative for society, leading to additional public service expenditure across government.’

8.2 It has been estimated that the annual average cost to a local authority per individual sleeping rough is £8,605. The costs of rough sleeping also accrue to many other parts of the public sector, including the Ministry of Justice, the Department of Work and Pensions and the NHS.

8.3 Supported housing is a vital service for preventing homelessness among already vulnerable groups, and for ending the devastating cycle of repeat homelessness by promoting a sustained recovery. If services are forced to close because they are no longer financially viable, the long term cost to the government will outweigh the housing benefit savings achieved by reducing rents.

September 2015

Written evidence submitted by the Residential Landlords Association (WRW 33)

ABOUT THE RESIDENTIAL LANDLORDS ASSOCIATION (RLA)

The Residential Landlords Association (RLA) is the premier national landlords association operating in England and Wales. We have over 20,000 subscribing members. Our members own or control over 250,000 units of accommodation. Primarily our members are landlords in their own right but a number are managing and letting agents, some of whom are also landlords. Our members operate in all sub-sectors of the Private Rented Sector (PRS). Properties are rented out to families, working people, young professionals, the elderly, students and benefit claimants.

INTRODUCTION

In this submission, we concentrate on the impact of the measures contained in the Bill on the PRS in relation to housing benefit and the housing costs element of Universal Credit (UC). For ease we refer to these as HB. We also wish to draw the Committee’s attention to related issues affecting the PRS as well as two important aspects relating to UC which could be addressed through the Bill namely the release of data with tenant’s consent and permitting deductions to recoup arrears of rent from UC payments, even after a tenant has vacated. Importantly, we request that consideration is given to the impact of the measures set out in the Bill on tenants and the PRS generally. Regrettably, the tendency is to look at matters in isolation, and while we acknowledge the importance of getting the deficit under control nevertheless there are long term consequences of what is now proposed.

THE MEASURES

Along with other working age benefits, the Bill will “freeze” various allowances used to calculate HB. Likewise, as this applies to other means tested benefits, this will in turn feed through to claims for HB where claimants are passported through to local housing allowance (LHA). This freeze will apply for four years. Whilst inflation may be well within the Government’s target at the present time this is not necessarily going to be the case over the four year period. Importantly, we are living through an era of unprecedented low interest rates, which cannot be sustained in the long term, and it is more than likely that during this four year period interest rates will rise, perhaps up to 3% above current levels. This will mean that PRS landlords in turn face higher mortgage costs which will inevitably feed through into higher rents. As a result tenants will be faced with having to top up their rent from other benefits or wages or will have to move to cheaper accommodation. Equally landlords will have less money to spend on the upkeep of their property which may well mean poorer quality accommodation being provided in order to moderate rent increases. This is part of the wider picture to which we will refer to later. At the same time rents are rising in many areas. This is not something which the PRS can be blamed for; it is part of the wider housing crisis we face.

Of particular concern must be those who are in work and on low wages, who need the support of HB to meet their living costs. This is the very section which the Government seeks to help and support, rightly, to encourage people into work. You cannot realistically expect landlords to freeze rents for four years if inflation...
increases and interest rates rise alongside upward market pressures. The freezing of allowances means a real
terms reduction. The long term nature of the proposal is therefore worrying, particularly as there is no automatic
review mechanism written in.

At the same time, we are concerned at the reduction in the benefit cap. We very much welcome the
differentiation between London and the rest of the country which is what we called for when the benefit cap
was first introduced. What we are however opposed to is the reduction in the amounts of the cap which go
along side this and we also feel consideration needs to be given to a higher benefit cap in certain high cost areas
in addition to London to reflect higher than average rental costs which apply in these “hot spots”. Whilst we
recognise that the benefit cap has been widely welcomed, we fear that it does lead to tenants moving into lower
rental cost areas which is a disincentive to them working because of increased travel costs. We were always
of the view that this would be a more gradual process than was predicted by some who were prophesising a
version of “ethnic cleansing”. It has proved to be more insidious but nevertheless real. The problem is that
where something happens gradually in this way the consequences are realised too late.

LHA AND UC HOUSING COST RATES

Although not part of this Bill, as it is addressed via the Rent Officer (Functions) Regulations, there has been
no announcement yet by the Government of whether or not there would be any increases in LHA/UC housing
cost rates or whether these will also be frozen in line with allowances. We would urge the Government not to
impose a similar freeze and most certainly not over such a long period of time. The Government has already
rightly recognised that in some areas there is considerable upward pressure on rents and did permit extra
increases. Currently, generally, these increases have been limited to a maximum of 1% but with exceptions.
We would ask the Government to adopt a flexible approach and not to impose an across the board freeze. The
amounts by which rates can increase is, in our view, more significant than allowances, although allowances are
clearly very important, particularly to those who are in work. The two are closely linked.

Likewise, there has been speculation that rates would be limited to the 20th percentile in broad market rental
areas, as opposed to the current 30th percentile. We would urge the Government not to further reduce the
percentile because this would restrict even further the amount of the available accommodation in the PRS for
working age benefit claimants. Particularly for those who are in work, effectively restricting the market to 20%
of an area would lead to additional numbers who would be unable to rent in the PRS, especially when social
housing is simply not available.

THE OVERALL PICTURE

Measures like this are being introduced in isolation in pursuit of a target to cut welfare benefits, without any
proper consideration of the wider consequences. Repeatedly, we have told the Government that very many
landlords are no longer willing to rent to benefit claimants, particularly those who are out of work. In the past
we have provided evidence of the many advertisements for PRS properties to let which confirm that benefit
claimants are not welcome. It is clear from what our members tell us that a considerable number are changing
their lettings policies. we must stress that in many areas there are non claimant tenants queuing up to rent.
What we are seeing as a result is a situation that in those areas where there is high employment there is no need
for landlords to rent to claimants. Housing and employment must be looked at together. It is essential that the
Government promotes labour mobility to assist people back into work or to improve their job opportunities or
to increase their available hours of work. We cannot do this, if in order to achieve it, tenants have to move to
areas where they simply cannot afford to rent. The level of supply in the HB subsector of the PRS is reducing
due to unwillingness to rent to HB claimants, as we have repeatedly told Government would happen. These
measures will simply exacerbate this problem.

Alongside this, Government needs to be concerned about the quality and standard of property available.
Experience from rent controls amply demonstrates that if you restrict rents the quality of accommodation falls.
The restraints on HB are a form of rent control by the back door. Landlords have less money to spend on
repairs and improvements. The old principle of “you get what you pay for” applies. HB rates have now been
constrained below market rents for a number of years so inevitably quality and standards are deteriorating.
Short term savings are being translated into long term costs. The Government is already concerned about the
quality of properties in the PRS where proportionately there is a higher level of non decent homes. However, if
the Government restricts rents for the lower end of the PRS this is a key contributor to this problem.

At the present time the PRS is facing an unprecedented battering. The Government is restricting the
availability of relief for mortgage interest which would reduce much needed supply. Landlords are facing ever
increasing regulatory burdens such as the roll out of immigration checks, extensive property licensing schemes
with high fees, restrictions on regaining possession, compulsory improvements and from 2018 the imposition
of minimum energy efficiency regulations. We are not necessarily opposed to all of these regulatory measures
but it has to be appreciated that inevitably they come at a cost. If your rents are constrained then you either
have to find different tenants, excluding benefit claimants or reduce standards. Above all of this hangs the
spectre of increased interest rates. The measures contained in the Bill therefore represent yet another threat to
the PRS, one of many. For this important sub-sector of the market clearly they represent a major threat. This is
why we say that it is vital that the impact of the measures in the Bill are looked at in this much wider context.
Disincentives for private landlords

The Government’s on going insistence on direct payment of housing costs tenants as part of a single monthly payment, as opposed to direct payment to landlords, continues to generate major concerns on our part. The Government will no doubt point out that this has been the “norm” since the introduction of the LHA so far as private sector landlords are concerned. What the Government is now however forgetting is that at least with LHA there are some checks and balances built into the system which go someway towards mitigating the risks from the private landlord’s perspective. In their recent update report on UC the Social Security Advisory Committee have rightly identified the commercial risks to landlords involved in payment of UC to claimants. We see this bill as an opportunity to bring forward measures to mitigate these risks so that the current safe guards which exist under LHA can be built into UC. Problems which need to be addressed include:

- LHA is administered locally by local authorities whose staff are in touch with local landlords and are aware of local conditions. This is not the case with UC which is administered at a distance in large centres.
- Local authorities know how the private rental sector works. They have dedicated teams to administer. DWP staff lack this specialist knowledge/training, having to deal with all aspects of benefit administration. Although dedicated Centres have been set up we are far from confident that they are “on top of the job” even with the limited number of housing costs claims that are currently being processed. This will worsen as the roll out of UC continues.
- Currently there is sharing of information with landlords where this is necessary, with tenant’s consent. DWP maintain that they lack the legal power to even share information with private landlords, even though local authorities have operated the same system for many years without concerns or complaints.
- UC is based on guidelines and discretion, where as LHA operates under a proper system of rules.
- Landlords have rights of appeal in relation to LHA. There are no such rights under UC and the lack of independent oversight through an appeal system will lead to DWP staff operating without proper controls, with consequent abuses resulting.
- Without confirmation that claims have been made for UC together with notification as to when claims are in payment landlords will be far less inclined to allow tenants/claimants leeway.
- Although UC should be suspended once a request is made for an alternative payment to the landlord this has not been happening in practice with payments being made direct to tenants even though rent arrears are mounting.
- There is evidence of significant delays on the part of DWP in administering UC, even with the limited number of claims that are currently in the system.

In our view it is essential that these issues be addressed at this early stage whilst UC is rolled out. We welcome assurances from DWP that they are learning as they go along but in terms of the roll out of housing costs, it is essential to improve the system even further, if landlords are to retain any confidence at all when it comes to letting to UC claimants.

Suggested additional provisions

There are two additional matters which we consider should be addressed in this Bill namely –

- The grant of an express power to disclose information regarding Universal Credit claims and their delivery, with the claimant’s consent.
- A requirement that in the event of a tenant vacating a property owing rent arrears to the landlord then a deduction must be made from ongoing benefits and paid to the former landlord with a view to recouping these arrears.

Power to disclose information

DWP maintain to us, wrongly in our view, that there is no power to disclose information to third parties such as landlords regarding claims for UC, their administration and delivery, even if the tenant consents. Granted that there is no explicit power in the legislation, we nevertheless have a firm view that there is an implicit power. Such a power does not need to be express and it can be implied. This is a well established principle. The relevant provision is set out in Section 123 of the Social Security Administration Act 1992. In effect this provides that a disclosure by an official of the DWP is to be regarded as made with lawful authority if it is made (inter alia) with the consent of the appropriate person. The appropriate person is defined as the person to whom the information relates or in appropriate cases someone acting on their behalf, i.e. an attorney etc. This is an exception to the general principle that a person who is engaged in social security administration or adjudication is guilty of an offence if he discloses information about a particular person, without lawful authority. Thus, if consent is given by or on behalf of the person concerned no offence is committed. We regard this as implicitly conferring power on officials to make disclosures which would otherwise be prohibited where such consent is given.

We only seek such disclosure where the tenant gives written consent normally. However, the fact that a claim for payment of housing costs has been made and also the fact that payment has started should be disclosed to the landlord, in any event without the necessity for any consent, unless the tenant objects for good reason.
DWP has taken power in of Section 131 the Welfare Reform Act 2012 to disclose information in the case of social landlords on the somewhat questionable basis that this information is to be provided to social landlords in connection with their wider social/welfare responsibilities. The argument by DWP is that in the absence of any power they cannot disclose information to a private landlord, even if the tenant consents. We find this whole approach most disturbing because, without any difficulties, local authorities have been content to disclose certain information to landlords where a tenant has given his/her authority relating to housing benefit claims. Likewise, DWP itself as part of its work programme has been content to provide information to third party contractors and this supposed lack of a power to disclose information has not stood in the way of this. In any case, the current provision in the 1992 Act is modelled on a similar provision in the Taxes Management Act under which HM Revenue and Customs are perfectly content to disclose information about a tax payer’s affairs to third parties, so long as the tax payer consents. We therefore find these claims by DWP that they lack the requisite statutory power to disclose information baffling. We would stress that this is not an issue around data protection but rather a claim by the DWP of a fundamental inability due to a lack of a legal power to do so to disclose information at all.

In our view, therefore, this Bill represents the opportunity to put the situation right, even assuming that the DWP are in fact legally correct in the first instance, which we do not agree is the case. We would therefore invite the Government to put forward an amendment to the Social Security Administration Legislation permitting the disclosure of information regarding a tenant’s claim with the written consent of the claimant or if the claimant is incapable of giving such consent consent by an attorney, guardian or appointee etc., acting on behalf of the claimant.

Further, legislation should permit the making of regulations to stipulate the circumstances in which information can be disclosed to all landlords, not just social landlords where it is considered to be appropriate without the necessity for such prior consent. We would envisage that this would then allow DWP to notify landlords that a claim has been made. After all, it is the current practice of DWP to contact the landlord of the tenancy if a tenant/claimant is unable to produce evidence of the existence of this tenancy. Again, in this instance, the supposed absence of any legal power does not seem to stand in the way of DWP although inherently they are then of course notifying the landlord of the existence of a claim for the payment of housing costs. Likewise, regulation should permit the disclosure of the fact that the first payment of housing costs has been made to the tenant or that payment has recommenced following a suspension.

We would make the point that it is vital that the landlord is aware of the existence of a claim and also is notified that payment is made officially. Experience has shown that landlords are willing to bide their time if they know that a claim is to be processed. After all, the first payment is only going to be made six weeks after the claim for payment of housing costs, during which time inevitably arrears will have mounted. A landlord is not going to evict in these circumstances if they know that the claim is being processed, especially if they know that they will be told that payment will be made to the tenant, assuming that it is not to be made direct to the landlord. Without the safeguards being in place landlords will be concerned that arrears are building up and are therefore much more likely to take action to enforce payment or refuse to house a claimant in the first place but will wait if they know that payment is going to be forthcoming from DWP once the claim has been processed. It is no good, however, simply making the first payment to the tenant/claimant without telling the landlord. Otherwise, the landlord will not know when to expect the payment from the tenant or when to contact the tenant to ensure that arrangements are made for the landlord to pay once the tenant has received payment from DWP. These are issues that have not raised problems, we would stress, in the administration of the housing benefit system and therefore we are at a loss to understand why DWP are raising such concerns at this stage in relation to UC.

We recognise that some tenants may have perfectly legitimate reasons why they do not want their landlord to know of the fact that a claim has been made and assuming that DWP can then be satisfied that the requisite payment of rent will be made to the landlord when the tenant is paid we would envisage that regulations could allow DWP to override the request of notification to the landlord. In other words it would be a kind of “opt out” system where for good reason the landlord would not be told so long as payment is assured. After all, these payments are made for a designated purpose and the loss of accommodation due to non payment of rent helps no one, not least the tenant and his/her family or dependents. It is most certainly not in the public interest that money given for a specific purpose, i.e. the payment of rent, should be diverted elsewhere and that the tenant should be left at the risk of homelessness, as well as the landlord not receiving the rent which is properly due to him/her.

ARREARS FOLLOWING THE TENANT

We have already made the observation earlier in this evidence, that many landlords are not willing to take on tenants who are benefit claimants, especially if they are out of work. It is vital, in our view, that means are put in place to give landlords more confidence that they will not be left facing rent arrears. At the initial design stage for UC landlords were told that as UC would operate as a national system one advantage would be that landlords would be able to recoup arrears of rent even after tenants has left the property concerned. This would be by way of third party deductions. In the event, this has not materialised. Regulations now do provide for a scheme of third party deductions in the favour of landlords (up to a maximum currently of 20% of the standard
allowance) in order to recoup rent arrears but only where the tenant is still in occupation of a property to which the arrears relate. This does not apply once a tenant has left.

We consider that this situation encourages irresponsible tenants to vacate the premises leaving arrears of rent in the knowledge that they cannot then be pursued. The reality is, of course, that it is not worth the landlord’s while in most cases to claim the arrears and then go through the County Court procedures to try to enforce any judgment. It is simply not worthwhile, especially if the tenant is out of work.

The intention is that UC should replicate, where practical, the same conditions as those in work. Obviously, if someone is in work then there is a greater likelihood of recovery being possible by an attachment of earnings order made against someone who is in employment (but not the self employed). Clearly, the reduction rate would not be the same as for someone who is currently in occupation of the property. Vitally, the knowledge that if a tenant did abandon a property owing arrears then recoupment would be possible with a strong disincentive to the tenant simply walking away in the knowledge that he/she could do so with impunity which is currently the case. If tenants knew that on an ongoing basis, even if they had left the property, arrears could be recouped this could be a strong disincentive to such irresponsible behaviour. Importantly, also, it would give landlords the re-assurance that there was no available method to recoup arrears over time from a tenant who had vacated which would give landlords at least some re-assurance when considering letting to benefit claimants especially those who were not in work or who are in work but on a very low income.

In this way social responsibility on the part of tenants/claimants would be encouraged and, likewise, there would be also encouragement to landlords to let to this category of tenants. Many tenants are currently excluded from the private rented sector by landlords as a result. It is important in our view to put in place realistic measures that will achieve the gradual re-engagement of landlords with the housing benefit system. Tenants themselves generally would be rewarded because, again, they would enjoy the same advantages of their working compatriots. The refusal of many landlords to countenance benefit claimants as tenants is socially divisive. If the Government is intent on promoting financial responsibility through UC equally it should regard rewarding tenants as an important objective. We need to look at the tenants who are excluded from “the system” at the moment and seek ways to promote re-engagement by landlords will this sub-sector of the market. This would increase the choice of accommodation available. As we have already pointed out in this submission it is vital to look at the longer term consequences of what is being done and this is one of the issues that should readily be addressed by including provision in the Bill that the Secretary of State must make regulations to allow for the recoupment of the benefit of rent arrears, even after a tenant/claimant has vacated the property in respect of which the rent arrears are accrued.

CONCLUSION

In this response we have stressed the importance of looking at these changes more broadly and also giving greater consideration to the longer term consequences of what is happening. There is no point in trying to improve tenants’ financial responsibilities and budgeting abilities, worthwhile objectives though they may be, unless, at the same time, tenants are helped particularly through the ability to access private rented accommodation which provides the requisite standards of accommodation. Otherwise, whatever the short term savings, in the longer term we are building up a much greater cost both from the perspective of rectifying what has gone wrong but also the wider social consequences, which will otherwise come back to haunt us in years to come.

September 2015
Clause 11(2)(a), in line 38, after ‘either or both of whom is or are,’ insert ‘or have at any time in the immediately preceding six calendar months been’.

2.2 Clause 11(2)(a) seeks to limit the family element of tax credits. Currently, everyone entitled to CTC receives the family element which is currently £545 a year. There is one family element per claim no matter how many children are part of the claim.

2.3 Example

Christopher and Diana have twins born on 6 April 2017. Under the current rules, their tax credits award would have been around £6,105. However, because of the new rules they will receive no more than around £5,560 in 2017/18. The reduction is due to the removal of the family element.

2.4 The Summer Budget said that:

‘those starting a family after April 2017 will no longer be eligible for the Family Element in tax credits. The equivalent in Universal Credit, known as the first child premium, will also not be available for new claims after April 2017’ (Paragraph 1.147)

and

‘From April 2017, the Family Element in tax credits and the equivalent in Universal Credit will no longer be awarded when a first child is born. This will also apply for families with children making their first claim to Universal Credit’ (Paragraph 2.107)

2.5 Both paragraphs seem to suggest that the Government’s intention was that existing claimants should retain entitlement to the family element.

2.6 However, Clause 11(2)(a) does not implement the change in this way and the chosen wording means that some existing claimants could lose the family element if they have a second or subsequent child born on or after 6 April 2017.

2.7 For example, consider a situation where a couple have responsibility for an 18 year old (the daughter of Partner A from a previous marriage) and they subsequently have a child together in May 2017. Their older daughter is due to start a University course in September 2017. Based on the Budget announcement, one would expect them to retain entitlement to the family element of tax credits because they have not started their family after April 2017.

2.8 Due to the way Clause 11(2)(a) is drafted, they would lose the family element when their older daughter goes to University and drops off the CTC claim. This is because Clause 11(2)(a) awards the family element only to those who are responsible for a child or qualifying young person who was born before 6 April 2017. Under the Child Tax Credit Regulations 2002 (SI 2002/2007), a parent is no longer responsible for a child once they leave full-time non advance education and so this couple would not meet the definition inserted by Clause 11(2)(a). This would also impact families who lose responsibility for a child for some other reason – for example the death of a child in the family or where a child goes to live with another parent/family member.

3. THE TWO CHILD LIMIT

3.1 Ministers have proposed on the basis that people receiving tax credits should face ‘the same financial choices about having children as those supporting themselves solely through work’. An impact assessment noted that ‘people may respond to the incentives that this policy provides and may have fewer children’.

3.2 We do not generally comment on levels of taxation or welfare benefits, and we do not make any representation here about whether it is right in principle to limit support provided through the tax credits system in this way. However, we do have an interest in the impact of any change of policy on low-income families. In particular we are concerned about the potential impact on children from families who do go on to have more than two children, especially when coupled with the impact of other cuts to tax credits from April 2016.

3.3 The effect of clause 11 is that from 2017/18, where a claimant is responsible for a child or qualifying young person (we use “child” to mean either child or qualifying young person below) born on or after 6 April 2017, there is no individual element for that child unless either:

— the claimant is claiming the individual element for no more than one other child, or
— a “prescribed exception” applies.

3.4 A DWP explanatory note said the two child limit will be applied on a “rolling basis” so that when the eldest child ceases to be eligible for CTC, if there is a third child born on or after 6 April 2017 that third child will become eligible.

3.5 Example 2: Two child limit from April 2017

Peter and Claire have one child born before 6 April 2017 and one child born in May 2017. They are entitled to the individual element as follows.

2016/17 – One individual element, for the child born before 6 April 2017.
2017/18 – Two individual elements. One for the elder child, and a second element for the younger child because the claimants are claiming for no more than one other child.

3.6 Example 3: Two child limit from April 2017

Andy and Fiona have two children born before 6 April 2017 and one child born in May 2017. They are entitled to the individual element as follows.

2016/17 – Two individual elements, for the children born before 6 April 2017.

2017/18 – Two individual elements, for the children born before 6 April 2017. There is no individual element for the child born in May 2017 because the claimants are already claiming for more than one other child.

3.7 As well as providing transitional protection for families already receiving the individual element for third and subsequent children born before 6 April 2017, the government intends to provide protection for “exceptional circumstances” including multiple births.

3.8 The Summer Budget announced that the Department for Work and Pensions (DWP) and HM Revenue & Customs (HMRC) would “develop protections for women who have a third child as the result of rape, or other exceptional circumstances”. An impact assessment published on 20 July said details of these protections would be set out following consultation with stakeholders.

3.9 We have welcomed the announcement of these protections but very careful thought will need to be given to:

— The range of circumstances to be covered – in particular there are a number of situations where claimants may find themselves responsible for a third child in circumstances that give them little choice. Thought will also need to be given to a child or qualifying young person who has a child of their own as tax credit rules currently allow the claimant (often the grandparent of the new child) to claim for their child and their grandchild.

— The wording used to specify the circumstances in secondary legislation.

— The administration of the exceptions including the evidence required from claimants.

3.10 We share the serious concerns expressed in recent weeks by several commentators about the potential rape exception. There are several potential issues including:

— The possibility that if a mother is known to be receiving CTC for three children, some people may assume that the third child was born as a result of rape. This might arise in dealings with agencies other than HMRC, for example regarding passported benefits. In some cases a child may discover the circumstances at some stage because of the tax credit award.

— Given that most women do not report rape, and that concerns continue to be expressed about conviction rates, any suggestion that a conviction is required would be unacceptable. In the absence of a conviction, however, it is very difficult imagine what evidence HMRC might reasonably require in support of a claim. It should also be borne in mind that the rape may have been committed as part of an ongoing pattern of domestic abuse. Many potential claimants, having been unable to face telling family or friends about their ordeal, will be unlikely to claim the exception. Although not asking for any evidence opens up the possibility of false claims, in this instance we believe this is a risk that HMRC should accept.

— Careful thought needs to be given to other difficult situations that may merit protection, such as where people find themselves taking responsibility for a child due to some unforeseen reason (for example death of a parent or illness). It is important that such people should not be penalised as there is a risk that family may be less likely to step in and help if they will receive no financial support.

4. Tax credit cuts from April 2016

4.1 For the sake of completeness, and to put the above measures in context, we should mention that many families will see significant reductions in their tax credits from April 2016 as a result of a number of measures that are outside the scope of the Bill.

4.2 The individual element of CTC is set at £2,780 a year (£53.46 a week) per child for 2015/16 and clause 10 provides that this maximum amount will remain unchanged for each of the tax years 2016/17, 2017/18, 2018/19 and 2019/20. For many claimants the amount actually received will be considerably less than this because tax credits are reduced once income goes above a certain threshold.

4.3 In addition to this four-year freeze, the Summer Budget proposed significant cuts to tax credits from April 2016, by means of:

— reductions in the income thresholds;

— an increase in the rate of taper, where income exceeds the thresholds, from 41% to 48%; and

— a reduction in the income disregard where income increases from one year to the next.
5. **About Us**

5.1 The Low Incomes Tax Reform Group (LITRG) is an initiative of the Chartered Institute of Taxation (CIOT) to give a voice to the unrepresented. Since 1998 LITRG has been working to improve the policy and processes of the tax, tax credits and associated welfare systems for the benefit of those on low incomes. Everything we do is aimed at improving the tax and benefits experience of low income workers, pensioners, migrants, students, disabled people and carers.

5.2 LITRG works extensively with HM Revenue & Customs (HMRC) and other government departments, commenting on proposals and putting forward our own ideas for improving the system. Too often the tax and related welfare laws and administrative systems are not designed with the low-income user in mind and this often makes life difficult for those we try to help.

5.3 The CIOT is a charity and the leading professional body in the United Kingdom concerned solely with taxation. The CIOT’s primary purpose is to promote education and study of the administration and practice of taxation. One of the key aims is to achieve a better, more efficient, tax system for all affected by it – taxpayers, advisers and the authorities.

*September 2015*

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**Written evidence submitted by Shelter (WRW 35)**

1. Shelter helps millions of people every year struggling with bad housing or homelessness – and we campaign to prevent it in the first place. We’re here so no one has to fight bad housing or homelessness on their own.

2. The Welfare Reform & Work Bill seeks to alter the support available to people facing bad housing or homelessness. We are concerned that some of the measures will make it harder for the people we help to find and keep affordable accommodation, putting many more at risk of homelessness.

**Summary of Sections**

3. **Freezing Local Housing Allowance** will mean more and more private renters will be unable to pay their housing costs as rents outstrip housing benefit rises and wage growth. Shelter analysis suggests that in 2 years, LHA will not cover the bottom third of rents in almost all local authorities, as it is meant to. After four years, 60 areas will be very unaffordable and virtually out of bounds to households on benefits. The bill represents an opportunity to seek reassurances that the government will not allow such significant affordability problems to become entrenched.

4. The **Benefit Cap** has fundamentally changed. The cap is no longer made with reference to average earnings, making it punitive. It will now affect much smaller families in less expensive areas. This will increase the risk of homelessness and price out-of-work families out of whole swathes of the country.

5. **Support for Mortgage Interest** benefit payments for homeowners will be replaced by a loan. This greatly reduces the financial risk to the Government and negates the need to make claimants wait for 39 weeks to apply instead of the current 13 weeks. The role of third party organisations as providers of both loans and advice raises questions of financial impartiality and the need for independent advice.

6. **Reducing Social Rents** is welcome as long as it does not compromise supply; tackling the high cost of housing is the only sustainable way of reducing welfare spending. But house building – the only way to bring housing costs down in the long term – must not be undermined, reinforcing the need for direct investment in genuinely affordable rented homes.

7. Removal of the **Family Premium** and restrictions on housing benefit for families with more than two children will lead to reduced housing benefit for working families, making it harder for them to manage the shortfalls as the value of LHA falls. The impact of this change on families has not been modelled by the government and is of great concern.

8. The **removal of housing benefit for 18-21 year olds** will remove support from an extremely vulnerable group. The Government must set out its commitment to robust and practical exemptions, and the passage of this Bill should be used to debate them, in advance of them being made via regulations. However, even with exemptions, many will likely fall through the net and become street homeless.

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1) **Freezing Local Housing Allowance (LHA)**

*Section 9, Pg. 11.*

**Key points:**

— Freezing LHA rates for 4 years means more struggling private renters unable to pay their rent as housing benefit is inadequate to cover rising private rents.

— By 2019, LHA will not cover the cost of the bottom 10% of properties in 60 local authorities.
9. Local Housing Allowance is used to calculate housing benefit for private renters. It is set at different rates across the country to reflect variations in rent. Before 2011 LHA rates covered the bottom 50% of the rental market and were linked to actual market rents, rising or falling accordingly. In April 2011, LHA rates were rebased at the bottom 30% of the market and the link to market rents was broken in April 2012 – meaning support could no longer keep track with rising rents. In recent years, increases have been capped at 1%. In the last year, average rents in England increased by 2.1%. As a result LHA rates already do not cover the bottom third of rents in nearly 70% of England.

10. Policy changes have failed to bring down rents as hoped and rising rents have outstripped LHA increases and wage growth, leading to increasing shortfalls between housing costs and incomes. Many households are struggling to stay in their homes or to find new ones, meanwhile the ending of an Assured Shorthold Tenancy has become the leading cause of homelessness in the UK.

11. Freezing LHA rates for 4 years will mean further increasing the gap between rents and incomes for the 1.4 million people receiving this support. On current trends, we estimate that rates will have fallen behind rents in the bottom 30% of the market in nearly every single local authority after two years.

12. In some areas the gap between LHA rates and rents will be so great that housing benefit claimants will be unable to find anywhere affordable. Shelter analysis suggests that by 2019, 60 local authorities will be very unaffordable and virtually off limits to LHA claimants – meaning their support will be insufficient to cover the rent for less than one in ten homes in that area. More and more people will be chasing fewer and fewer affordable properties. For many, accepting overcrowded or very poor quality accommodation will be the only way to stay in their local area.

13. Even if rents rise slightly slower than they had in the past, the gap between rent and support could be substantial. Our analysis suggests that families renting at the bottom quarter of the market in almost a third of the country (98 local authorities) will face a gap between their rent and support of more than £100 a month.

14. Families will be put at increased risk of homelessness as their tenancy ends or because they are evicted due to rent arrears. There is a risk that landlords will pull out of the housing benefit market. Those households who do have a home will be forced to cut back on essential spending and risk getting into debt to manage rising shortfalls between LHA rates and rents.

15. The Chancellor did announce in the Summer Budget that there will be additional Discretionary Housing Payments (DHPs) provided to help those struggling and Targeted Affordability Funding to raise LHA rates where rent increases are unusually high. Both these measures are welcome. However, TAF is drawn from the savings of the LHA freeze, which is likely to mean no further funding available to alleviate high rents until at least 2017-18, as savings are benchmarked against what it would have cost to up-rate LHA rates by CPI rather than rent increases. Sadly, neither DHPs nor TAF will be enough to significantly mitigate the enormous impact this policy will have on affordability across the country.

RECOMMENDATION:

16. LHA rates should reflect the real, reasonable cost of renting in each area to ensure availability of affordable properties, preventing shortfalls and homelessness. The link to actual market rents should be restored and rates allowed to fall or rise in line with local rent pressures.

17. Should the government go ahead with the freeze, the rates should, at the very least, be reviewed annually to assess whether they need to be rebased to ensure private renters can find homes. This would mean re-setting LHA rates in line with the bottom 30% of market rents at that time.

18. TA funding must be available from 2016/17 to recognise recent and projected increases in actual rents. TAF must be adequately funded and DHP increased and promoted to private tenants until LHA is brought back in line with market rents to help those struggling to stay in their homes.

2) REDUCING THE BENEFIT CAP

Section 7, pg. 8.

Key Points:

— The link to average earnings has been broken, making the policy unnecessarily punitive

— The policy goes beyond large families in expensive areas and will now affect smaller families in towns across England

— The cap risks increasing homelessness and will make it very hard for local authorities to find anywhere affordable to rehouse families

19. The Welfare Reform and Work Bill seeks to reduce the benefit cap from £500 per week to £442 in London and £385 outside of London. This will include housing benefit to pay rent. Shelter remains particularly
concerned that the cap ignores the high and variable housing costs paid by families across the country. With more people affected, more will struggle to pay their housing costs.

20. The government’s rationale for the original cap was to ensure people claiming benefits could not receive more than the average family earned. The original cap, therefore, was made with reference to average household earnings. Over the course of the policy it has affected almost 58,000 households in England. These are mostly large households in relatively expensive areas. Households could escape the cap if they moved in to work, however, only a minority of these were actually able to do so.

21. The new lower cap, however, fundamentally alters the nature of the policy. The new cap no longer makes reference to average incomes. This new, arbitrary threshold will drastically change the impact of the cap; rather than affecting large families in expensive areas it withdraws support from small families right across the country. For example, the new cap would affect a family with 1 child living in Guildford or a family with 2 children living in Leeds or Plymouth. By ignoring the impact of high rents fuelled by the housing shortage, it creates a postcode lottery at the heart of the safety net, with whole swathes of the country being deemed excessive for support.

22. The DWP estimate the benefit cap case load to be 120,000 households in the implementation year (2016/17); that’s an additional 90,000 households. This new group, despite already deemed in need of state support, could have their housing benefit substantially reduced, even though they do not live in areas considered atypically expensive, needlessly risking homelessness.

23. Those affected by the new cap will increasingly be modest sized families in averagely priced areas, simply struggling to make ends meet. The new cap will put these families closer to losing their homes. Those that do lose their homes and are found to be in priority need are often placed in Temporary Accommodation (TA) by their local authority. Councils are already struggling to secure enough TA (leading to an increase in bed and breakfast use or people being rehoused away from their local area) and rents are often higher than market rates due to additional management costs. This challenging situation will be made more difficult as homeless families will still be subject to the benefit cap. This will force local authorities to subsidise the cost of temporary accommodation and make it harder to re-house homeless families as the benefit cap will make alternative housing options unaffordable. The policy therefore risks the perverse scenario in which families are made homeless because of the benefit cap and then trapped in the limbo of temporary accommodation – at expense to the public purse.

RECOMMENDATION:

24. The Government should consider the adverse effects of this policy on those at risk of homelessness and those that have already lost their home. Homeless families living in Temporary Accommodation will struggle to afford the emergency housing they have been placed in, forcing local authorities to subsidise their costs, and will often be unable to move into permanent housing because it is unaffordable under the benefit cap.

25. Local Authorities must be adequately supported to house families made homeless as a result of the benefit cap and other welfare reforms. This means adequately financially supporting them to find emergency housing for people who have lost homes and then to help find settled accommodation that is suitable for their needs. At present there is a risk that local authorities will be unable to rehouse those families made homeless because of the cap.

3) SUPPORT FOR MORTGAGE INTEREST (SMI) GRANT TO LOAN

Section 16, pg. 15.

Key Points:

— In principle, Shelter is not opposed to requiring that home owners repay the assistance they receive, but loans must not become an additional burden for struggling households.

— Greater clarity is needed on how loans will be administered and who will be responsible for collecting repayments and advising applicants. It is inappropriate for a third party administering SMI applications to be both an advice provider to claimants and a provider of loans. Claimants should have access to free and impartial advice.

— The waiting period for SMI should not be increased from 13 weeks to 39 weeks given financial costs to DWP are reduced under the proposed loan system, and this will increase the risk of households acquiring unsustainable arrears.

26. People who are retired or out of work and struggling with mortgage payments may be eligible for Support for Mortgage Interest. This benefit covers the cost of a person’s mortgage interest (but not capital repayments) up to a £200,000 capital limit.

27. The Bill seeks to turn new SMI payments in to loans from April 2018 onwards. Interest will be charged on the loans, which will be secured on the claimant’s property as a ‘second charge’, effectively a secured loan on top of the existing mortgage.
28. Paying support through a loan rather than benefit payment is a relatively sensible reform in principle, given that SMI enables homeowners to retain an asset and potentially gain substantially from rising house prices. But it must be introduced in a way that does not exacerbate affordability problems.

29. The Budget indicated that a repayment plan will be agreed when a person’s circumstances improve (for example they move back into work) or when the property is sold. SMI should never make a household’s situation worse – any repayment plan must be affordable and not compromise their ability to stay in their home.

30. More clarity is needed over the use of third party organisations that will administer the SMI as a loan. People in need of assistance should have free access to independent and impartial financial advice before applying for an SMI loan. It is inappropriate for an administering body to be both an advisor and administrator of loans.

31. An increase in the waiting period for SMI eligibility to pre-recession levels - up from 13 weeks to 39 weeks – is unnecessary. The move from a grant to a loan ensures the Government is able to recover the costs of supporting people to stay in their homes and may reduce demand for support. Delaying support from 13 weeks to 39 weeks will mean a significant and worrying delay in support for mortgage interest costs. Timely access to reasonable levels of credit should be beneficial, whilst waiting could increase the risk of people turning to toxic forms of debt, such as pay-day lenders or loan sharks, and risks accruing arrears.

RECOMMENDATION:

32. The Bill gives huge scope for the government to set the terms of repayments but more details are needed about the government’s intentions around repayments.

33. Urgent clarity is needed on how loans will be administered. The administration of SMI support should not conflate advice providers and loan providers.

34. Increasing the 13 week waiting period to 39 weeks is unnecessary in the long-term. The government no longer bears the risk of paying mortgage interest indefinitely with no hope of repayment. With this reduced risk, help should be made available sooner rather than later.

4) REDUCING SOCIAL RENTS

Section 19, pg. 18.

Key points:
— Shelter welcomes the reduction in rents for tenants in social housing but is mindful of the potential impact on future supply.
— Lost revenues for housing associations or local authorities wanting to build reinforces the need for funding for affordable homes to rent to be maintained so homes suitable for households on low incomes can still be built.
— It is welcome that housing benefit savings are being sought by reducing the cost of housing and this approach should be taken further by investing in genuinely affordable housing to shift public expenditure from benefits to bricks over time.

35. The Welfare Reform & Work Bill seeks to reduce social rents by 1% a year for four years. This is good news for those on low incomes in social housing, whose rent will be reduced. The policy will also mean large savings to the welfare budget for the Department of Work and Pensions.

36. Tackling housing costs in this way, however, must not undermine the viability of house building itself. Many housing associations and local authorities use social rent revenues to fund the building of more homes. The Office for Budget Responsibility estimates the reduction in social rents could result in 14,000 fewer homes being built, whilst the National Housing Federation estimates the loss to be as much as 27,000.

37. The UK already builds less than half of the houses it needs, reducing the number of homes built – even if rents are reduced for some in the meantime – will not bring down the cost of welfare sustainably in the long term. Housing associations and local authorities, therefore, need continued access to alternative forms of funding to continue to build affordable homes to rent.

38. Reducing the benefits bill can only be sustainably achieved through reducing the cost of housing, which this policy recognises and seeks to do. Further long-term reductions in housing benefit can be achieved if the government invests in genuinely affordable social housing. This will reduce reliance on the expensive private rented sector, meaning working households are less likely to require a housing benefit top-up and reducing the cost of housing people who continue to require support.

RECOMMENDATION:

39. For those local authorities and housing associations who use revenues from social rents to fund house building, the importance of grant funding for new homes to rent is reinforced. Funding should be protected, if not increased, to ensure the building of affordable homes to rent continues, helping to alleviate the high cost of housing and subsequently welfare spending.
5) **Removing Housing Benefit for 18-21s**

**Key Points:**
- Young people are already penalised under housing benefit rules and receive little support.
- Most young people do live at home until they can afford to move out, but living at home for many vulnerable young people is simply not an option.
- The government must bring forward proposals on robust and enforceable exemptions, which should be subject to full Parliamentary debate and scrutiny.

40. The decision to remove housing benefit from 18-21 year olds is highly regrettable. Shelter would never advocate the removal of housing benefit on the basis of age and rejects the proposition that a significant number of young people leave the family home in order to claim benefits.

41. Of the 17,000 18-21 year olds who will be affected by this change, 60% are in social housing and will have already met extremely strict criteria. The remainder of those eligible for help live in the private rented sector and receive the Shared Accommodation Rate, the lowest rung of housing benefit, barely enough to cover a room at the bottom end of the market.

42. For many young people, living at home is simply not an option, including those who have fled domestic violence or abuse, been asked to leave because of their sexuality, or have become estranged from their parents. Housing benefit helps people to live independently when living at home is no longer an option. Removing it may mean a choice between returning to a destructive family home or street homelessness.

**Recommendation:**

43. The government has made clear there will be exemptions for certain groups who cannot live with their parents but we would encourage them to come forward with details as soon as possible to ensure they are robust and practical. Shelter has welcomed the commitment to protect vulnerable people but maintains that this is the bare minimum required; even with exemptions, many young people will slip through the net and become homeless. We would urge the government to reconsider its position on removing housing benefit for 18-21s.

44. The decision to remove housing benefit from an age group on this scale is an unprecedented step and sets a worrying precedent. It is regrettable that such a measure will be implemented via regulations and we are concerned it will not receive sufficient scrutiny.

6) **Removal of the Family Premium**

**Section 12, pg. 13.**

**Key Points:**
- Removing the family premium and limiting support to a maximum of two children will lead to loss of income for low income working families.
- The changes will affect working households and will reduce housing benefit.
- The loss of income will exacerbate the financial pressure created by falling LHA rates.

45. The Summer Budget announced changes to the means test for housing benefit which will make it less generous for working families. Already overstretched family budgets will have to be squeezed further if families are to pay the rent. This will be particularly problematic for households affected by the freeze in LHA rates despite rising rents.

46. The Family Premium will be removed from the housing benefit calculation for new claimants from April 2016. This is an income allowance worth £17.45 per week for families with children and was designed to reflect the increased cost pressures that families face. We are disappointed that the DWP has not produced any modelling of the impact. The losses are potentially significant, for example Shelter calculates that a single parent working part time (20 hours a week) at the new national living wage would lose around £11 per week.

47. The housing benefit means test will no longer reflect the additional costs of a growing family from April 2017. New claimants will not be eligible for a ‘child allowance’ for third or subsequent children. This reflects new restrictions on tax credits for more than two children. It will reduce the amount of housing benefit larger families are eligible for. Again, we are disappointed that DWP has not modelled the financial impact of this.

**Recommendation:**

48. We are concerned that these changes, which will affect both in work and out of work households, subject to the housing benefit means test, will reduce affordability at a time when housing benefit is already increasingly inadequate. This will make it even more important that LHA rates reflect actual rents so families are not left with shortfalls. LHA rates should reflect the actual cost of renting.

*September 2015*
Written evidence submitted by Barnardo’s (WRW 36)

1. ABOUT BARNARDO’S

Barnardo’s supports more than 240,000 children, young people, parents and carers through over 960 services across the UK. This experience directly informs our policy positions.

2. INTRODUCTION

This briefing outlines Barnardo’s response to relevant clauses of the Welfare Reform and Work Bill. Our key concern is that measures in the Bill are likely to increase child poverty now and in the future, and could mean that families already struggling on low incomes become even poorer. We believe that the near repeal of the Child Poverty Act 2010, which passed with cross-party support, will send the message that the UK Government no longer considers ending child poverty to be an important goal. The Government cannot ignore the impact of growing up in a family struggling on a very low income. Whilst income is not the only measure that affects a child’s “life chances”, it does have an impact on health and life expectancy, academic outcomes, and future success in the work place. It is vital that the Government continues to report on an income measure, and considers the needs of children living in poverty whose parents are in work, as well as those in workless households. Finally, whilst the new “apprenticeship target” has the potential to transform young people’s lives, the Government must take action to ensure apprenticeships are accessible to those who need them most – including young people who have been in the care system.

3. SUMMARY OF KEY POINTS

— Clause 2: 20,000 of the three million new apprenticeships should be ring-fenced for care leavers;
— Clause 4: the Government should continue to report on an income-based measure of child poverty;
— Clauses 7 and 8: the household benefit cap should not include benefits for children, and it should be reviewed annually;
— Clause 9: safeguards should be introduced to mitigate the potential impact of the benefits freeze on vulnerable families (should inflation rise);
— Clauses 11 and 12: tax credits and the child element of Universal Credit should not be limited to the first two children;
— Clause 15: conditionality for parents with young children claiming out of work benefits should not be implemented until a number of safeguards are in place to prevent hardship.

4. CLAUSE 2 APPRENTICESHIPS REPORTING OBLIGATION

We welcome the Government’s commitment to create three million apprenticeships by March 2020. Apprenticeships have the potential to transform the lives of vulnerable young people, through a combination of college and work-based learning. However, the policy in its current form is unlikely to benefit young people facing the greatest challenges, including those who have been in the care system. The young people we support tell us they struggle to access apprenticeships, often due to the entry requirements, which often include five A*-C grades at GCSE. Care leavers’ school education is often disrupted due to multiple placements, which, combined with the impact of traumatic early experiences, means they are much less likely to achieve academically at the same rate as their peers. One of the consequences of this is that 34 percent of all care leavers are not in education, employment or training (NEET) at age 19 compared with 15.5 percent of 18 year olds in the general population.274

Proposed amendment: We are calling on the Government to amend the Bill to specify additional information that must be included in the Secretary of State’s progress report towards meeting the apprenticeship target. This information should include uptake of apprenticeships by young people who have been in the care system.

We also support amendments that would specify that information about the uptake of apprenticeships broken down by region, gender, age, ethnicity, disability, sector, qualification and level would be included in the Secretary of States report. This would encourage the Government and employers to ensure apprenticeships are accessed by vulnerable groups.

Proposed amendment: We are calling on the Government to amend the Bill to change the definition of the “apprenticeship target” to: specify that 20,000 apprenticeships will be reserved for young people who have been in the care system; these special apprenticeships will come with appropriate support to assist young people who have been in care with any barriers to accessing the workplace; and employers will receive a larger reimbursement to cover the additional costs.

5. CLAUSE 4 WORKLESS HOUSEHOLDS AND EDUCATIONAL ATTAINMENT AND CLAUSE 6 OTHER AMENDMENTS TO CHILD POVERTY ACT 2010

Barnardo’s believes the Government must continue to report to Parliament on progress against an income measure of child poverty. The Government’s proposal to replace the current measures, including the relative income measure with a) educational attainment and b) worklessness, would mean many children in low income

households would not be treated as living in poverty. The latest figures show that 3.7 million children are living in poverty in the UK (after housing costs),276 whilst there are up to 1.5 million children living in workless families in England.275 The likely consequence is that UK Government policy solutions would not in future cover the 2.2 million children living in income poverty but where one or more adult works.

The Government’s argument for shifting the focus away from an income measure is that increasing poor families’ incomes does not translate into equivalent improvements in children’s outcomes. The idea is that by reporting on educational attainment and worklessness, policy solutions will focus on these factors, leading to sustainable improvements in outcomes. Tackling educational attainment and worklessness is of course welcome. However, this ignores that fact that income poverty has a negative impact on children, whether or not their parents are in work. It also assumes that transition into work lifts families out of poverty, when evidence shows that, for about a third of people, entering employment does not lead to escaping poverty.277 Furthermore, proposed changes, including those contained in this Bill, will mean that many people transitioning into work in the future will receive less support from benefits and tax credits. This would make it less likely that moving into work would result in moving out of poverty.

For example, Barnardo’s has calculated that the proposed cuts to tax credits would mean that from April 2016, a lone parent working full time on the minimum wage for 37 hours a week with two young children would lose £1,200 a year, even after accounting for the increase in the minimum wage.

Changes proposed in the Bill would therefore result in a crucial gap in the way child poverty is reported on. By eliminating any income measure in the Government’s reporting duties there is a real risk that income-based child poverty will not be seen as an issue that needs addressing.

The current measure (60% of the median household income, based on annual data) is internationally recognised. However, it is not perfect. For instance, in a year of recession, where median incomes fall, a year on year measure would be likely to show a reduction in relative poverty.

We propose that by calculating the median income over a longer term, for example using pooled datasets of four years, it would moderate the effect of shorter term economic fluctuations. The result would be to produce a headline measure of income poverty on a rolling basis, showing the number of children in families below the rolling average poverty line. In addition to this headline measure, we should also look at the distribution of families and children along the whole income spectrum below the rolling average median income. For example, including the number of people at 30, 40 and 50 percent of the median income would allow for a more nuanced understanding to inform policy debate.

Proposed amendment: We are calling on the Government to reinstate reporting obligations on an income level of child poverty. We propose the use of a four year rolling average poverty measure.

6. CLAUSE 7 BENEFIT CAP

According to the Government’s impact assessment, an additional 224,000 children would be affected by the reduced cap in 2016/17, rising to 333,000 in 2017/18. 278 The Government argues that families can avoid this financial penalty by making the “choice” to move into work. Whilst we understand the rationale for incentivising employment, the idea that all parents receiving out of work benefits could “choose” to work if they wanted to ignores the complex reality of the challenges facing many of the vulnerable families we support.

The Government is right to say that it benefits children to live in a household where one or more parents work. However, children do not benefit from living in income poverty, and we oppose punitive measures which risk leaving children without the basics. We support amendments which would remove child benefit, child tax credit, guardian’s allowance and maternity allowance from the benefit cap.

7. CLAUSE 8 REVIEW OF THE BENEFIT CAP

The Bill gives the Secretary of State the power to increase or decrease the cap without parliamentary scrutiny, or consideration of the impact on vulnerable families and children living in income poverty.

We support amendments which would require the Secretary of State to review the cap every year and to take into account an annual report by the Social Security Advisory Committee on the level of the benefit cap when undertaking his review. The SSAC’s report would include an assessment of the impact on the benefit cap on the Discretionary Housing Payments Funds administered by local authorities.

8. CLAUSE 9 FREEZE OF CERTAIN SOCIAL SECURITY BENEFITS FOR FOUR TAX YEARS

Freezing key benefits could (depending on inflation) have a significant negative impact on vulnerable families, and risk increasing child (income) poverty. We are opposed to the freeze on this basis.

277 Analysis by the Office of National Statistic (ONS) of the EU-SILC longitudinal poverty data shows that between 2007 and 2012.
We support amendments that would subject the four year freeze to an annual review by the Secretary of State, which takes into account inflation and the national economic situation. If the freeze is enacted, these vital safeguards must be in place to mitigate the risk of harm to vulnerable families.

9. Clause 11 Changes to Child Tax Credit

This clause limits support for families with more than two children (with some very limited exceptions), so that child tax credit is only available for the first and second child. We know that children in larger families are already 1.4 times more likely to be living in poverty than families with one or two children. We therefore oppose this measure, on the basis that it is likely to have a significant negative impact on vulnerable families.

As the Government’s impact assessment makes clear, this policy will disproportionately affect black and ethnic minority (BME) families. These groups are more likely to live in poverty, and more likely to have larger families (sometimes for cultural or religious reasons), and this combination means they are more likely to be reliant on tax credits. All BME groups are more likely to live in poverty compared with White groups, with Pakistani and Bangladeshi households most likely to be living in poverty (at 40% and 35% respectively). Barnardo’s analysis also shows that non-white people are more than twice as likely to live in the 20 percent most deprived areas in the UK.

This measure would also have a detrimental impact on women who leave their partners as a result of domestic violence. A mother with more than two children who is forced to leave her partner should not be limited to claiming tax credits for just the two children. Parents cannot be expected to make decisions based on the possibility they could in the future become a victim of domestic abuse.

Proposed amendment: We are calling on the Government to remove this measure from the Bill.

10. Clause 12 Changes to Child Element of Universal Credit

As with child tax credit (above), this measure could have significant negative consequences for larger families, who are already more likely to be living in poverty. For these reasons we are opposed to this clause.

Furthermore, this could deter parents from moving into work, on the basis that if they are already claiming out of work benefits they would not be hit by the reduction in support, whilst if they enter employment but subsequently lose their job, they will no longer be entitled to the “child element” of Universal Credit for more than the first two children.

 Proposed amendment: We are calling on the Government to remove this measure from the Bill.

11. Clause 15 Universal Credit: Limited Capability for Work Element

We welcomed the Government’s recent announcement that working parents of three and four year olds in England would be entitled to 30 hours’ free child care. This could, subject to how it is implemented, enable many parents to return to work and progress with their careers.

This clause would increase conditionality on parents of three and four year olds so that they will have to undertake work-related activities. Whilst in principle, this makes sense in the context of increased free child care in England, we have concerns about the implementation of the policy.

Proposed amendment: We are calling on the Government to ensure that the increased conditionality on parents with three and four year old children does not have an adverse effect on vulnerable families. The Government must ensure that the new requirements on parents come into force only after:

— the Childcare Bill 2015 has been implemented in full and parents of three and four year olds can access appropriate childcare;
— the Secretary of State sets out what childcare will be available to parents who are looking for work;


Ethnic minority households may be more likely to be impacted by these changes. This is because they are, on average, more likely to be in receipt of these benefits, and on average have larger families.
the Secretary of State has published an assessment of the impact of the new requirements on parents outside England, in the context of childcare entitlement in the devolved nations;

— the Secretary of State has undertaken a full review of the sanctions regime;

— the Secretary of State has issued guidance on the use of sanctions in respect of families with young children.

September 2015

Written evidence submitted by Action for Children (WRW 37)

SUMMARY

— The introduction of a Life Chances Act can support a more holistic approach to tackling poverty. However, the definition of life chances in the Bill overlooks the crucial development period of birth to age five. Educational deficits emerge early in children’s lives, even before entry into school, and widen throughout childhood.280

— The number of children living in poverty in the UK is set to rise by 2020. Improving the life chances of future generations must be underpinned by security – ensuring the material basics of a decent childhood are in place. To do this effectively, the income measures and targets set out in the Child Poverty Act 2010 should be retained. They recognise how financial security affects children’s everyday experiences, and impact opportunities to grow up healthy and learn.

ABOUT ACTION FOR CHILDREN

1. Action for Children supports over 300,000 children and families each year through 650 services across the UK. As a pioneer of the early help approach, we have a track record of success in delivering truly integrated services and improving children’s life chances.

2. Action for Children are a member of the End Child Poverty Coalition which works to hold the Government, and all main political parties, to account for their commitment to eradicate child poverty in the UK.

A LIFE CHANCES ACT

3. The Government’s intention to expand the understanding of poverty has merit. The inclusion of reporting obligations at the end of Key Stage 4 as part of a new Life Chances Act shows an understanding of the link between a good education and positive outcomes in later life.

4. However, Clause 4 only requires the Secretary of State to report on educational attainment at Key Stage 4 (age 16). A Life Chances Act that doesn’t include milestones throughout a child’s life will mean that vital developmental stages in the early years will be missed.

5. The early years are a crucial developmental period. Evidence demonstrates the rapid brain development in the first two years of a child’s life provides the foundations for their future health and wellbeing.281

6. Development in the early years is strongly associated with positive outcomes in later life. Cognitive ability in the early years is highly predictive of subsequent achievement, with a strong relationship to educational success at school and income at age 30.282

7. Children who are failing behind at age five face an uphill challenge to catch up. Children who arrive at primary school in the bottom range of ability tend to stay there. Research shows that over half (55 per cent) of children who are in their bottom 20 per cent of attainment at age seven (Key Stage 1) remain there at age 16 (Key Stage 4).283

8. The importance of the early years to future educational attainment and outcomes means this period should be included in a Life Chances Act. However, there is a critical debate to be had about whether a duty to measure and report can ever be a driver of change without associated targets.

9. Keeping income as a central part of a Life Chances Act would increase the likelihood of children achieving good educational attainment, and going on to successfully engage in training and employment. Research shows that parents on low incomes may have more negative attitudes to education, not have the time to engage with

schools and be unable to provide the physical environment to support study. 284 Parents’ involvement in their children’s education is directly related to their outcomes, as involvement increases, so does attainment. 285

RETTAINING THE CHILD POVERTY ACT TARGETS

10. The Child Poverty Act 2010 sets out a legal obligation for Government to reduce the number of children living in relative poverty to 1.3 million by 2020. 286 However, under the current measure of poverty (before housing costs) there were 2.3 million children living in poverty in the UK in 2013-14 and the number is set to rise to 3.0 million by 2020. 287

11. Targets and measures provide accountability and create a legal requirement for Government to tackle child poverty. The measures included in the Child Poverty Act 2010 emerged from considerable consultation and consideration by HM Treasury. The four measures in the Act, relative and absolute poverty, material deprivation and persistent poverty are included because they recognise the damage a lack of resources can have on children’s wellbeing and how it can effect their life chances.

12. Research shows that growing up without financial security can significantly affect children’s wider outcomes. It has a strong relationship with educational prospects, health and wellbeing. 288 It influences children’s environment, and can lead to them experiencing stigma and anxiety. 289 Parents in poverty may struggle to provide a warm and nurturing environment for children due to the pressures of living on a low income and dealing with debt. The associated stresses of poor mental and physical health, unstable and inadequate housing and poor relationships can impact their capacity to parent. 290

13. We cannot ignore the lived experience of child poverty in the here and now. We know that a combination of approaches is needed to tackle the scale and impact of poverty, including measures that provide children with financial security as well as reduce the unfairness of inequality by increasing social mobility.

14. Rather than scrapping the measures and targets in the Child Poverty Act 2010, this Bill should build on them to form the basis of a new life chances approach. We would like to see an approach which addresses the immediate problems caused by low income and has one eye to the future to break cycles of intergenerational poverty.

CONCLUSION

15. The care and nurture children receive in the earliest years of their life provides the building blocks for them to succeed at school, and throughout adulthood.

16. A Life Chances Act must require the Secretary of State to report on developmental milestones throughout childhood, with a focus on the early years. However, there is a critical debate to be had about whether a duty to measure and report can ever be a driver of change without associated targets.

17. In addition, we urge the Government to take a twin track approach. Improving the life chances of future generations must be underpinned by security – ensuring the material basic of a decent childhood are in place. To do this effectively, the income measures and targets set out in the Child Poverty Act 2010 should be retained. They recognise how financial security effects children’s every day experiences, as well as impact upon opportunities to grow up healthy, learn and grow. Without the dual focus, we are concerned that the future we should strive towards for all children will not be reached.

September 2015

Written evidence submitted by Inclusion London (WRW 38)

INTRODUCTION

1. INCLUSION LONDON

Inclusion London is a London-wide user-led organisation which promotes equality for London’s Deaf and disabled people and provides capacity-building support for Deaf and disabled people’s organisations in London.

2. **DISABLED PEOPLE**

There are:

- Approximately 12.2 million disabled adults and children in the UK\(^{291}\)
- Approximately 1.4 million Deaf and disabled people living in London\(^{292}\)
- Just under 1.3 million disabled people aged 16 to 64 years are resident in the London.\(^{293}\)

**DEAF AND DISABLED PEOPLE’S FUTURE**

3. Deaf and Disabled people wish to participate in the community, in education, in employment and in public life, have a family and a social and cultural life etc. For Deaf and Disabled people this is ‘independent living’ and ‘full inclusion and participation in the community’.\(^{294}\) Disabled people have right to independent living under the UN Convention on the Rights of Persons with Disabilities (UNCRPD) The state has a responsibility to ‘...take effective and appropriate measures to facilitate’ this.

4. **ARTICLE 28 OF UNCRPD STATES THAT DISABLED PEOPLE HAVE RIGHT TO**

   ‘an adequate standard of living for themselves and their families, including adequate food, clothing and housing, and to the continuous improvement of living conditions’.\(^{295}\)

We would like to see all Deaf and Disabled people lifted out of poverty and welfare benefit system that ensures at a minimum ‘an adequate standard of living’.

5. Inclusion London believes the UNCRDP should be placed in domestic law to increase the is equality of opportunity in education, employment and the other areas set out in the UNCRDP and help ensure that Deaf and Disabled people’s independent living becomes a reality.

**CONTEXT OF THE WELFARE REFORM AND WORK BILL**

**POVERTY**

6. The measures contained in the Welfare Reform and Work Bill (the Bill) are being brought in at a time when many Deaf and Disabled people already live in poverty, as government figures for 2013/14 reveal:

- ‘for those living in families where at least one member is disabled, show 3.7 million individuals in relative low income, whilst there were 4.1 million under the absolute low income measure’, before housing costs (BHC).\(^{296}\)
- Working-age adults are much more likely to live in relative low income if their family contains a Disabled person, than families with do not contain a Disabled person (32% and 18% respectively After Housing Costs).

**IMPACT OF PUBLIC SECTOR SPENDING CUTS**

7. Disabled people have already been disproportionately impacted by welfare reform and tax cuts, as shown by The Equality and Human Rights Commission’s report, which says:

   “The impacts of tax and welfare reforms are more negative for families containing at least one disabled person, particularly a disabled child, and that these negative impacts are particularly strong for low income families”.\(^{297}\)

8. Deaf and Disabled people are also disproportionately hit by cuts to Local Authorities, which spend 35% of their budgets on care and support:\(^{298}\) According to the ADASS resources for care and support have fallen by 26% since 2010, as a result 400,000 fewer people have received social care support.\(^{299}\)

9. Many Disabled people’s care has been cut down to a very basic clean and feed model of care, as a result full inclusion and participation in the community has become impossible.

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\(^{294}\) http://www.un.org/disabilities/default.asp?id=279

\(^{295}\) http://www.un.org/disabilities/default.asp?id=288


FURTHER WELFARE BENEFIT REFORMS

10. While the New Living Wage (NLW) is welcome it does not offset the impact of the changes to welfare benefits and tax credits set out in the Welfare Reform and Work Bill, especially regarding those on low incomes as research shows:

‘The new NLW offers such little compensation because the boost to gross wages is smaller than the announced fiscal tightening ……’

— ‘The average losses from tax and benefit changes in deciles 2, 3 and 4 of the household income distribution are £1,340, £980 and £690 per year, respectively. These same groups are estimated to gain £90, £120 and £160 from the new NLW (again on a “better case” scenario)’.

SHORT TERM GAINS

11. We are concerned that while the government may make short term financial gains by the reforms to benefits and tax credits contained in the Welfare Reform and Work Bill, there will be a long term serious impact on Deaf and Disabled people’s independent living, mental health and wellbeing, that will prove very costly in terms of the impact on Deaf and Disabled people lives but will also have a cost implication because of the increased in demand on health and care services.

SUMMARY OF COMMENTS ON WELFARE REFORM AND WORK BILL

EMPLOYMENT AND APPRENTICESHIPS

12. Inclusion London welcomes the government’s intention to increase employment and the initiative to create more apprenticeships, but the progress of these aims needs to be monitored in relationship to Deaf and Disabled people.

WELFARE REFORM

13. Inclusion London believes that Deaf and Disabled people and all those on low incomes have already been disproportionately affected by the measures in the Welfare Reform Act 2012 as the evidence above shows. Therefore we oppose the changes to welfare benefits proposed in the Welfare Reform and Work Bill mentioned below, because yet again those on low incomes and Deaf and Disabled people are going to bear the brunt of these reforms.

14. We strongly oppose the changes in the amount of benefit paid to those receiving Employment Support Allowance (ESA) in the Work Related Activity Group (WRAG). We are very concerned about the impact on Deaf and Disabled people of the change in the benefit cap, and freeze on some benefits for four years and the changes to Tax Credits and Universal Credit. Therefore we have recommended a number of amendments to the Bill, to help protect Deaf and Disabled people from the impact. The amendments are listed below.

15. Recommended amendments:

Clause 1: The government reports on progress on halving the employment gap between Deaf and Disabled people and non-disabled people. The report captures good practice and shares effective models of into work support.

Clause 2: The government reports on the number of apprenticeships taken up by Deaf and Disabled people. The report should capture and share good practice in supporting Deaf and Disabled people into apprenticeships.

Clause 7: Households containing Deaf and Disabled people, (as stated under Article 1 of the UNCRDP) are exempt from the benefit cap.

Clause 8: The impact of the benefit cap on Deaf and Disabled people and their families should be reported to parliament.

Clause 9: Households containing Deaf and Disabled people, (as stated under Article 1 of the UNCRDP), are exempt from the four year freeze on social security benefits.

Clause 9: The impact of the freeze of benefits on Deaf and Disabled people and their families should be reported to parliament.

Clause 10: Deaf and Disabled people, (as stated under Article 1 of the UNCRDP) are exempt from the four year freeze on tax credits.

Clause 11 and 12: Households containing Deaf and Disabled children are exempt from changes to child tax credit and changes to the child element of universal credit.

Clause 13 is removed.

16. Below Inclusion London comments on the contents of the Welfare Reform and Work Bill below and explains why we have recommended the amendments above.

REPORTS

Clause 1 Full employment: reporting obligation

17. We welcome the government’s intention to increase employment and half the employment gap between Deaf and Disabled people and non-disabled people. We also welcome the government’s acknowledgement that the gap isn’t due to a ‘lack of aspiration’ on the part of Deaf and Disabled people, but due to barriers.302 Deaf and Disabled people’s organisations have developed a model of support that is effective in supporting Deaf and Disabled people into employment, which involves:

— Effective engagement with local employers.
— A personalised approach which looks holistically at Deaf and Disabled people’s needs.
— Specialist employment coaching with intensive long term support, including inwork support when appropriate.

18. Government funding needs to be available for the intensive, long-term support needed by Deaf and Disabled people provided by small, local user led organisations Deaf and Disabled people’s organisations, which have the necessary expertise to provide the support. We recommend that the government report captures good practice and shares models of effective into work support for Deaf and Disabled people.

19. We recommend the following amendment:

Clause 1: The government reports on progress on halving the employment gap between Deaf and Disabled people and non-disabled people. The report captures good practice and shares models of effective into work support.

Clause 2 Apprenticeships reporting obligation

20. We welcome the government’s initiative to provide more apprenticeships. However, the schemes need to be inclusive and accessible so they can be available to all interested Deaf and Disabled people. We would welcome reporting that captures and shares good practice in supporting Deaf and Disabled people into apprenticeships

21. We recommend the following amendment:

Clause 2 – Government reports on the number of apprenticeships taken up by Deaf and Disabled people. The report captures and shares good practice in supporting Deaf and Disabled people into apprenticeships.

WELFARE BENEFITS

22. We are very concerned that Deaf and Disabled people and people on low incomes are bearing a disproportional impact of public spending cuts. We believe Deaf and Disabled people and those on low incomes should not be increasingly burdened with the government’s ambition to cut the deficit. We oppose the changes to Welfare Benefits in the Bill mentioned below, but wish to ensure that at a very minimum Deaf and Disabled people are protected from them. Therefore we recommend the amendments below:

Clause 7 Benefit cap

23. The Bill lowers the benefit cap so the amount of welfare benefits a household can be entitled to is to be capped at £23,000 in London and £20,000 outside of London.

24. We are concerned that there are many Deaf and Disabled people that are not in receipt of Disability Living Allowance (DLA) or the Personal Independence Payment (PIP) will be affected by the cap. We believe that all Deaf and Disabled people should be protected by the cap not just those on DLA/PIP.

25. Therefore we recommend the following amendment:

Clause 7 – Households containing Deaf and Disabled people (as stated under Article 1 of the UNCRDP) are exempt from the benefit cap.

Clause 8 Review of benefit cap

26. The impact assessment did not give any consideration to the impact on the Deaf and Disabled people that are affected by the benefit cap. Therefore we recommend the following amendment

Clause 8: The impact of the benefit cap on Deaf and Disabled people and their families should be reported to parliament.

Clause 9 Freeze of certain social security benefits for four tax years.

27. We are concerned that many Deaf and Disabled people do not claim DLA/PIP and therefore will be subject to four year freeze on Jobseekers Allowance and Housing Benefit starting from 2016/17.

28. The support component element of ESA is exempt from the freeze (about £35 per week) but the basic rate of the ESA payment (£73.10) will not be exempt, so all ESA claimants even those in the support group, (who

have been assessed as not being able to undertake work or work-related activities) will feel the impact of this freeze.

29. As mentioned above many Disabled people already live in poverty, therefore we believe all Deaf and Disabled people should be exempt from the freeze on benefits.

30. Therefore we recommend the following amendment:

**Clause 9: Households containing Deaf and Disabled people, (as stated under Article 1 of the UNCRDP) are exempt from the freeze on social security benefits.**

31. The impact assessment did not give any consideration to the impact on the Deaf and Disabled people that are affected by the benefit freeze. Therefore we suggest the following amendment:

**Clause 9: The impact of the freeze of benefits on Deaf and Disabled people and their families should be reported to parliament.**

**Clause 10 Freeze of certain Tax Credit amounts for four tax years**

32. Many Deaf and Disabled people are already living in poverty and are already struggling to cope with the impact of the measures in the Welfare Reform Act 2012.

33. Therefore we recommend the following amendment:

**Clause 10 Deaf and Disabled people, (as stated under Article 1 of the UNCRDP) are exempt from the four year freeze on tax credits**

**Clause 11 Changes to child tax credit and Clause 12: Changes to child element of universal credit**

34. We are also concerned about the impact on families of Deaf and Disabled children of the proposal to limit Child Tax Credit to two children. Many families with Deaf and Disabled children are already struggling to cope with basic fuel, food and rental bills.

35. Therefore we recommend the following amendment:

**Clause 11 and 12: Households containing Deaf and Disabled children are exempt from changes to child tax credit and changes to the child element of universal credit**

**Clause 13 Employment and support allowance: work-related activity component**

36. The Chancellor in his speech July 2015 budget speech that,

> “First, welfare system should always support the elderly, the vulnerable and disabled people”. 303

Employment and Support Allowance (ESA) is a benefit specifically for Deaf and Disabled people, yet nearly £30 a week will be cut from ESA for new claimants in Work Related Activity Group (WRAG). ESA will be reduced from £102.15 a week to £73.10, from April 2017, bringing the rate of benefit down to the level of Jobseeker’s Allowance. We strongly oppose this measure for the following reasons:

37. The Government hopes the reduction in ESA will provide an incentive to Disabled people to take steps to find work. However, Disabled people not been placed in the WRAG because of a lack motivation or a lack of a positive attitude, but because their impairment or health condition prevents them from working, incentives cannot change this.

38. The government has not presented any evidence, which shows that reducing ESA will act as an effective incentive.

39. The Minister for Work and Pensions has recognised that Deaf and Disabled people do not ‘lack the aspiration’ to find work and spoke of addressing employer’s reluctance to employ Disabled people,304 however, this discrimination is a long term entrenched problem, which will take time to combat. Likewise the Minister spoke of an increase of funding to improve into work support305 but this funding has not had time to take effect and models of support that are effective need to be implace. It is totally inappropriate to reduce ESA until these and other barriers such as the lack of reasonable adjustments by employers and lack of accessible public transport are effectively addressed, otherwise Deaf and Disabled people are being penalised for their impairments.

40. ESA, unlike Jobseekers Allowance, (JSA) is not intended to be a short term benefit for those that a likely to find work in the near future. Those in the WRAG ‘are not expected to work’306 due to their impairment or health condition and may be on ESA for some time. The impact of being on a low income accumulates over time as savings are used up and delayed bills and expenses have to be paid – so it is reasonable that the amount of ESA paid takes this longer move towards employment into consideration. It is vital that ESA for those in the

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WRAG remains a benefit for Deaf and Disabled people that ‘are not expected to work’ and that it is not seen as short term benefit with a reduction in the amount paid.

41. A reduction in the amount of benefit received is likely to act as a disincentive as many Disabled people are already struggling financially and a further loss of income will make it more difficult to cope with basic costs of living, which is likely have an impact on a person’s mental health and wellbeing and reduce the ability to focus on becoming work ready.

42. This is relevant because by far the largest impairment group claiming ESA in the WRAG have 'Mental and Behavioural Disorders', (approximately 250,000 people) and therefore may be more vulnerable to the stress caused by the extra financial strain, and the additional pressure to move towards employment.

44. Therefore we recommend the following amendment:

Clause 13 is removed.

That concludes Inclusion London’s recommendations concerning the Welfare Benefit and Work Bill.

September 2015

Written evidence submitted by the Royal National Institute of Blind People (RNIB) (WRW 39)

SUMMARY

This submission focuses primarily on the proposed abolition of the Work-Related Activity Group (WRAG) component for new claims for Employment and Support Allowance (ESA) from April 2017 (clause 13). The points made are also relevant to the corresponding measure relating to Universal Credit (clause 14).

The submission seeks to demonstrate that the proposed measure would not only cause financial hardship to the claimants concerned, but would introduce structural anomalies and disincentives into this part of the benefit system.

1. INTRODUCTION

1.1 RNIB is the leading charity for blind and partially sighted people in the UK. We are a membership organisation with over 10,000 members who are blind, partially sighted or the friends and family of people with sight loss. Part of our work is to campaign on behalf of and fight for the rights of people with sight loss across the UK.

1.2 RNIB is a member of the Disability Benefits Consortium (DBC) which has provided a separate submission to the Committee.

1.3 The Welfare Reform and Work Bill would have the effect of freezing or reducing a number of benefits which, while not necessarily specifically intended for disabled people, are nevertheless disproportionately received by them. This is because most of the benefits concerned are means-tested and disabled people, whether in or out of work, are disproportionately likely to be on a low income.

1.4 The DBC submission argues in favour of various amendments relating to: employment and apprenticeship (clauses 1-2); the benefit cap (clauses 7-8); the four-year freeze of various benefits and tax credits (clauses 9-10); the “two child limit” on Child Tax Credit and Universal Credit (clauses 11-12); the abolition of the WRAG component of ESA (clause 13); and Universal Credit work-related requirements in respect of carers for disabled children (clause 15).

1.5 RNIB was party to and fully supports these recommendations. However, in this submission, we wish to focus on the penultimate issue in the above list, the proposed abolition of the ESA WRAG component for new claims from April 2017 (clause 13). The points made are also relevant to the corresponding measure relating to Universal Credit (clause 14).

2. EMPLOYMENT AND SUPPORT ALLOWANCE (CLAUSE 13)

2.1 When people are assessed as currently not being “fit for work” they are placed in either the ESA Support Group (for those with substantial disability or terminal illness) or in the WRAG.

2.2 The Welfare Reform and Work Bill seeks to legislate to reduce the amount of support new claimants receive within the ESA WRAG from (at current rates) £102.15 a week to £73.10 – the same rate as Jobseeker’s Allowance (JSA). This is despite the fact that the ESA WRAG is specifically there to provide support for those who are assessed as being able to undertake work-related activity and move towards employment, but who are not yet fit for work. That is, they may be on the way, but are not there yet.

309 Submission to the Welfare Reform and Work Bill Public Bill Committee, Disability Benefits Consortium, 1/9/15.
2.3 While some will be able to benefit from work related activity (and indeed are sanctioned if they do not participate) others may experience a deterioration in their condition. Many will spend some considerable time in the WRAG and the extra payment, compared with JSA, is designed to reflect this. 60 per cent of those on JSA move off the benefit within six months – almost 60 per cent of those in the ESA WRAG are there for at least two years. This reflects their disability and the associated obstacles to employment, employers’ attitudes among them, not (at £102.15 a week) a comfortable income on benefit.

2.4 Those who do manage to find a job and then lose it again after 12 weeks would only be able to re-claim ESA at the reduced rate – not much of a work incentive. The corresponding “linking rule” in Universal Credit would be 6 months, which is better, but still only slightly eases a real work disincentive.

2.5 This measure is counter-productive in terms of work incentives for other reasons also. Cutting the ESA WRAG rate to the bare minimum, causing hardship, debt and stress, is unlikely to help disabled people seek work effectively, being more likely to disrupt their work capability preparations. Worrying about paying bills and just surviving will make it harder, not easier, to be ready to look for a job.

2.6 Moreover, the financial differential between the WRAG and Support Group would become hugely problematic. At current benefit rates, it is £7.15 per week. Under the proposed regime, it would be £36.20.

2.7 Among the effects of this:

— those in the Support Group who might be interested, in spite of their ill-health or disability, to try their hand at some work-related activity, would now face a huge disincentive;
— those in the WRAG with the most serious health problems or disabilities would have a strong incentive to seek to move into the Support Group;
— those wrongly placed in the WRAG, who should be in the Support Group, would be even more severely disadvantaged than now by poor decision-making;
— the anomaly whereby visually impaired people who are Braille readers can be excluded from the Support Group would be even more unfair in its effect (visually impaired people who would otherwise be in the Support Group can be placed in the WRAG if they can read Braille, even if they have no realistic prospect of moving into work).

2.8 All of this would work against the Government’s professed aim to halve the disability employment gap (the much lower employment rate of disabled people compared to their non-disabled counterparts).

2.9 Speaking of which, Ministers have argued that JSA claimants receive significantly greater support than ESA claimants in finding work – much more should be provided to people in the ESA WRAG. This is true, but confuses the issues. People getting JSA should receive high-quality support to find work. People getting ESA who are in the WRAG should receive high-quality support to prepare for the point at which they are able to look for work. The two should not be conflated. Improved support in preparing for work has been promised by Ministers and is very welcome. This, not counter-productive benefit cuts, has to be the answer.

2.10 It will not do to argue, as some have, that Personal Independence Payment (PIP) can substitute for the reduced WRAG payment. The additional sum (just under £30 per week) paid to an ESA claimant in the WRAG, compared with the JSA rate, is designed to reflect the additional costs of being on a very low income for a longer period than would normally be the case for a non-disabled person. In other words, clothes and essential consumer goods wear out and need replacing, while a very low income means that building up savings is not practicable. PIP, on the other hand – for those who qualify – is designed to recognise the additional costs of disability, such as transport, paying someone to do the shopping, or abnormal wear and tear on clothing. It is important not to confuse the two purposes.

2.11 Of course, some claimants may in practice use their ESA WRAG component partly to meet the extra costs of disability and some may spend their Disability Living Allowance or PIP on expenses arising from a lengthy period on a low income, but the purposes of the two payments complement each other and many disabled people will need both to get by.

3. CONCLUSION

3.1 It is difficult to escape the conclusion that a saving has been identified here without the considerable implications, in terms not only of hardship but also of structural anomalies and disincentives, having been thought through.

3.2 We hope that the information and argument presented above will convince members of the Committee that the changes contained in clauses 13 and 14 of the Bill should not proceed.

September 2015
Written evidence submitted by The Children’s Society (WRW 40)

About the Children’s Society

The Children’s Society is a leading charity committed to improving the lives of some of the most disadvantaged children and young people across the country working through our research, campaigns and direct services. Our direct work with vulnerable groups – such as disabled children, children at risk exploitation, children in or leaving care, refugee, migrant and trafficked children – means that we can place the voices of children at the centre of our work.

Introduction

The Welfare Reform and Work Bill includes the repeal of the income targets and associated duties to eradicate child poverty set out in the Child Poverty Act 2010, in addition to a number of measures contained in the July 2015 Budget. The Children’s Society has a number of concerns with regard to the impact of these reforms on all children living in poverty and material deprivation, including children living in low income working families. This briefing covers clauses 4-6, 9 and 10.

The Impact of Income Poverty on Children (Clauses 4-6)

There is abundant evidence that children growing up in lower income households do less well than their peers on a range of wider outcomes, including measures of health and education. For example, one recent review\(^{111}\) has shown that children in lower-income families have worse cognitive, social-behavioural and health outcomes, and illustrated that this is not just because low income is correlated with other household and parental characteristics. The review also highlighted that increasing household income could substantially reduce difference in schooling outcomes, while also improving wider aspects of children’s well-being. Importantly longer-term poverty – linked to the specific target around reducing persistent poverty – affects children’s outcomes more severely than shorter-term poverty.

The importance of family income is also highlighted in the recent research published by the Social Mobility and Child Poverty Commission which highlights that: “children from less advantaged family backgrounds who were high attaining in early cognitive skills assessments are found to be less able or at least less successful at converting this early high potential into career success.” The report goes on to explain that “families with greater means at their disposal, financial and otherwise, are assisting their children to accumulate skills, particularly those which are valued in the labour market.” For example, the study finds that children from higher family income groups at the age of 10 are more likely to have high hourly labour income at age 42 while the opposite is true for children from lower family income groups.\(^{111}\) The Government must consider the impact that significant cuts to family income will have on children’s school attainment and life chances.

Additional Measures (Clause 4)

The Children’s Society has welcomed many of the steps the current and previous Government have taken towards addressing child poverty both now and in the future. This includes additional support with childcare costs for families in receipt of universal credit, and providing free school meals for all children aged 5-7. Measures such as these will make a real difference to children in low income families.

Worklessness and lack of access to employment is unquestionably a key driver of child poverty. Where one or more parents are out of work as a result of illness or unemployment, households are considerably more likely to be in poverty. It should be noted, however, that while work can be a key route out of poverty, it is by no means a guaranteed one. In recent years the proportion of families in working poverty has grown substantially. The UK currently has one of the highest rates of low pay in the developed world: over 20% of full-time employees earn less than two-thirds of the pay of the median full-time worker compared to 16% in the OECD as a whole. Furthermore, recent Government data highlights that the majority of children in poverty – 63% – are living in working households.\(^{112}\)

Given what we know about the impact of family income on children’s success in the labour market in adulthood, reporting on a measure focussed solely on children in workless households will not address the pernicious effects of childhood poverty or indeed improve the life chances of millions of children in the UK.

Recommendation: We recommend that the Government introduce a reporting requirement for the Secretary of State regarding the number of children living in low income working families.

One additional measure which we would recommend that the Government consider is the number of families and children impacted by problem debt. Our Debt Trap report shines a light on the strain that living in debt places on children and parents. It means that children miss out on the things their peers take for granted, but

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can cause problems in every area of a child’s life – arguments at home, isolation and being bullied at school, to name just a few. Families trapped in problem debt are more than twice as likely to argue about money problems, leading to stress on family relationships, and causing emotional distress for children.

**Case Study – Barbara’s Story**

Barbara is a divorced, single mother with two children, living in her own house, with a mortgage. She is currently living on benefits, with a monthly income of around £1,100, although she is actively pursuing paid work.

Before having her second child, Barbara had juggled work and study, first training as a teacher and working full time, then working in schools while she studied for higher degrees. She stopped working when she had her second child because her job at the time involved a lot of travel.

Barbara first got into debt in 2008, when she and her partner took out a £5,000 bank loan to pay for their wedding. They also took out a £2,000 bank loan to buy bedroom furniture. Both loans were in Barbara’s name and she and her husband were working at the time and repaying their loans. When Barbara had their daughter in 2011 and stopped working, things got a bit trickier financially, but they were still managing on the money that her husband was earning, and Barbara always intended to return to work.

In 2013, Barbara’s husband woke her up one morning and informed her that he was moving out. Once the initial shock had subsided, Barbara began dealing with the emotional fall out from her husband’s sudden departure, which had a significant impact on her and her children. She also began taking steps to manage her finances; she sold her car and applied for benefits and help with the mortgage.

> ‘I’ve just been trying to cut back on a lot of things. Like I had to explain to [my son] that certain things he couldn’t have any more and we buy basics, I look at bottom shelves and look for bargains and things.’

Of course debt can be experienced by families with high income, where children are not affected by poverty and as a result their outcomes are not affected in the same way. Therefore, any measures and targets around problem debt should complement – rather than replace – existing income-based measures and targets to eradicate child poverty.

**Recommendation:** We recommend that the Government introduce a reporting requirement for the Secretary of State regarding the number of children living in families living in problem debt.

**Repeal of the Child Poverty Act (Clause 6)**

By repealing sections (1-7) of the Child Poverty Act 2010 (Clause 6), the Welfare Reform and Work Bill removes the duty on the Government to report on child poverty targets according to the four key targets for eradicating poverty by 2020: relative low income, combined low income and material deprivation, absolute low income and persistent poverty. These measures were set to take into account the different facets of child poverty and in recognition that no one measure is sufficient on its own.

Relative low income is a widely used measure both in the UK as well as in the rest of Europe: whereby children are considered to be poor if they live in households with income below 60% of the household median. This child poverty measure recognises that it is not enough that children’s basic needs are met – that they have food, shelter and clothing (although our research highlights that this is not the case for many children living in poverty in the UK today), but they also require the resources necessary for them to participate in the same activities as their peers. Relative child poverty allows us to capture the idea that being poor is in part about children being excluded from participating in what are considered to be ‘normal’ activities for their peers – things that others take for granted.

Government data released in July revealed that whilst child poverty remained static between 2012/13 and 2013/14 at 3.7m children in poverty after housing costs (AHC), the number of children in families living on less than 50% of medium income has risen from 2.2m to 2.4m – meaning that there are 200,000 more children living in the most severe poverty. Although much progress has been made already in lifting children out of poverty, eliminating the targets now would divert attention and much needed action from these important goals.

**Duties on Local Authorities to Contribute to Eradicating Child Poverty (Clause 6)**

Clause 6 of the Bill also removes the duty on local authorities to produce a child poverty needs assessment and to work collaboratively to eradicate child poverty. This duty was established as part of the Child Poverty Act 2010 and was aimed at ensuring that action was taken at a local level to develop an understanding of the way that poverty was experience by local residents, and to come up with an effective set of steps to ensure that the circumstances were mitigated to the greatest possible extent.

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Producing Child Poverty Needs Assessments and Strategies have helped to focus local authorities priorities on ways and means of addressing child poverty in a local area. This has been particularly powerful when it is addressed at a city region level. A good example of this is the Liverpool City Region Child Poverty & Life Chances Strategy. As this strategy document rightly points out “Growing up in poverty can affect every area of a child’s development and future life chances.”

They are intended as a tool to help inform the development of plans, including the child poverty strategy, policies, commissioning and services across an area.

However, given the Government’s renewed focus on children’s life chances, this would provide an opportunity to ensure that local authorities focus on the action that they can take both to address child poverty and to improve children’s life chances.

Recommendations:

— The Government should retain child poverty targets and duties from the Child Poverty Act to make sure that income poverty continues to be central consideration in child poverty and life chances policy. Whilst the life chances measures set out are welcome, we recommend that the Government use these as additional to the measures set out in the Child Poverty Act.

— In line with their renewed focus on children’s life chances, the Government should introduce a requirement for all local authorities to produce a children’s life chances and child poverty strategy.

— Statutory agencies should work collaboratively to eradicate child poverty and improve the life chances of children and young people in the area.

Work Allowances To Be Included in 4 Year Benefit Freeze (Clauses 9 And 10)

Certain working age benefits, certain elements of tax credits and child benefit will be frozen at their 2015/16 levels for four years between 2016/17 and 2019/20. The Bill introduces a four year freeze on working age benefits. This will apply to a wide range of benefits and tax credits, including those paid on account of children in the household.

Since the freeze affects benefits and tax credits for working families as well as those for non-working families, work incentives could risk being actively undermined. Figure 1 below shows the loss to a couple with three children earning £400 per week (assuming no Housing Benefit entitlement) as a result of the introduction of a four year benefit freeze, based on OBR forecasts for RPI inflation. As can be seen, by 2020 the loss amounts to £34.20 per week for a typical low income working family compared to support rising in line with costs of living. A similar family with no earnings would lose £36.75 by the same point. Note – this is only the impact of benefit freezes, other losses such as the removal of the family element of child tax credits are not included.

Figure 1: Couple with 3 children earnings £400 per week (gross), real terms weekly loss as a result of benefit/tax credit freeze for each year to 2020

Work incentives for families on low income

The July Budget introduced new measures (introduced through a statutory instrument in the House of Commons on Tuesday 15 September) to reduce levels of income disregards in tax credits and work allowances in universal credit. These levels set the amount of earnings that a family in receipt of benefit can keep before additional earnings start to affect their benefit entitlement. They are crucial in ensuring that work pays for low income families.

Any earnings above this threshold begin to affect the amount of support that a family receives (currently at a rate of 41p for each additional £1 earned for families in receipt of tax credits).

The income threshold for tax credits is currently set at £6,420 per year, with earnings over this threshold deducted at a rate of 41p for each £1 earned above this threshold. Under the new regulations, this threshold will be reduced by £2,570 to £3,850 per year.
At a deduction of 41p in the £1, this reduced threshold will cost low income working families £1,054 per year. However, these regulations have also increased the taper rate for tax credits from 41% to 48% (from 41p in the £1 to 48p in the £1), meaning that the cost of this reduction in the income threshold will be still higher – around £1,233 per year.

These measures will only affect working families, and will significantly reduce the incentive to work. Therefore it is difficult to understand why, when other benefits are being frozen, work allowances are being actively cut. These allowances are crucial to enable families to move into work and make work pay, they should not be cut more deeply than other support for families.

**Recommendation:** Children should be given the same protection as is given to elderly people through the basic state pension. This means “triple locking” children’s benefits so that they rise in line with the highest of earnings, inflation or by 2.5% per year.

**Questions for the Minister:**

— What assessment has been made on the cumulative effect of cuts to work allowances and the benefits freeze on children and families?

— How will this affect work incentives and make sure that work pays?

September 2015

**Written evidence submitted by the Association of Retained Council Housing (WRW 41)**

ARCH represents councils in England and Wales that have chosen to retain ownership of council housing and manage it themselves. 162 English councils (exactly half the number of housing authorities) own over 1.6 million dwellings which are home to over 4 million people. 11 Welsh councils own a further 88,000 homes.

Our submission calls for the deletion of Clauses 19 to 22 of the Bill which would impose a 1% reduction in social housing rents for four years starting 2016/17. In summary, we argue that:

— It is disappointing that the Government is proposing to abandon the principles of self-financing for council housing agreed, with the support of all political parties, by the last Government little over 3 years ago as a key plank of its localism agenda, together with the ten-year commitment on social rents it made only two years ago;

— As a minimum, we would urge the Government to make a new ten-year commitment on social rents to give councils and housing associations a firm basis on which to plan for the future; this commitment should include a return to rent increases at CPI + 1% after 2020;

— A 1% reduction in council rents for four years would mean that by 2020/21 councils will suffer an income loss of £2.4 billion, and a further £30 billion over the remainder of the 30 year business plan period;

— This loss cannot be accommodated through efficiency savings alone; we anticipate that 20,000 new homes that council are currently planning would not be built;

— At a time when the Government is committed to increasing the volume of new housebuilding, it is counterproductive to introduce measures that will have the effect of preventing councils and housing associations from making a real contribution to this ambition; loss of new council housing supply will mean greater numbers of tenants reliant on securing accommodation at higher rents in the private rented sector reducing disposable income for those working people in lower paid employment and increasing the cost of housing benefits payable for those entitled to support under the government’s wider welfare reforms;

— The proposal to cut the rent paid by council tenants earning any amount less than £30,000 a year (£40,000 in London) but to increase the rent of any tenant with a household income above these thresholds to a market or near market rent will create substantial work disincentives for tenants near these limits. We want to work with the Government to develop a better scheme for linking rents to tenants’ incomes that avoids these problems and which enables councils to retain and invest the additional rent collected from higher-income tenants.

**Background**

Until April 2012, councils were subject to a housing revenue account subsidy system based on annual payments of subsidy to the council, or, for a growing number of councils from 1990 onwards, from the council to the government. Subsidy payable was based on a formula which took into account notional income from rents charged in accordance with government guidelines and notional expenditure on management and maintenance and servicing housing debt. If notional income was less than notional expenditure, a council received a payment of subsidy; if it was more the council was required to pay the difference to the government.
After 1987, when government of the time decided that housing associations should be the main providers of new social housing, councils built few new homes and so took on relatively little new debt. Rents assumed in the subsidy calculation rose broadly in line with inflation during the 1990s, yielding a growing surplus over assumed management and maintenance costs. Together with receipts from Right to Buy sales, this was more than enough for many councils to repay most or all of outstanding debt, beyond which point they were expected to pay surplus income over to the government.

From the turn of the century, this housing subsidy system was seen by local authorities and tenants as increasingly unfair, in that a growing proportion of rent income was diverted to central government at a time when it was badly needed to help bring all council homes up to a decent standard. Annual determination of subsidy payments also left councils unable to plan for the long term for the future of the housing stock. By 2010 the case for reform was accepted by all the major parties in Parliament and, in April 2012, the housing revenue account subsidy system was abolished and replaced by a new system of housing revenue account self-financing. Based on a valuation of each council’s housing stock that gave a total value of £29.2 billion to council housing in England, 136 councils took on new debt to make payments to the government of £13 billion, while 34 received government payments of £5 billion to reduce their housing debt.

The essence of the deal was that councils would be relieved of any future need to give to or receive from government any payments of housing subsidy in exchange for a one-off debt settlement which was intended to leave each council with a debt equal to the net present value of their housing stock, roughly equivalent to the amount the council could afford to repay over 30 years from rent income, after allowing for the costs of managing the stock and keeping it in a good state of repair over that period. In return, councils won the right to keep rent income in full and invest it as agreed with tenants and residents locally.

HRA self-financing was a central plank of the last government’s commitment to localism. It was warmly welcomed by councils and tenants as opening a new era for council housing in which councils would have a secure basis from which to plan long term, including the opportunity to build new homes on a significant scale for the first time in three decades. An ARCH-led survey of councils published in 2013 showed that councils were planning to build 5000 new homes a year over the next ten years. In 2013/14 councils started construction of 2,200 homes, more than in any year since 1992.

It is therefore deeply disappointing that the Government now proposes to tear up the principles underpinning the self-financing settlement it entered into with stock retained councils little over three years ago, to impose national restrictions on council rents regardless of what may have been agreed locally between councils and tenants, and to claim for the exchequer the additional rent proposed to be collected from higher-income tenants.

COUNCIL RENTS SINCE SELF-FINANCING

Historically, the rents charged by different councils and housing associations for similar properties varied widely as a result of local policy and the financial arrangements under which the homes were first provided. In 2000, the Labour government adopted a rent restructuring policy intended, over time, to eliminate systematic variation between the rents charged by different landlords for similar properties, while still allowing room for local choice. Formula rents were calculated for each property based on property values and local earnings. Each year the government set guideline rent increases that were originally intended to ensure that rents converged with target rents by 2012. In 2007, the timetable for convergence was extended to 2016/17.314

Formula rents were increased annually by 1% more than the Retail Prices Index; guideline rents were increased by the same amount, but with an additional allowance of up to £2 a week so long as the actual rent remained below the formula rent. This rule applied to the rents that could be charged to existing tenants; councils could charge formula rents to new tenants irrespective of the rent previously paid for the property.

Government policy on formula and guideline rents is set out in non-statutory guidance to which local authorities must have regard; but they do not have to follow it. Section 24 of Housing Act 1985 enables councils to “make such reasonable charges as they may determine” and requires them to review rents from time to time and make any necessary changes; it is open to councils to operate local rent schemes which do not follow the principles in guidance, although few have chosen to do so. In particular, it is legal for councils to charge rents above guideline levels. However, they cannot reclaim rent rebate subsidy from DWP in respect of housing benefit paid on the amount by which rents exceed rent limits set each year by DWP with reference to formula rents.

In announcing the proposal to cut social housing rents, the Budget report made much of the fact that rents in the social sector had risen by 20% over the three years from 2010/11.315 So far as the council sector is concerned, this was directly in line with the policy just described, as the table below demonstrates.

314 The House of Commons Library Briefing Paper Rent Setting: social housing (England) provides a more detailed explanation of the principles and issues covered in this section.
315 Summer Budget 2015, paragraph 1.140.
Table 1
COUNCIL RENTS 2010/11 TO 2014/15

<table>
<thead>
<tr>
<th>Regime</th>
<th>Year</th>
<th>RPI increase (%)</th>
<th>Average guideline increase (RPI + ½ +£2) (%)</th>
<th>Average actual rent increase (%)</th>
<th>Average rent increase (£ per week)</th>
<th>Average HA rent317</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRA subsidy system</td>
<td>2010/11</td>
<td>-1.4</td>
<td>3.1</td>
<td>67.83</td>
<td>2.7</td>
<td>£77.91</td>
</tr>
<tr>
<td></td>
<td>2011/12</td>
<td>4.6</td>
<td>6.8</td>
<td>73.58</td>
<td>8.4</td>
<td>£78.28</td>
</tr>
<tr>
<td>Self-financing</td>
<td>2012/13</td>
<td>2.6</td>
<td>8.0</td>
<td>78.55</td>
<td>6.8</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2013/14</td>
<td>3.2</td>
<td>5</td>
<td>82.44</td>
<td>5.0</td>
<td></td>
</tr>
</tbody>
</table>

Over the four years shown, the guideline rent prescribed in government policy (including the allowance for convergence) increased by 24.8%. Although the average rent increases actually implemented by councils departed from the guideline in individual years, the actual increase over the four years taken together was exactly the same percentage – 24.8% – as the guideline increase. It should also be noted that, on average, council rents remain lower than housing association rents.

In the 2013 Budget, as part of a deal intended to give councils and housing associations certainty on rent levels for a 10-year period the Government announced that, from 2015/16, the future basis for rent setting would be the Consumer Prices Index (CPI), with councils allowed to increase rents by 1% more than the annual change in CPI. There would, however, be no further allowance for convergence – not because the policy of convergence had been abandoned but because the Government believed it had been substantially achieved. Because, over the next ten years, CPI was expected to rise annually by 1.4% less than RPI, this decision implied a significant loss of income over the 30 year business plan period. Nevertheless, councils accepted these changes and adjusted their business plans to accommodate them, including by making savings in spending on housing management and maintenance.

IMPACT OF THE 1% RENT REDUCTION

The current proposal to cut rents by 1% each year from 2016/17 to 2019/20 cannot be accommodated so easily. If they go ahead, councils will have suffered an income loss of £2.4 billion compared with previous expectations, and, even if rent setting returned to the previous basis of CPI + 1% thereafter, a further £30 billion would be lost over the remaining years of the business plan. If these changes had been anticipated in the self-financing settlement, council housing would have been valued, not at £29 billion, but at £6 billion less. Councils have a legitimate case to argue that the Government should now return this £6 billion to them.

Councils are still in the process of reviewing business plans, and identifying where further savings might be made, with the aim of protecting core services to tenants. They are looking at their spending both on management and repairs and maintenance. It is likely that some of the added value services currently provide to help tenants into work or reduce fuel poverty will have to be scaled back or cut altogether to concentrate on maintaining homes to the government’s minimum Decent Homes Standard, with an adverse impact on the welfare spending the Government is seeking to reduce.

Councils have already taken very significant measures to cut costs by sharing back office services and restructuring senior management, but the scope for further efficiency savings of this nature is limited. It is unrealistic to imagine, as suggested in the Budget document, that the rent loss can be accommodated through efficiency savings alone. Since management and maintenance expenditure equals only 60% of rent income, the required 12% reduction in rent income by 2020 equates to a 20% reduction in management and maintenance. There will inevitably be a severe impact on council investment plans, particularly new construction. On previous rent expectations, councils were planning to build around 5000 homes a year and with greater freedom to borrow could have built more. Many councils have already paused new build plans while they assess the impact of the government’s proposals; early indications are that no more than a small fraction of planned schemes will go ahead, principally on schemes where contracts have already been let.

At a time when the Government is committed to increase the overall volume of new housebuilding, and where it recognizes that a proportion of the new supply must be affordable by households on lower incomes, it is counterproductive to bring forward proposals that will prevent councils, and housing associations as well, from making as effective a contribution as they could. Worse, the implication of a reduced supply of new council housing is that more low income households will be forced to rely on private rented accommodation where they will need help from housing benefit or Universal Credit to pay market rents averaging 60% more than council rents.

317 Ibid
318 See Rent-setting: social housing (England), section 2.5.
The Government has set out its revised social rent policy to 2020, but councils need certainty for a longer period to provide a firm basis on which to plan for the future. The Government recognized this fact in 2013 when it set out what was intended to be a ten-year commitment on social rents. We would urge the Government to make a new 10-year commitment based on the principle that annual rent increases will return to CPI + 1% after 2020.

PROPOSALS FOR IMPLEMENTING THE RENT CUTS

For the reasons given above, ARCH would urge the Government to reconsider its decision to impose rent cuts on councils and housing associations. However, if it decides to press on with the policy regardless, we would urge a rethink of the proposed method of implementing the cuts.

Clause 19 of the Bill proposes that the rent payable by each individual tenant of a council or housing association should be reduced by 1% from the amount payable on 8 July 2015 each year from 2016/17 to 2020/21. This would apply regardless whether the rent payable is a social rent (average 60% or market rent) or an affordable rent (up to 80% of market rent); if it is a social rent, it would apply whether the rent is at, or above or below the formula rent prescribed in Government guidance. And it would apply whether or not the tenant is in receipt of housing benefit or Universal Credit.

The only proposed exception would be tenants with household income in excess of £30,000 (£40,000 in London). The Chancellor announced in the Budget that proposals will be brought forward to require councils and housing associations to charge such tenants a market or near market rent. Taken together with the proposals in the current Bill, this implies that any tenant with a household income even the smallest amount less than £30,000 can expect to see their rent reduced by 1% a year for the next four years, while a tenant with household income of just a few pounds more would be looking at a considerable rent increase.

There is a further issue in relation to new tenancies. Where there has been a sitting tenant, councils have been constrained by the £2 p.w. limit on individual rent increases to achieve convergence; however, on change of tenancy they have been free to re-let to the new tenant at formula rent. Clause 19 (4) as drafted appears to remove this freedom, requiring them to charge the new tenant 1% less than the rent paid by the previous tenant, even if below formula.

While we recognise that the Government wishes both to reduce spending on housing benefit and the overall level of council rents, the chosen method of achieving this has the effect of locking in outstanding rent anomalies – primarily the deviation of individual rents from target rents – for a further four years. This is unnecessary. The Government could better achieve its objectives by requiring councils to reduce overall rent income by a prescribed amount but allow them to decide locally how the reduction should be distributed among tenants.

This would have the advantage of leaving councils free to set rents for individual properties that reflect their size, quality and location and to decide whether to apply the same percentage rent reduction, if any, to tenants payable affordable as opposed to social rents.

ARCH would also welcome the opportunity to work with Government to develop a more coherent and workable scheme for linking rents to tenants’ incomes, which avoids the work disincentives inherent in the cliff-edge implied by current proposals at the proposed income threshold of £30,000 (£40,000 in London). If the Government proceeds with its proposals to introduce a mandatory Pay to Stay Scheme alongside the proposed rent reductions we would urge that councils be allowed to retain the additional income operating such rent schemes, as housing associations will be able to, to underpin local investment.

The purpose of imposing a year on year rent reduction for social housing tenants is to deliver an estimated £1.4 billion saving in the housing benefit bill as a contribution to the government’s target of saving £12 billion on the Welfare Bill by 2020. Social housing rents are already typically 20% to 40% below equivalent market rents and it makes no economic sense in the long term to reduce social rents still further below equivalent market rents starving the sector of much needed resources for investment in both the existing stock and in new social housing.

The Government have also proposed a freeze in the Local Housing Allowance for the next four years. Accepting that the government’s overriding priority is to reduce the budget deficit it would nevertheless make sense in housing policy terms, and maintain a balance between Social Housing Rents and Rents charged in the private rented sector to those in receipt of housing benefit, to impose a similar freeze in Social Housing Rents for the next four years (as opposed to the proposed a -1% rent reduction).

September 2015

Written evidence submitted by 4Children (WRW 42)

This submission sets out 4Children’s position on a number of key provisions in the Welfare Reform and Work Bill, and the concerns that we have regarding their implications for children and families across the country. In particular, we feel that:
— The abolition of the child poverty targets set out in the Child Poverty Act 2010, the removal of duties on national Government and local authorities to develop child poverty strategies, and the removal of child poverty from the remit of the Social Mobility and Child Poverty Commission, will greatly reduce the focus of policy interventions on addressing the issue of child poverty and risk setting back progress made in this area over a number of years.

— Reforms to tax credits set out in the Bill could have significant implications for many families, and these should not be legislated on until there is a better understanding of their impact and interactions with other recently announced reforms such as the introduction of a National Living Wage.

CHILD POVERTY

Clause 6 of the Welfare Reform and Work Bill repeals a number of key sections from the Child Poverty Act 2010 which set the policy framework for Government interventions to tackle this issue. These include:

— Sections 1-10 of the Child Poverty Act 2010 which define the statutory targets relating to relative low income; absolute low income; combined low income and material deprivation; and persistent poverty. These sections also include provisions which place a duty on the Secretary of State to meet the targets by 1 April 2020, and to lay a UK Child Poverty Strategy before Parliament at least once every three years.

— Sections 19-25 of the Child Poverty Act 2010 which place duties on local authorities to produce local child poverty needs assessments and local child poverty strategies, and to co-operate with other authorities and bodies to reduce child poverty in their area.

4Children is very concerned that the abolition of these targets and associated duties will greatly reduce the focus of policy on driving down child poverty, a goal which all parties signed up to when the Child Poverty Act 2010 was passed with cross-party support. Whilst we recognise the Government’s desire to place an increased focus on the impact of worklessness and educational attainment, it is essential to remember the critical role that not having enough money plays in child poverty. And while supporting workless households is very important, analysis indicates that 63% of children in poverty lived in working families in 2013-14, meaning it is essential that strategies do not overlook these families.319

Additional provisions in this section, such as Clause 5 of the Bill which removes child poverty from the remit of the re-named Social Mobility Commission, appear to further downgrade the issue of child poverty and the importance of measures aimed at addressing it.

4Children therefore believes that the provisions in Clause 6 of the Bill which repeal the targets and duties put in place under the Child Poverty Act 2010 should be removed. Clause 5 of the Bill which changes the remit of the current Social Mobility and Child Poverty Commission should also be removed.

TAX CREDITS

A number of provisions in the Welfare Reform and Work Bill enact changes to the tax credit system announced during the 2015 Summer Budget, including:

— Clause 10 which enacts a four year freeze to many existing elements of tax credits.

— Clause 11 which removes the “family element” of child tax credits for new claimants from April 2017 (sub-section 11(2)) and limits payment of the “child element” to the first two eligible children from this date (sub-section 11(4)).

4Children recognises that a number of announcements in the 2015 Summer Budget, particularly the introduction of a ‘National Living Wage’, were aimed at addressing the issue of low pay and its impact on families. 4Children absolutely supports the principle of a high-wage economy. However, we are concerned at subsequent analysis from the Institute for Fiscal Studies which suggests that the overall impact of the suite of reforms introduced during the Budget “are regressive” and that “tax credit recipients in work will be made worse off by the measures in the Budget on average”.320

Tax credits have been a key aspect of the support provided to working parents and children for a number of years. It is important not to remove this vital support without assurance that wage increases will offset such a loss and improve the lives of families in poverty. We therefore believe that reforms to the tax credit framework must not be rushed, and that before significant changes are made the Government must have a thorough understanding of the impact they will have on families, particularly in the context of whether the overall impact of the Government’s reforms programme will be positive or negative.

4Children therefore believes that the provisions in the Bill which enact changes to tax credits, including Clauses 10 and 11, should be removed until a more comprehensive understanding of their impact on families can be assessed.

September 2015

Written evidence submitted by the National Federation of ALMOs’ (WRW 43)

1. INTRODUCTION

1.1 The National Federation of ALMOs (NFA) (www.almos.org.uk) is the trade body which represents all housing Arms’ Length Management Organisations (ALMOs) across England. ALMOs were first established in 2002 to manage council housing at arms’ length from their parent local authorities. There are currently 40 ALMOs which manage around 564,000 council properties across 43 local authorities. The NFA represents the interests of ALMOs at the national level, lobbying and negotiating with central government on their behalf. In addition to this the NFA runs a website, organises events and regional meetings for its members and provides advice and briefings.

1.2 This submission draws on independent research by international economics consultancy Capital Economics, commissioned by the National Federation of ALMOs and SHOUT and published in June 2015, Building New Social Rent Homes: an Economic Appraisal\(^\text{321}\) as well as evidence from our members.

2. SUMMARY

2.1 The supply and affordability of housing is a central issue for Government both because of the cost to the welfare system of supporting low income households in private rented housing, and because persistent low levels of housing development have adverse macro and micro economic consequences.

2.2 Recent decades have seen a shift in the tenure mix, with growth in private renting (and recently renting at Affordable Rents) substituting for renting at traditional social levels. Along with barriers to home ownership increasing because of rising prices and more cautious lending criteria, this has led to a rapid increase in the proportion of under 35s renting, of the numbers of households spending more than 35 per cent of their income on rent, and higher expenditure on private sector housing benefit paid to working households. Working household HB claims have doubled over the last six years, through a phase of static or increasing employment.

2.3 We believe that the most cost effective and quickest way to reverse the steady increase in Housing Benefit bills is to increase the amount of social rented accommodation available to those households who cannot afford to rent privately without financial assistance from the state or to own their own home in the foreseeable future. Capital’s research projects that, unless policy changes to prevent it, the cost to the welfare system of high housing costs in the private sector will more than quadruple in real terms over the OBR’s long term forecast period.

2.4 Unfortunately the government’s proposed social rent policy of cutting rents by 1% a year for the next 4 years will do nothing to improve this situation and will conversely help to drive up costs in the welfare bill if nothing else changes to increase the supply of affordable housing. Although we understand it will help to lower overall benefit bills in the immediate term by lowering the rates paid under both Universal Credit and Housing Benefit in the social sector, our member’s rents are the lowest rents across the whole rented sector already and by cutting income from Council’s self-financed business plans the government will actually slow down and possibly even stop the development of new council homes across the country which could have housed low income households struggling to pay their, much higher, rents in the private rented sector.

2.5 The NFA supports the government’s ambition to move towards to a higher pay, lower welfare society but believes that an increase supply of truly affordable rented housing is one of the best ways of doing this.

3. COSTS TO WELFARE OF NOT INVESTING IN COUNCIL HOUSING

3.1 Analysis in the NFA/SHOUT report Building New Social Rent Homes shows that the government could save a significant amount of money in the medium to long term if it facilitated more investment in new social or affordable rented homes. Please see the attached report for more detail.

3.2 However recent proposals to change a number of elements of the HRA self-financing settlement are actually decreasing the amount of investment going into new social and affordable rented homes and threatening Councils’ and ALMOs’ ability to continue their new build programmes at all. This will only further decrease housing supply across the country and push up rents in the private rented sector and house prices in the owner-occupied market.

3.3. The NFA supports the government’s ambition to move towards a higher pay, lower welfare society but believes that an increase supply of truly affordable rented housing is one of the best ways of doing this.

3.4 Although reducing social rents by 1% a year as opposed to the planned 2% increase will reduce the benefit bill in the short term it will have a long term adverse impact on Councils HRAs and therefore their ability to build more housing for homeless households in temporary accommodation and future generations requiring low cost rented housing.

3.5 Councils already have the lowest rents in the social sector, by forcing councils to cut their rents further the Government is inadvertently going to increase its welfare bill by cutting the number of new homes available to rent at lower rents to newly forming households and homeless households housed in temporary accommodation. This will only force more people into the private rented sector where average rents are already more than double average council rents, pushing those rents up and costing the government more money in housing support through Universal Credit or LHA rates. Average local authority rents in 2013/14 were £82.44

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compared to average social rents in the Housing Association sector of £86.24, Affordable Rents in the Housing Association sector of £118.59 and private sector rents of £166.15.322

4. IMPACT ON COUNCIL BUSINESS PLANS

4.1 Discussions with members at this early stage suggest that they are all reviewing their business plans and strategies going forward will be to protect core services to customers and that savings will be delivered through a remodelled service offer to customers covering both revenue and capital expenditure. All ALMOs will be reviewing repairs and maintenance spend and many will take the decision to pause their new build programmes where schemes are not on site.

4.2 Some of the added value services which ALMOs currently provide may also have to stop such as helping people into work and reducing fuel poverty for example.

4.3 ALMOs and Councils will of course be looking at how services may be delivered differently, their approach to procurement, the re-prioritisation and rescheduling of repairs and maintenance programmes but, given the scale of the cuts, there is a real risk that badly needed projects, such as supported and sheltered housing schemes which could reduce revenue cost for health and social care and general new build may have to be reconsidered.

4.4 ALMOs and Councils have already taken very significant measures to deliver savings by sharing back office services and restructuring senior management, the scope for further efficiency savings of this nature is limited. It is unrealistic to imagine, as suggested in the Budget document, that the rent loss for councils can be accommodated through efficiency savings alone. By way of illustration, some of our members have estimated the loss of revenue to them as a result of the proposed rent cuts as:

4.4.1 Berneslai Homes estimates that the 1% decrease annually equates to a 4% reduction in anticipated income each year for 4 years removing £13m (from a rent income budget of £81m) by 2019/20. This lower base continues over 30 years removing £500m of rent income from the Business Plan. The reduction in rent income equates to 21% of spend by 2020/21.

4.4.2 Cheltenham Borough Homes estimate that the proposed rent reductions will reduce HRA resources as at March 2020 by £6.8m. Assuming a return to CPI plus 1% from April 2020 and no other means of recovery, the 30 year impact on the HRA will be in the region of £110 million.

4.4.3 Colchester Borough Homes estimates a loss of income in the first 4 years of the HRA business plan of £9.7m, longer term over the 30 years it is estimated to be £142.7m.

4.4.4 Solihull Community Housing estimate that the proposed rent cuts will require them to make savings of some £22m over the period from 2016/17 to 2019/20.

4.4.5 Tower Hamlets Homes’ initial modelling shows that the 1% reduction in social and affordable rent for four years will lead to a loss of rental income in the HRA in excess of £26 million over those four years. Early feedback from some other local authorities in London indicates that this is not an unrealistic projection in terms of the scale of the rent loss. The modelling also suggests that the 1% reduction in social and affordable rent will – all other things being equal - lead to a loss of rental income in the HRA of over £95 million over the next 10 years.

4.5. Some councils had decided over previous years not to implement the suggested maximum rent increases and have implemented lower rent increases or no increases at all and agreed revised business plans with their tenants. Others have consulted tenants and agreed an affordable increase which would help to deliver on community priorities such as building new homes, regenerating neighbourhoods and maintaining decent existing homes. Most of our members reported average rent increases across the sector last year of 2.4%.

4.6 On previous rent expectations, councils were planning to build around 5,000 homes a year over the next 4 years, and with greater freedom to borrow could have built more. Early indications from members suggest that these plans will now be cut to a handful of new starts, principally on schemes where contracts have already been let.

5. IMPACT ON ALMO SCHEMES TO TACKLE WORKLESSNESS

5.1 As stated previously our members are starting to review their services with a view to where savings can be made and whilst trying to save their core housing management services to tenants some of the wider initiatives may have to be pared back or cut completely.

5.2 Examples of some of the current schemes which ALMOs provide to their communities are listed below:

Wolverhampton Homes: LEAP

— The Learning, Employment and Achievement Programme (LEAP) has helped more than 150 council tenants and their families to get work experience, training and qualification opportunities.

322 UK Housing Review 2015 table 72 Steve Wilcox, John Perry and Peter Williams published by CIH & CHP.
The three part scheme gives tenants the chance to obtain pre-employment skills which range from qualifications to acquiring skills for the workplace. The second stage is an eight-week, expenses-only work experience placement and the third stage is a twelve-month paid apprenticeship and chances to study for an NVQ.

Feedback from the LEAP scheme has seen tenants build self-esteem and confidence, which are essential qualities that participants were missing upon commencing the programme.

The main barriers to future expansion for the LEAP project centres on funding. Approximately 45 tenants register for LEAP every month, which requires a full time co-ordinator to conduct events, create individual programmes, deliver and arrange training and source new employment.

Berneslai Homes: Refurbishment Scheme

The Community Refurbishment scheme provides basic construction training to people who are not in employment or training with the specific goal of encouraging them to gain a qualification and access employment or full time training. The scheme is run as a partnership between the ALMO, Barnsley College and a local social enterprise, Barnsley Community Build.

Many of the trainees have struggled in formal education and they are given the opportunity to combine the practical skills of construction with formal training at Barnsley College to achieve an NVQ level 2 in general construction or multi skills.

In 2012/13 the scheme had 47 apprentices who completed their training, and of those who left the scheme early, 67% are in work. The scheme also has a history of appealing to female and male participants who have looked to dispel the stereotype that the construction industry is a male dominated field.

Northwards Housing: Yes Scheme

Yes is a community interest company established by Northwards Housing in August 2013 to provide job opportunities, training, business advice, money advice and work/voluntary experience to tenants and residents throughout north Manchester. It is independent from Northwards and has its own board of directors.

The project is based in Newton Heath in the M40 postcode, a district with some of the highest unemployment levels in the city (10%). More than half of people who live there claim housing benefit. Yes is a critical element of Northwards’ response to welfare reform. By directly helping tenants to not only gain new skills and employment, but also access the internet and learn how to use digital technology, Yes also helps tenants adapt to the “digital-by-default” approach of the welfare changes.

Its objectives are to help to reduce the unemployment rate in the Newton Heath area and in its first nine months of operation more than 3,000 people walked through its doors and 94 people found jobs or training – that was more than two a week.

They work with the National Careers Service, Manchester Adult Education Service, FC United of Manchester, the Probation Service, Manchester Solutions, Manchester Credit Union and Blue Orchid, who all have use of the building and offer a comprehensive service to clients.

Your Homes Newcastle: Skills to Work Strategy

Your Homes Newcastle has an overarching Skills to Work strategy which has been in place since 2010. The strategy aims to embed tackling worklessness into the organisational culture, work in partnership to improve access to pre-employment information and support, improve the employability of residents and local people and get people into work.

One of the key ways they have met these aims is through working with tenants and residents in the Walker ward of Newcastle. Living and working in Walker was an employment focused project that they piloted in the area with tenants who were out of work. The project included the delivery of a comprehensive package of support to approximately 650 residents in the Walker ward affected by the under-occupation changes to housing benefit.

When the pilot ended in April 2014 they had achieved a number of outcomes including successfully helping people into employment and engaging with local employers. Alongside the Living and working in Walker project, they also set up the Walker Learning Hive in partnership with the Northern Learning Trust. The Hive is a community provision that provides access to a range of learning, employability and basic skills support right in the heart of a community where tenants have limited social mobility so are unlikely to access mainstream provision.

Stockport Homes: Framework of Opportunity

At Stockport Homes they have recognised that customers seeking work usually require tailored interventions. To address this they set up a “Framework of Opportunity” to use with each customer to develop their own journey to work. This framework has three main elements, shown below;

- Advice, assistance and skill development
- Real work experiences
— Creating more opportunities
— Their Employment and Volunteering Officer provides advice and guidance to increase employability skills. Their other programmes provide personal support to jobseekers for up to 12 months or help people progress towards education and employment. Their mobile construction programme provides young people with introductory training in carpentry, painting, plumbing and gives them two weeks’ work experience as well as mock interviews conducted with Repair 1st, our Repairs and Maintenance service.
— They offer real work experience to customers through a variety of routes including apprenticeships with Stockport Homes, with their grounds maintenance contractor and their social enterprise scheme, B4box. They also offer volunteering opportunities and work experience to school aged children as well as providing supported employment for those distant from the labour market.
— They create opportunities by using a dedicated officer to liaise with local employers to identify training, apprentice and job opportunities and to promote the skills of their customers.
— By 2014 their approach had already supported over 100 people into work, assisted 265 customers on their journey to work and directly provided over 3,000 hours of volunteering to Stockport Homes and Stockport communities.

6. WIDER ECONOMIC BENEFITS OF ALMO INVESTMENT

6.1. Nottingham City Homes has also carried out work to evidence the impact of its investment on the local economy and local people.323

6.2. Drawing on this research and associated work Nottingham City Homes states that their spending directly benefits the local economy – ranging from every £1 generating £2.10 when working through a local social enterprise, £1.70 when using their own in-house repairs service, to £1.36 when using external contractors. Taking £1.70 as the middle value then every £1 that they don’t spend will effectively lose £1.70 for the local economy.

6.3. Working on the ‘1 in a Million’ principle, where contractors commit to an apprentice for every £1m spent every £1m cut to capital funding will also result in one fewer apprentice and not being able to insulate further properties with external wall insulation will fail to generate the expected energy savings of approx. £200 per property each year and may serve to increase health inequalities e.g. excess winter deaths, heart attacks and strokes, respiratory conditions like COPD and asthma.

7. CONCLUSION

7.1. In light of the likely impact of the proposed policy change for social rents we recommend that the government recognise the negative impact that the proposed social rent cuts will have on the supply of new social and affordable housing and acknowledge the role that council housing could play in helping the government to achieve its aims of increasing housing supply, supporting aspiration and crucially decreasing the welfare bill in the long term.

7.2. We propose that the government recognise the potential of the self-financed HRA business plan to deliver the most efficient use of resources to support housing growth and regeneration in local areas as part of the devolution agenda and allow councils to make the decisions with their tenants on their own future rent policy.

September 2015
The Interlink Foundation is the membership organisation for Orthodox Jewish community organisations in the UK, with 200 constituent organisations concentrated mainly in areas with Orthodox Jewish populations.

Agudas Israel Community Services provides employment and welfare advice to the Orthodox Jewish community in London. It is a division of Agudas Israel of Great Britain and linked to the international Agudas Israel world movement for Orthodox Jewry.

The Union of Orthodox Hebrew Congregations is the synagogue membership body for the strictly Orthodox Jewish community of about 60,000 members. It represents 100 synagogues.

3. Families in faith communities are likelier to be large, with more than two children. Across the entire Orthodox Jewish community, ranging from the strictly to modern Orthodox, family size is significantly larger than average.\textsuperscript{324} The 2-child benefit cap has therefore commanded our attention and we have explored the likely impacts which are set out below. Obviously, these impacts will be felt across households of all faiths and none, but will be disproportionately felt by faith communities where large households are more likely to occur.

4. Our organisations invest considerable effort and resources to support people into employment. We agree with the government that decently paid work is the best route out of poverty. We also recognise the need for government to control welfare spending. But we have deep concerns about the limiting child tax credits and child allowances within Universal Credit to two children, which we set out below.

5. In some of our evidence below, and in the examples, we refer to child tax credits only. This is because when we describe the current regime that supports working families, this is the system currently in force. However, the same principles apply to child allowances within Universal Credit, and we are arguing for the removal of the 2 child limit in respect of both regimes.

**FINANCIAL ANALYSIS – WHAT THE CAP WILL MEAN IN FINANCIAL TERMS**

6. Child tax credits, and the child allowances within Universal Credit, help working families get by. Even when one or both parents are in work, if that work is low paid or part time, a large family may not have enough income to cover basic living expenses.\textsuperscript{325} Currently, child tax credits increase for each additional child in a household. There is a natural logic to this; the purpose of child tax credits is to ensure that working families have adequate income to meet the most basic costs of living. Obviously the amount of income required increases with each child.

The measure in the Bill to limit Child Tax Credits and child allowances within Universal Credit to two children means that the tax credit system and welfare safety net will be blind to additional children in a household. Even at two children, the welfare safety net is tightly stretched and for poor working families does not meet the Minimum Income Standard.\textsuperscript{326} The inevitable consequence of a policy of limiting tax credits to 2 children will be that poor working households with additional children will not have the wherewithal to pay for basic needs such as food, clothing, heat and rent. The more children in the household, the greater the problem will be.

Most work that has been done around a Minimum Income Standard (MIS) has of necessity concentrated on a range of typical households, ranging from single person to a couple with two children. We have not found any modelling of MIS for a large family, or modelling the impact of a two child limit on child tax credits or child allowance within Universal Credit for these households. We have therefore modelled this ourselves\textsuperscript{327}. The impact will be different in each individual situation; the table below shows the impact on a family with 5 children earning £20,000 per annum; the difference in current entitlement of such a family and the complete inadequacy of the entitlement of a newly claiming family post 2017 is starkly evident. We note that this model is not a precise calculation, but is intended to illustrate the impact of the Bill.

\textsuperscript{324} Holman 2002 found 5.9 persons in a survey of a representative sample of Orthodox Jewish Households in London Boroughs of Hackney and Haringey. Mayhew 2008 and 2013 found 6.1 and 6.3 persons respectively.

\textsuperscript{325} Tax credits act both as a welfare benefit to the poorest working families and also as a tax payback for families who are earning more and making regular tax contributions.

\textsuperscript{326} Minimum Income Standard identifies the minimum income that different types of family (e.g. single person, couple with two children) based on work carried out by Joseph Rowntree Foundation (JRF).

\textsuperscript{327} Joseph Rowntree Foundation calculates an MIS for a nuclear family consisting of a couple with 2 children ages 2 and 4. We averaged the MIS per person and added another 2 persons (assuming that each of the additional 3 children costs somewhat less than the average of the 4 person family).
TABLE 1

FINANCIAL POSITION OF 5 CHILD FAMILY BEFORE AND AFTER WELFARE REFORM AND WORK BILL

<table>
<thead>
<tr>
<th>Current</th>
<th>Welfare Reform and Work Bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earned income</td>
<td>£20,000</td>
</tr>
<tr>
<td>Child and working tax credits</td>
<td>£13,657</td>
</tr>
<tr>
<td>Total income (including child benefit)</td>
<td>£37,583</td>
</tr>
<tr>
<td>Gap between income and MIS</td>
<td>£1,773</td>
</tr>
<tr>
<td>Gap between income and MIS for renters</td>
<td>- £3,947</td>
</tr>
</tbody>
</table>

IMPACTS

7. Child tax credits will not be withdrawn from existing families in receipt of them. This is a future measure, from 2017 onwards. The intent of this is that in future, parents – knowing that the state will not provide welfare for more than two children – will of necessity exercise responsibility and restrict the number of children they have.

There are a number of concerns arising from this assumption, which we set out below.

8. **Families who unexpectedly lose an earner.** Typically a couple will have their children while in a position of financial self-sufficiency, and have no need for state support. But many people unexpectedly fall upon hard times (for example one partner might die, become unemployed, sick, need to become a carer and so on.) A large family in this situation, post 2017, will not have a welfare safety net to protect them for the duration of their difficulties, beyond their first two children. Larger families, once they exhaust any savings, will find themselves destitute, dramatically short of what is needed to meet their basic living costs.

9. **Disincentives for couples to join.** There will be large financial disincentives (thousands of pounds a year) to poor working couples wishing to join or marry, where each have their own children. For example, a couple each with two children might find they are simply unable to afford to become a single family. (The irony is that when living and/or renting separately there is significantly greater expense to the taxpayer.)

10. **Perverse incentives for couples to split.** Table 1 demonstrates the sort of impossible financial pressures that families beyond 2017 will face. A family that may be under duress for other reasons, such as one partner losing a job, will have a perverse financial incentive to split as perhaps the only way to ensure a welfare safety net for their children.

11. **The assumption that people will act ‘responsibly’.** Beyond 2017, regardless of this Bill, there will continue to be poor working families with more than two children. There will be many reasons for this. In some cases, the poverty is unexpected (as per Paragraph 9 above). In others, deep and profound faith encourages family size, or prevents the termination of an unplanned pregnancy. In still others, families are troubled and parents lack capacity to plan their family size using rational economic models. In these and many more wide-ranging situations, the welfare safety net will have been removed beyond the first two children. Whatever the need for government austerity, we do not believe that the public or government wish to countenance a situation in which families cannot afford the most basic necessities for their children.

WORKING HARDER AND EARNING MORE WILL NOT MAKE FAMILIES BETTER OFF

12. It is a stated fundamental principle of the government’s welfare reforms (particularly the Universal Credit) that people should be better off in work than out of work.

Currently, the incentives to increase income for families claiming tax credits, are very weak, particularly if they are receiving housing benefit. Those tax credit claimants not in receipt of housing benefit retain only about 25 pence per pound for every extra pound earned.328 If they are in receipt of housing benefits, the incentive to work is almost eliminated, with claimants retaining only 5 pence per pound.

There is no relief to this problem in the changes set out in the Bill. Increasing hours or income will not make families better off, as they will still face the same loss of benefits as with the current system.

But there is an additional cruelty to the proposed changes. The current system of tax credits provides a basic safety net, with additional tax credits for each additional child and therefore adequate income to meet the family’s basic needs. In the new system, parents will be awarded tax credits for the first two children only and will find their income ‘stuck’ at that insufficient level; any additional earnings will just correspondingly reduce their tax credits and other benefits. They will have no feasible way of working their way out of desperate poverty.

328 After tax and earnings-based reductions from tax credits.
13. Weight has been given to the introduction of the National Living Wage as a counter-measure to ensure that working families will get by despite the loss of income from tax credits. This will have no impact at all on larger families; as explained in Paragraph 12, their income will be ‘stuck’ at the government-set level for a 2 child family.

FAITH CONSIDERATIONS

14. This Bill has come from a government which is supportive of traditional families. We have described in 10 and 11 the disincentives for couples to join and the perverse incentives for couples to separate. We therefore regard this a fundamentally anti-family measure.

15. Larger families are strongly prevalent within faith communities, and this measure will have a strongly disproportionate impact on families of faith. For many faith couples, having children is a matter of deeply held religious conviction (although of course this choice will be driven by various reasons for different families). We do not believe that the state should be directing people through their policies about what is a reasonable family size and do not believe that this measure is consistent with a government that expresses itself as pro-faith. This is by no means only about the rights of poor couples of faith to choose the size of their family. The government’s policy will impact even on financially self-sufficient and comfortably-off families, who are concerned about eventualities such as loss of job, illness and so forth.

FAIRNESS

16. Larger families requiring welfare so that they can meet a Minimum Income Standard will often be contributing significantly through their taxes, or may have done so in the past. For example, in the scenario in Table 1, the family is paying £3,312 annually in income tax, with an additional contribution of £1,648 from Employer’s National Insurance. The family is also contributing as consumers through VAT and other taxes. But despite intense hardship, they will only be entitled to £2,588 annually in child tax credits and their income is too low by thousands of pounds to meet their basic needs.

17. The tax system does not take into account the number of dependent children a tax-payer has, so during ‘good times’ families may have even been higher rate taxpayers. There will be many situations in which a family will have contributed very substantially to the public purse, before falling upon hard times and needing support – which will not be available to them.

Welfare reforms, and in particular measures to cap welfare and limit the number of children that attract welfare, have been presented as being about fairness to the tax payer. In fact, we believe this measure will in many cases be deeply unfair, as it will be failing to recognise the essential and basic needs of families who have paid/are paying into the system but have no assurance of a safety net when they need it.

PROPORTIONALITY

18. Families with more than two children represent a very small portion of welfare expenditure. The larger the family size, the more rare its occurrence. We believe that the benefits of this measure in terms of savings to government expenditure are overwhelmingly outweighed by the disbenefits that we have set out above. The harm of this measure is disproportionate.

TAX REFORM

19. We reiterate our support in principle for government to control expenditure and to incentivise individual responsibility and paid work. As stated in Paragraph 17, the current tax system is blind to family size, and does not take into account the number of dependent children a tax-payer has. This was not historically always the case, and removing the link between personal taxation and dependent children, in favour of a universal child benefit system, may have brought protection and benefits to non-tax payers but it has disadvantaged tax-paying households with children. The removal of child tax credits from large families without any counter measures reducing personal taxation for people with more than two dependent children is very punitive and fails to adequately recognise people’s rights to larger families and the costs associated with this.

We recognise that it is beyond the scope of this Bill to address tax reforms or other measures that might incentivise work for families with children, but assert that there is scope to explore other ways to achieve the government’s goal of making work pay for families.

OUR RECOMMENDATIONS

20. We recommend that Bill be amended to omit Subsection (3B) of Clause 11 (Changes to Child Tax Credit) and to omit Subsection (2) of Clause 12 (Changes to child element of Universal Credit). Subsections (3), (4), and (5(a)) of Clause 12 also become redundant. Clause (5(b)) removes the reduction of the child allowance in UC for a second and subsequent children. If the clauses limiting tax credits and UC to two children are removed, then consideration may be given to removing Clause (5(b)), and rescinding the reduced allowance for 2nd and subsequent children.

September 2015
Written evidence submitted by the End Child Poverty Coalition (WRW 45)

1. ABOUT THE END CHILD POVERTY COALITION

1.1 Every day, End Child Poverty members see the real impacts that poverty has on the daily lives of children today. Low income affects direct measures of children's well-being and development, including their cognitive ability, achievement and engagement in school, anxiety levels and behaviour.

1.2 The End Child Poverty coalition comprises over 100 UK organisations and exists to hold the Government, and all main political parties, to account for their commitment to eradicate child poverty in the UK. With child poverty set to rise in coming years, it is now more important than ever to take action to achieve this goal.

1.3 As set out in this briefing, the End Child Poverty Coalition is concerned that not only will many of the policies set out in the Welfare Reform and Work Bill increase child poverty, but that by repealing the Child Poverty Act, the Government is set on a course which will reduce our understanding of child poverty and the emphasis placed on eliminating it.

2. CHILD POVERTY IS RISING…

2.1 Independent projections from the Institute for Fiscal Studies (IFS) show clearly that the falls in child poverty rates seen at the beginning of this century risk being reversed. The latest official figures, for 2013/14, changed little on the previous year, but the likely upward trajectory for child poverty is clear. The most recent IFS projections, produced prior to the 2015 summer budget, suggest that, by 2020/21, 3.0 million children will be in relative poverty before housing costs, and 4.3 million after housing costs. They project that absolute poverty will stand at 3.5 million and 4.7 million before and after housing costs respectively. This would represent an increase of around 0.7 million in relative child poverty and an increase of over a million in absolute child poverty, when compared with the 2010/11 baseline established in the Child Poverty Act.

Figure 1: Percentage of children in poverty: official statistics and Institute for Fiscal Studies projections

3. …AND MANY OF THE PROPOSALS IN THE WELFARE REFORM AND WORK BILL WILL CAUSE IT TO RISE FURTHER

3.1 The projections above predate the measures in the July 2015 Budget and the Welfare Reform and Work Bill, however. If these proposals are enacted we should expect child poverty to rise even more steeply. The four-year freeze to working age benefits will drive increased poverty, as shown by analysis of uprating decisions taken during the last Parliament. The IFS say of uprating decisions in the previous Parliament that ‘real cuts to working-age benefits are a key reason behind rising child poverty’. A ministerial answer to a Parliamentary Question in January 2013 revealed that the government estimated that the three years of 1 per cent uprating alone would put 200,000 more children in poverty by 2015/16.

3.2 Figure 2 below shows the loss to a couple with three children earning £400 per week (assuming no Housing Benefit entitlement) as a result of the introduction of a four year benefit freeze, based on OBR inflationary forecasts. By 2020 the loss amounts to £34.20 per week for a typical low income working family compared to support rising in line with costs of living. A similar family with no earnings would lose £36.75 by the same point. Note – this is only the impact of benefit freezes, other losses such as the removal of the family element of CTC are not included.


Table 2: Couple with 3 children earnings £400 per week (gross), real terms weekly loss (compared to rates of benefit and tax credit rates rising with costs of living) following benefit/tax credit freeze for each year to 2020

<table>
<thead>
<tr>
<th>Year</th>
<th>Weekly Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>£5.89</td>
</tr>
<tr>
<td>2016</td>
<td>£13.80</td>
</tr>
<tr>
<td>2017</td>
<td>£23.84</td>
</tr>
<tr>
<td>2018</td>
<td>£34.20</td>
</tr>
<tr>
<td>2019</td>
<td>£5.00</td>
</tr>
</tbody>
</table>

Weekly loss as result of 4 year benefit freeze (working)

3.3 Cuts to tax credits will also have a substantial impact on child poverty. The IFS modelled the impact of different cuts to benefits for their February 2015 Green Budget, and estimated that £5.1 billion of cuts to child tax credit would increase child poverty by 300,000. In fact, the Treasury estimates its three key cuts to tax credits and universal credit will be even higher, and will cut £5.5 billion by 2020/21. As well as increasing child poverty, these changes significantly weaken incentives to work as the impact of cuts will fall disproportionately on low income working families. The Government’s own Evidence Review of the Drivers of Child Poverty (January 2014) found that the most important factors standing in the way of children exiting poverty were those factors contributing to a lack of sufficient income from parental employment: not just worklessness but low income from work.

3.4 Increases to the National Minimum Wage (NMW), while welcome, are inadequate compensation for these cuts to support for families with children. This is for two key reasons:

Firstly, deductions from benefits and tax credits mean that low income families with children keep very little of any gain in earnings (under Universal Credit two thirds of any net income gain for a low income working family is deducted from Universal Credit entitlement).

Secondly, any gains in earnings are substantially overshadowed by major cuts to social security entitlements. For example:

A two parent, three child family with one earner working 30 hours a week at £9/hour would lose almost half their entitlement to tax credits if they were making a claim with the new rules fully implemented (as they will be by April 2017).

At present, they’d be entitled to £10,541 a year; under the new rules, they’d be entitled to £5,449 a year – a loss of £5,092.

3.5 The IFS have indicated that overall the increased National Minimum Wage will deliver a gross £4 billion increase in employment income from the increased NMW compared with approaching £6 billion in cuts to tax credits (not accounting for the four-year freeze). And the increased minimum wage targets different groups to tax credits: the former tackles low wages and the latter tackles low family incomes. The Office for Budget Responsibility (OBR) notes that ‘around half of the cash gains’ from the policy will flow to the wealthiest half of households, while the average annual gains to higher income households will be greater than those for lower income households. This is because a high proportion (in its Budget analysis, the IFS estimated around half) of those who gain will have a working partner, while Brewer and De Agostini estimate that those in higher income households earning the minimum wage work more hours, and thus gain more income.

4. THIS COMES AT A HIGH COST…

4.1 Poverty robs children of the childhoods they deserve, often missing out on events most of us take for granted. They miss school trips; cannot invite friends round for tea; and cannot afford a one-week holiday away from home. Children in poverty are more likely to live in bad housing, more likely to die at birth or in infancy, and more likely to suffer chronic illness in childhood, or to have a disability.

4.2 Poverty damages children’s life chances: children from poor backgrounds lag behind at all stages of education. By the age of three, poorer children are estimated to be, on average, nine months behind children from more wealthy backgrounds. By the end of primary school, pupils receiving free school meals are estimated to be almost three terms behind their more affluent peers, a gap that grows to over five terms by 14, and leads them to achieve 1.7 grades lower on average at GCSE.337

4.3 Child poverty also imposes social and economic costs. Some of these are linked to reduced life chances – such as tax receipts lost to government as a result of people earning less, having grown up in poverty – but there are also the ‘fallout costs’ of child poverty, such as personal social services, school education, and police and criminal justice. Research by the Centre for Research in Social Policy at Loughborough University estimates that child poverty cost £29 billion in 2013 in financial terms alone.

5. The repeal of the Child Poverty Act will obscure increases in child poverty

Clauses 1-4 of the Welfare Reform and Work Bill introduce new reporting obligations on full employment, apprenticeships, troubled families, and workless households and educational attainment respectively. Clauses 5-6 change the Social Mobility and Child Poverty Commission to the Social Mobility Commission and repeal the bulk of the Child Poverty Act 2010.

5.1 The proposed new life chances measures – though valuable in themselves – amount, on their own, to not measuring poverty at all. Educational attainment and worklessness, in particular, are relevant indicators that are linked to child poverty, but they are far from sufficient. In particular, two-thirds of children in poverty live in households where there is someone in work. Removing existing targets and replacing them with measures that ignore the increasing reality of in-work poverty will not get to the heart of understanding child poverty in the UK.

5.2 Furthermore, these new measures are simply reporting requirements, and do not provide any accompanying targets. If these measures are to have any significance, then they must have targets attached to drive action and for the purpose of accountability.

5.3 The government has stopped talking about child poverty. By removing the child poverty remit from the existing Commission, the government is depriving itself of a source of expert advice and information. By renaming the Child Poverty Act (to the Life Chances Act), the government is sending out the message that it doesn’t care about child poverty, even as it rises to levels not seen for a generation.

5.4 This provides a sad contrast with the government – and particularly the Prime Minister’s – previous strong commitment to tackling child poverty. In his 2006 Scarman Lecture, David Cameron boldly and unequivocally set out this commitment:

‘Even if we are not destitute, we still experience poverty if we cannot afford things that society regards as essential. The fact that we do not suffer the conditions of a hundred years ago is irrelevant.

‘In the nineteenth century Lord Macaulay pointed out that the poor of his day lived lives of far greater material prosperity than the greatest noblemen of the Tudor period. But as Dickens observed, the poor of those days were still poor. Fifty years from today, people will be considered poor if they do not have something which has not even been invented yet. So poverty is relative – and those who pretend otherwise are wrong.’338

6. Income must remain central to any understanding of poverty

6.1 Child poverty is multifaceted – something that poverty campaigners have always understood – but access to resources is at the heart of it. In 1979, Peter Townsend defined poverty thus:

‘individuals, families and groups in the population can be said to be in poverty when they lack resources to obtain the type of diet, participate in the activities and have the living conditions and amenities which are customary, or at least widely encouraged and approved, in the societies in which they belong.’339

6.2 Child poverty measurement is about operationalising this understanding – one which the Prime Minister well understood less than a decade ago. To achieve this, there is no perfect measure, but it is clear that income needs to be at the core. Instead of supplementing the measures that drive policy from ‘not just income’, the government is proposing to measure ‘everything but income’.

6.3 The measures in the existing Child Poverty Act are the subject of years of deep thinking and serious research. In 2003, the Treasury conducted an extensive exercise to find appropriate measures, leading to a ‘tiered approach’, in which a suite of measures were used to try and capture an understanding of the extent of poverty. This later led to the four measures in the Act, which recognise both relative and absolute poverty, material deprivation, and the damage that persistent poverty can do to life chances. The recent recession underlined the need for the full suite of measures, rather than focusing on any single measure of child poverty.

338 http://conservative-speeches.sayit.mysociety.org/speech/599937
6.4 This understanding should be built upon. When the previous government consulted on changing poverty measurement in 2013, a range of experts argued against doing so lightly. The Royal Statistical Society described the existing relative measure as ‘the product of valid social science procedure’, arguing that ‘any replacement would need to be subject to the same degree of rigour, including a robust process of consultation’. Given that the vast majority (97%) of respondents to that 2013 consultation believed that all the targets under the Child Poverty Act should be retained, and that the proposals in the Bill are not the product of any published research, that criterion does not appear to have been met.

7. SIDE-LINING CHILDREN IN POVERTY

7.1 Taken together, the proposals in the Welfare Reform and Work Bill will increase the number of children in poverty. They also remove targets to end child poverty, which will lead to a loss of focus and expertise within government on tackling child poverty. This can only obscure what is happening to poverty by foregrounding other indicators that do not capture the importance of income on children’s well-being or the prevalence of in-work poverty.

7.2 For the sake of a whole generation of children, it is vital that the government reconsiders, and renews the commitment made by David Cameron in 2006: ‘I want this message to go out loud and clear: the Conservative Party recognises, will measure and will act on relative poverty’.

7.3 It would be a huge set back if the child poverty measures captured in the Child Poverty Act 2010 – which had cross party agreement – were removed. We would urge the Government to keep the Child Poverty Act with amendments to the existing target dates. Clauses 5 and 6 should be deleted from the Bill because child poverty is a sad reality for millions of children in the UK, including those with a parent in work.

September 2015

Written evidence submitted by the Chartered Institute of Housing (WRW 46)

ABOUT CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals and their organisations with the advice, support and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries across five continents.

Further information is available at: www.cih.org

1. INTRODUCTION

1.1 CIH welcomes this opportunity to present our analysis of the potential impact of the Welfare Reform and Work Bill 2015 to the Bill Committee. Our response covers only those parts of the Bill relating to the welfare measures first announced in the Summer Budget. We have included our comments on all the main Summer Budget welfare measures, whether or not they are included in the Bill, because we do not think that the Bill measures can be considered in isolation.

1.2 Our response reflects social housing providers’ concerns about the impact on their businesses and financial viability of measures such as the one per cent reduction in social housing rents. But our primary concern is the effect of the Bill’s measures on the quality of life of the residents and communities where our members work. And for this reason we also comment on welfare measures that relate to non-housing costs, such as living expenses other than rent or mortgage payments. What matters most is the overall level of cash support individuals receive not just the support they receive for their housing costs.

1.3 Our members already have direct experience of the effects of the Summer Budget 2010 welfare measures on residents in their communities. Residents respond in different ways to cuts in their essential living expenses and while most find ways to cope, the overall result is usually that the stress is transferred to some other aspect that diminishes their quality of life (such as poorer physical or mental health or increased debt). For example, one landlord found that while some residents responded to the social sector size criteria by accumulating rent debt others appeared to cope but were failing to heat their homes adequately – an outcome that only emerged when the landlord noticed a sharp rise in complaints about condensation (Work and Pensions Committee 04/12/2013, oral evidence HC 720 Question 124).

1.4 Our response is based on our current understanding of the proposals. We are waiting for further details of many of the measures, which will emerge during debates on the Bill and in regulations made under new powers contained in it. Some of the other Summer Budget welfare measures will be made under regulations using existing powers.

2. CLAUSES 1-6

We have no specific comments on these measures other than to say we are disappointed that changes to the Child Poverty Act targets effectively mean that the Government has abandoned its commitment to end child poverty. While we agree that work is the most effective route out of poverty, it is unrealistic to expect all families to be in employment at every stage in their working lives, especially those in low paid occupations where job security tends to be more precarious. The emphasis on work as the way out of poverty makes the cuts to in-work benefits announced in the Summer Budget surprising.

3. CLAUSE 7: BENEFIT CAP

3.1 The impact of this measure on social and private landlords’ income streams will be worse in the earlier years as the reduction in benefit will be applied to housing benefit (HB) until the planned reductions in child support for larger families (three or more children) take place in 2017. In the later years, as reductions in child support gradually come on stream (implemented on a new claims only basis), the numbers affected by the cap – and so facing a cut via their housing costs support – will fall because the reduced level of child support will mean that they are eligible for more help with their HB.

3.2 The cap is introduced in 2016/17 but the reductions in child support will not take place until the following year (2017/18) and then only on a new claim/new birth basis. In effect the cap is being used as a substitute to make cuts in child support by cutting housing costs support instead.

3.3 Our analysis shows that the reduced caps will affect modest sized families in large parts of the country including those families with low or moderate housing costs. Arguably this takes the measure beyond the targets it was designed for. Our analysis highlights that the following outcomes are likely:

- From April 2016 most two parent three child families on HB living outside London will be affected regardless of tenure. Any household of this type on a working-age passport benefit (i.e. income-based JSA, income-related ESA or income support) with HB in excess of £61 is liable to have it capped at this level unless they qualify for an exemption (i.e. receive the appropriate disability benefit).

- For couples with two children living in private rented housing outside London there are very few authorities in Southern England (below a line between the Wash and Severn Estuary) where the rent on a three bedroom property would fall within the cap.

- There are up to 44,000 three child families in social rented housing that have an award in excess of the cap. Using Family Resources Survey (FRS) data we would expect around one third of these to be exempt from the cap.

- There are around 28,000 three child families renting privately with an HB award above the cap and we expect around one quarter of these to be exempt from the cap.

- Around a further 17,000 two child families and 18,000 four child families living in social rented housing outside London are potentially affected and 29,000 two child and 4,000 four child families in private rented accommodation.

- Inside London the cap is higher. We estimate around 12,000 households with one to four children living in social rented housing are potentially affected and around 10,000 private renters (with similar proportions being exempt).

3.4 The number of childless households affected by the benefit cap is more difficult to estimate and our analysis does not take account of households that are out of work but not on a passport benefit. After taking account of exemptions, we estimate that the numbers of those affected in year one who receive a passport benefit are:

- 85,000 social renters, of which around 12,000 are in London.

- 54,000 private renters, of which around 10,000 are in London.

The cap may also affect a small number of households working part-time whose hours or earnings are insufficient to exempt them from it. Part-time work can act as an important bridge between long-term worklessness and full-time employment something that UC was designed to encourage.

4. CLAUSE 8: BENEFIT CAP REVIEW

4.1 CIH welcomes the proposal that the Secretary of State must review the cap at least once each Parliament. However, we are concerned that, as there are no criteria setting out how the review should be conducted, it gives the Secretary of State arbitrary powers to increase or decrease the cap in ways which are not part of the original policy intent which is that the cap should be linked to lower quartile earnings – or at least earnings percentiles. This should be the only criteria against which the cap could be reviewed.

4.2 The proposed levels of the cap in the Bill are set at lower quartile earnings for London and the rest of Great Britain (or two-thirds that level for a single earner). We believe that the Secretary of State should be required to report to Parliament and to justify his/her decision if, following the review, the cap is reduced to figure below this minimum standard.
4.3 In conducting the review the Secretary of State should be required to consult the Social Security Advisory Committee (SSAC) before reaching his or her decision (the members of which are appointed by the Secretary of State him/herself) and then to publish a report to lay before Parliament about how he/she has reached his/her decision and, if it applies, why he/she has decided to reject any recommendations the committee has made. The report should include the full evidence submitted to him/her by the SSAC.

5. CLAUSE 9: FREEZE ON SOCIAL SECURITY BENEFITS FOR FOUR TAX YEARS

5.1 This measure will have a significant impact on tenants in the private rented sector. Local housing allowance (LHA) rates are frozen and are based on the 30th percentile rent. This policy means that private tenants on HB have access to the lowest 30 per cent of the market – provided that LHA rates continue to be set using local rental market evidence. But this link was broken in April 2013 when LHA rates were uprated by CPI and in 2014 and 2015 by one per cent – a policy that shrinks the market available and which will accelerate when LHA rates are frozen. (Private rents, representing a return on investment, tend to rise faster than CPI).

5.2 The LHA freeze will particularly badly affect the in-work claimants who comprise the fastest growing part of the HB caseload. It is unrealistic to expect all lower quartile earners (who by definition are one quarter of the work force) to work their way off benefits by increasing their earnings. A two child family on lower quartile earnings (£20,000) and paying a market rent of £150 per week (the lower quartile rent for a two bedroom property in South East England) would need to increase their earnings by over one quarter to £25,200 in order to escape HB. In London, where the lower quartile rent for a two bedroom property is £254, the same family would require earnings of £42,100 (a pay rise of 210 per cent that lifts them into the top 25 per cent to 30 per cent of London earners).

5.3 Instead the result will be that hard working families have a shrinking share of the market that is affordable, confined to the very worst accommodation in the bottom 10-20 per cent, or to spending a very high proportion of their earnings on rent and with a consequent reduced standard of living.

5.4 In the social sector, only those tenants with an income above the basic passport benefit rates receive less HB (passport benefit claimants receive 100 per cent HB and reduced passport benefit instead). Given that the majority of working age tenants on partial HB are in low paid work, as far as social landlords are concerned, their income stream is only affected if the tenant moves off a passport benefit and into work. The incentive for landlords to support their tenants back into work is therefore diminished. This issue is only compounded by the link to the work allowance cut in universal credit (UC) and the fact that most of the other cuts to in-work and out-of-work benefits apply to new claims only. (See also the comments in paragraph 6.4.)

5.5 Estimates of the total value of the cut to HB (non passport cases) depend on predictions for inflation. We estimate around £90 million for each one per cent of inflation – subject to compounding over the four years. A proportion of this loss to tenants may fall on landlords as rent arrears.

6. CLAUSES 10-13: FOUR YEAR FREEZE TO CHILD BENEFITS AND REDUCTIONS IN TAX CREDITS AND UC FOR FAMILIES WITH CHILDREN

6.1 As with the four year freeze (paragraph 5.4), for tenants on a passport benefit there are no consequences for their HB. Tenants with children on tax credits and partial HB will lose £4.50 per week (£11.30 if on HB only) as a result of the loss of the family element/family premium/reduced child element in UC for the first child.

6.2 Although they do not affect HB for tenants on a passport benefit, the cuts to child support and the effect on the overall levels of income available for non-housing costs are bound to have implications for some tenants’ ability to sustain their tenancy.

6.3 The cuts in support for the third and subsequent child are particularly severe. Families lose up to £53 for each child after their second child (in addition to the reduced support for the first child). In the longer term, following the roll out of UC, tenancy failure may increase as tenants use their housing costs element towards other household expenses.

6.4 As with many of the other measures, cuts to HB directly only occur for non-passport cases. This potentially creates an employment trap for households that are in and out of work. The proposed six month linking rule (which treats gaps of six months or less as an unbroken claim) helps but tenants may still fear losing income in the medium term as a result of starting work, especially if their employment is unlikely to be stable or if they are offered a temporary contract.

7. CLAUSES 16-18: SUPPORT FOR MORTGAGE INTEREST TO BE IN THE FORM OF A LOAN

7.1 We are not opposed to this measure in principle – what most matters is that support is available to home owners to avoid repossession as and when they need it. If anything, the scale of the cuts to family benefits is a greater threat to sustainable homeownership than this change. For the vast majority of households that need some form of support an equity loan will be sufficient to avoid the threat of possession action. After five to ten years most homeowners will have sufficient equity to reassure the lender that there will be sufficient equity to repay the charge.
7.2 However, we are concerned about the effect in those cases where owners have not built up sufficient equity to prevent their lender from seeking possession. Our research on mortgage possessions suggests that those households that have been driven by their aspirations to become owners, but whose ability to sustain ownership is at the margins, are overrepresented within the group that has insufficient equity. In the medium to long-term this may set back ministers’ aspirations to expand the number of home owners.

7.3 The Bill is unclear about when the loan for interest payments is to be repaid. Is the loan deferred indefinitely until the home is sold or is repayment required as soon as the owner no longer qualifies for assistance? If repayment is deferred it is unclear whether the loan continues to roll up the interest until the time at which the home is sold.

8. Clause 19: Reduction in Social Housing Rents for Four Years

8.1 Following on from a 10 year rent settlement based on annual increases of CPI plus one per cent which came into effect in April 2015, the announcement in the budget of a one per cent rent reduction for the next four years represents a significant change for the social housing sector which had relied upon the Government’s previous commitment. Out of all the recent announcements, this is potentially the biggest threat to social landlords’ viability.

8.2 While we recognise that a rent reduction provides some help to some tenants, for others the positive impact will be far outweighed by the cuts to in-work benefits announced in the Summer Budget and, in particular, some of the other measures included in this Bill that affect support for children. Average social sector rents are around £90 per week so a 1 per cent cut provides a family saving of £0.90 – this represents only one fifth of the loss to a working family receiving tax credits and HB as a result of the loss of the family element in tax credits. It is less than 10 per cent of the loss for a working family in receipt of tax credits only. This measure has no benefit for any household (working age or pension age) receiving full or partial HB – the whole of the reduction is met with a corresponding reduction in their HB (or UC if they receive UC instead), the only exception is if their award is less than the reduction itself.

8.3 Because of the rules about how a change of circumstances is implemented, tenants on UC will be at a disadvantage compared with tenants on HB. Changes in UC are always implemented at the start of the assessment period when the change takes place (so a tenant with a rent increase gains but with a rent reduction loses). This means that a tenant’s UC award could be reduced up to 30 days before the rent reduction actually takes place regardless of whether the tenant is in or out of work. It will also mean that landlords operating in areas where UC has already been switched on will be at a disadvantage.

8.4 Social landlords have based their business plans and secured loans on the previous 10 year rent settlement of CPI plus one per cent agreed in 2014. The risk now is that in many cases those plans will need scaling back to respond to rent reductions.

8.5 The National Housing Federation has forecast the impact of the Budget announcement compared with the rental income that had been expected under the CPI + one per cent regime – the cumulative loss to the social housing sector’s total rent revenue is estimated at around £3.85bn over the four years to 2019/20 (assuming CPI of 1.2 per week per year). The LGA has estimated the cumulative loss to be £2.6 billion from local authority housing business plans.

8.6 The Office for Budget Responsibility has estimated that this measure will result in 14,000 fewer social homes being built, but the National Housing F estimate is 27,000 fewer homes. However, this measure does not only affect social landlords’ ambition to build new homes. It also places at risk the excellent work that social landlords are doing to support tenants and residents into employment and training. Not only is this improving the quality of people’s lives – it is also supporting the key government policy objective of reducing benefit dependency. A 2014 Ipsos MORI survey commissioned by the National Housing Federation showed that around 40 per cent of housing associations are providing some form of employment and skills support.

8.7 In reality the overage damage to social landlords’ business plans is much greater than the cumulative four year loss because of the compounding effect of inflation and assumed rent increases (CPI plus x) that would have otherwise taken place over the normal 30 year business planning cycle under which social landlords operate. Thirty year business plans are industry standard for ensuring that landlords are self-sufficient to maintain and invest in their existing stock without requiring investment from the taxpayer.

8.8 This comes at a time when social landlords are being urged by Government to make better use of their assets but the risk to business plans of future rent reductions now mean that would it be ill-advised to increase leverage. The measure encourages landlords to take less risk and to accumulate surpluses in order to remain financially viable.

8.9 We consider that sub-clause 10 – the definition of “rent” – is too restrictive (see s275 Housing and Regeneration Act 2008). As it stands, the definition potentially includes all payments under a tenancy or licence agreement, including any kind of service charge payment such as a charge for maintaining communal areas or for care or support in specialist housing.
8.10 It is unclear whether it is the policy to include service charges within the global rent when calculating the one per cent reduction. If it is not then the definition should be amended to make this expressly clear (precedent already exists that would prevent potential abuse through landlord recategorisation of charges).

8.11 Alternatively if the one per cent reduction is intended to include service charges, we make the following observations and suggest further powers to prevent the occurrence of the likely unintended consequences:

— It is common practice for social landlords to set service charges at a level that merely recovers the cost of providing the service and in the case of variable service charges, the law requires it (the charge must be ‘reasonably incurred’ to be recoverable: ss18-30 Landlord and Tenant Act 1985).

— A key element in any service charge is labour costs often for unskilled work such as cleaning. It seems likely that labour costs will be affected by the introduction of the national living wage which raises the minimum wage by over 10 per cent.

— The failure to exclude service charges could have unintended consequences for local authority leaseholders. Tenants would benefit from a reduced charge and the shortfall in costs could fall exclusively on leaseholders (being ‘reasonably incurred’). Alternatively, the service could be withdrawn as being uneconomic and the building could deteriorate along with the value of their home.

— In other cases specialist supported or sheltered housing could become unviable.

— If service charges are not expressly excluded by the Bill it should contain the power for the Secretary of State to specify any part of the gross rent that relates to a ‘service or facility provided’ that is not ‘pure rent’ (i.e. payment for the right to occupy only) to be excluded from the one per cent reduction on a similar basis to the power for exemptions (see clause 20(3)).

— The power to exclude part of the rent would provide the Secretary of State with greater flexibility. As it stands the powers in clause 20 mean that a type of letting has to be excluded from the one per cent reduction either completely or not at all.

— This may result in either the intended savings from HB not being achieved because the only option is to exclude a broad category of dwellings or the exclusion being drawn too narrowly.

— If the exemptions are too narrow and there is no power to exclude service charges, the Bill may put in jeopardy support services for elderly or otherwise vulnerable tenants or the accommodation itself may become unviable. For example, if the Government wished to make the distinction between extra care housing and sheltered housing. Exempting only extra care housing may mean that large numbers of sheltered housing units for elderly people become unviable and are forced to close (see commentary on clauses 20-21 for numbers affected).

9. CLAUSES 20-21: EXCEPTIONS AND MITIGATIONS TO SOCIAL HOUSING RENT REDUCTIONS

9.1 Sub-clause 3 provides for certain classes of tenants, tenancy types, and accommodation types prescribed by regulations to be exempt from the one per cent rent reduction. This allows for exemption, for example for housing designed or built for elderly people, specialist housing such as hostels, sheltered housing or extra care housing.

9.2 We are concerned about the effect of the one per cent reduction on the viability of specialist supported housing – including sheltered housing. There are roughly 330,000 purpose-built rented homes for elderly people in England that are provided by social landlords. Around 10 per cent of these are extra care housing.

9.3 We are concerned about the viability of specialist housing if it is not exempt – or only partially exempt from the one per cent reduction. See also our concerns about scheme viability for supported accommodation service charges above (clause 19). Gross rents for extra care housing are often in excess of £300 per week. These rents are often agreed in advance when the scheme is commissioned.

9.4 Many supported housing schemes are already under financial stress following the withdrawal of Supporting People funding in most local authority areas. As a result the viability of these schemes is now completely dependent on the income from (gross) rents.

9.5 Some local authority sheltered housing (and other supported housing such as hostel accommodation) fell outside decent homes funding because of the scale of the works required to remodel and provide them with the modern facilities required to meet the standard. These units are typically bedsits or have shared facilities. Ideally these homes should be upgraded further to meet the lifetime homes standard. But the required improvements may have to be postponed indefinitely if rents that are already barely adequate to maintain them at below the decent homes standard are reduced even further.

9.6 We urge MPs to seek reassurance from the Government that all homes that do not currently meet the decent homes standard will be excluded from the one per cent reduction. In the absence of any reassurance, the Bill should be amended to expressly say so. DCLG statistics show that there are around 146,000 local authority homes that do not meet the standard.

9.7 There are a number of charitable almshouses with fewer than 250 homes that are registered with the HCA often because they required access to HCA funds to meet the decent homes standard or because referral of the rent is not required for HB purposes. We urge MPs to seek reassurance that charitable almshouses will be exempt from the one per cent reduction.
10. **CONCLUSION**

10.1 The welfare cuts contained in this Bill not only create hardship for tenants out of work but also those employed with low and moderate earnings. The stress it will cause to families in the long term is incalculable.

10.2 Rent arrears will increase and landlords will have to devote more resources to rent collection. As a result fewer resources will be available for non-core activities such as supporting tenants back into work.

10.3 We fear that the early impact of the revised benefit cap has been seriously underestimated in terms of the effect that withdrawing HB will have on landlords’ income streams.

10.4 Although it is positive for some tenants, the planned one per cent rent reduction represents a significant loss of income for housing providers and will have a considerable impact on their business plans. This will be compounded by the increased threat of rent arrears and higher collection costs.

10.5 Ultimately fewer homes for rent will be built – around 14,000 according to the Office of Budget Responsibility many think this is likely to be an under-estimate.

10.6 In the long term the one per cent rent reduction is likely to mean that landlords will be wary of Government commitments. This is likely to result in more risk averse behaviour with resources being under-utilised.

10.7 Finally, we are concerned about the impact that these proposals will have on young and single people. Reducing and/or removing their entitlement to benefits will affect their ability to find and keep a home and also meet their basic living needs. We fear that, for those without a safe family environment to turn to, this will result in increased homelessness. Specific issues include:

- The removal of automatic entitlement to HB for under 21 year olds is not contained within this Bill but needs to be considered as part of a total package of measures which will have a detrimental impact.

- Young and single people will be hardest hit by the benefit freeze as, with JSA rates of only £73.10 per week for those aged 25 and over and £57.90 for those under 25, there is limited scope to cut living costs. Many of these people will be affected already by measures such as the social sector size criteria (‘bedroom tax’) and the need to pay a proportion of their Council Tax – in some local authority areas the contribution is as high as 25 per cent.

- Disabled single people on ESA receiving the work related activity component will see a big percentage drop in their income despite having additional living costs. This will make it harder for them to live independently and will place added burdens on already stretched health and social care services and budgets.

**APPENDIX**

**SUMMER BUDGET WELFARE MEASURES NOT IN THIS BILL THAT IMPACT ON HOUSING AND WORK INCENTIVES**

1. **Discretionary Housing Payments (DHPs)**

- The Summer Budget 2015 set out the allocations for DHPs for the five years beginning 2016/17.

- The allocations are broadly at the same level before the measures announced in the Summer Budget and this Bill (at around £160 million annually). They appear to take little account of the impact of the measures described above, nor other Summer Budget measures – in other words take no account of the measures included in the Bill as well as other welfare measures set out in the Summer Budget which can be implemented using existing powers (such as reductions in the UC work allowance).

- The allocations in the Summer Budget for DHPs are totally inadequate to deal with the expected impact from the reduced benefit cap, where bulk of the savings in the early years are implemented via cuts to HB.

- DHPs can play a highly effective role in enabling tenants to adjust to the new welfare system, helping them to manage the change and to avoid greater expense to the public purse should they fail in their tenancy. A more realistically funded DHP programme would better support the introduction of the new welfare system.

2. **Increase Tax Credits Taper To 48 per cent**

- This measure deepens the poverty trap for in-work claimants. For those that also rely on HB to help them with their rent the overall marginal tax rate rises from 86 per cent to 88 per cent (and is even higher for those that receive council tax support).

- Our modelling shows that the overall package of Summer Budget changes keeps UC above existing benefits across the range of earnings for most family types. The overall cuts to UC are small compared with changes to tax credits and existing benefits. And yet even prior to the change UC is (broadly) more generous than existing benefits.
3. **REDUCE WORK ALLOWANCES IN UC**

— This measure severely undermines one of the clear goals of UC – to enhance work incentives and make them more clear and transparent. It is especially problematic for those considering the advantages of moving into part time work. The measure abolishes the work allowance for childless households (and reduces it for others such as disabled/ lone parents).

— Our analysis shows that across a range of earnings childless households earning between £30 and £240 per week (£30 and £340 per week for a couple) will be over £16 per week worse off overall than under the existing UC work allowances.

— Although tenants claiming UC will still generally be better off than their counter-parts on legacy benefits who move into work, the change still has the potentially damaging effect of making the advantage of moving into work more difficult explain.

— The advantage of a work allowance/ earnings disregard is that it is easy to describe to claimants “you keep the first £25…” rather than explaining how much better off you are as a result of a benefit taper which varies with earnings. In the long run the overall outcome is likely to be that the message “work pays” is likely to be diluted.

4. **WITHDRAWING HOUSING COSTS ELEMENT IN UC FOR MOST OUT OF WORK 18-21 YEAR OLDS**

— The numbers affected by this change and the savings achieved as projected by the Treasury are not proportionate compared to the negative impact on those affected.

— Treasury savings are between £25 and £40 million per year. At present there are 107,000 18-21 year olds claiming HB. Only around 17,600 thousand of these claims are childless and on income-based JSA and further 10,000 that are childless and on income support.

— Of these 27,000, around 9,300 are private tenants, one quarter of which are entitled to the one bedroom rate which suggests they are likely to have recently have been in care. Allowing for an equivalent proportion in the social sector means that a maximum of 20,000 would be affected, or around 12,000 if the measure only applies to jobseekers.

5. **LIMIT BACKDATING IN HB TO FOUR WEEKS**

— The projected saving from this measure is £10 million for 2016/17 and thereafter negligible (according to HM Treasury Summer Budget Policy Costings).

— The current backdating rule makes an important contribution to the sustainability of tenancies and tenants only qualify if they can demonstrate good cause. In the long-term this measure could have a huge impact on the lives of the individuals affected for only a small saving in return.

6. **ALIGN THE WORK-RELATED ACTIVITY RATE WITH JSA FOR NEW CLAIMS**

— As with many of the other measures above, this only affects HB awards for non passport cases but represents a cut of £29.05 per week for disabled claimants despite the fact that they are likely to have additional costs arising from the additional costs of their disability.

— As with other measures that cut support for basic living expenses, in the long-term this is likely to have an impact on the sustainability of tenancies. Householders incur additional costs that do not apply to non-householders and for disabled householders these are likely to be higher.

*September 2015*

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**Written evidence submitted by Gipton Supported Independent Living (Leeds, West Yorkshire) (GIPSIL) (WRW 47)**

1. Gipton Supported Independent Living Limited, known as GIPSIL, is registered as a Cooperative & Community Benefit Society with Charitable Status (formerly an Industrial & Provident Society with Charitable Status). We are an organisation based in Gipton, Leeds, providing support and housing to young people and young parents aged 16 to 25 years across east & north east Leeds and providing specialist support to care leavers citywide. GIPSIL undertakes and hosts a range of other ancillary support services, including enhanced work clubs known as Opportunity Shops, and our Advice Service provides free & independent advice and casework, principally in relation to welfare benefits and housing, to our target client groups.

2. In light of our remit and client group, we have strong views in relation to the proposals contained within the Welfare Reform and Work Bill and a great deal of experience in respect of the impacts of welfare reform since the programme of austerity was initiated by the coalition government in 2010.
3. Restriction of Housing Benefit & Housing Costs in Universal Credit for those under 21. This budget proposal has huge potential ramifications for both social housing providers and organisations such as our own reliant upon Housing Benefit entitlement to partly fund our provision of supported housing. We are keen to see the detail of this proposal, in particular, the definition of ‘vulnerable’ within the exempted categories of claimant. Discussions within our own local authority indicate any financial saving to be negligible and may well be negated by the resource implications of investigation of individual circumstances and appeals.

4. Our experience with service users informs our belief that few young people leave the family home as a positive choice or on a whim. There are almost always underlying issues of abuse, unhealthy relationships and/or duress. The challenges involved in independent living for young people, including a benefit personal allowance of £57.90 some £15.20 below that of someone over 25, mean that leaving even a dysfunctional family home is often the option of last resort. These vulnerable young people will not necessarily have come to the attention of Social Care. In fact, this is increasingly unlikely in light of cuts in local authority budgets and the consequent impact upon service provision and raising of thresholds for intervention, including through Social Care. If the definition of ‘vulnerable’ is drawn tightly to necessitate some other professional involvement or corroboration, many young people will be placed at risk.

5. The programme of austerity implemented by the previous coalition government disproportionately impacted upon low income families with the least resilience to manage change or cope with crisis. Families have experienced increasing pressure and this has contributed to family breakdown resulting in more young people being required to leave home. This is evidenced in the increasing applications from young people for supported housing through Flagship in Leeds culminating in an increased threshold of need to secure eligibility for support. Our client cohort have increasingly complex needs around their health and social wellbeing.

6. Any potential restriction on Housing Benefit eligibility for young people is likely to impact upon allocations by social housing providers who will be understandably risk averse in the maintenance of the financial health of their organisations. Any reduction in tenancy offers from social housing providers, may well result in desperate young people seeking housing assistance with less orthodox or disreputable ‘housing providers’ placing them at real risk of exploitation.

7. There is potential for the restriction on Housing Benefit for young people to impact upon the discharge of other statutory duties owed to them by the local authority, such as through housing and social care. The Regulations will need careful drafting to coordinate with the Housing; Children and Care Acts.

8. The incremental implementation of the new National Minimum Wage will not address young people’s reliance upon Housing Benefit to assist with their housing costs it being applicable to only those over 25 years old.

9. Anecdotally, but also noting the Report from the Social Security Advisory Committee November 14, we consider The Housing Benefit (Habitual Residence) Amendment Regulations 2014 largely removing eligibility to Housing Benefit to those EEA migrants with solely ‘jobseeker status’ to be a precedent for the disproportionate social impact involved in the restriction of Housing Benefit to particular groups as against financial saving.

10. Restrict Housing Benefit backdating to 4 weeks. We believe that the Budget proposal to restrict backdating of Housing Benefit to a maximum of four weeks from the current six months will negatively impact upon rent collection rates for housing providers and will impact upon the most vulnerable tenants. The backdating rules do not give automatic entitlement upon claim and an applicant must demonstrate good cause for late claim, not including lack of knowledge of eligibility. As such, our experience in utilising backdating has been in the assistance of those most vulnerable clients who would have the least resilience to manage a large priority debt of rent arrears and placing them at risk of eviction.

11. Reduction in Benefit Cap to £20k from £26k for households outside of London. The reduction in the benefit cap will increase the Housing Benefit shortfall affecting those people and families on the lowest incomes. Discretionary Housing Payments have in no way been able to mitigate the full impact of the benefit cap and under-occupancy changes. The consequences for housing providers have included a fall in rental income and an increased pressure on resources to manage rent accounts in debt and support tenants. Whilst larger families have been predominantly affected by the cap outside of London, the reduction will mean the benefit cap becoming a routine problem. For example: a couple with two children would lose £211 pa as a result of the benefit cap if they were resident in a two bedroom property at the current Leeds Local Housing Allowance rate; they would lose £1726 pa if they had a 3 bedroom property and were eligible for the three bedroom LHA rate.

12. The narrative around the Benefit Cap is highly suggestive that the per annum figures comprise disposable income for claimants. In fact, the lack of rent control exacerbated by the housing shortage has given rise to the increase in Housing Benefit expenditure, issues wholly outside of the control of individual claimants. A couple with 2 children living in Leeds and in receipt of income based Jobseeker’s Allowance, Child Tax Credit and Child Benefit would have a household income excluding housing costs of £13,806. The residual £6,194 up to the benefit cap would not meet the current two bedroom rate of Local Housing Allowance rates which in turn only cover the bottom 30% of market rents in the city. If this couple rented a two bedroom property at the Local Housing Allowance of £122.36, the annual rent £6,362.72 would comprise almost 32% of their £20k benefit capped income.
13. Cuts to Tax Credits and introduction of the National Living Wage. The proposed cuts to Tax Credits will impact significantly on low income families and will perversely serve to increase reliance upon Housing Benefit where personal allowances are due to be frozen. (We note there is a proposal to remove the Family Premium of £17.45 from the Housing Benefit calculation for new claims and following changes in circumstance from 1st May 16 which will effectively further penalise low income, working families.) Cuts are scheduled to be implemented (April 16&17) before the introduction of the proposed national living wage due to increase incrementally to £9 per hour by 2020 and it is accepted that the increase in wages will in no way mitigate the full impact of the proposed Tax Credit cuts. IFS Briefing Notes BN175 9/9/15: ‘Among the 8.4 million working age households who are currently eligible for benefits or tax credits who do contain someone in paid work the average loss from the cuts to benefits and tax credits is £750 per year. Among this same group the average gain from the new NLW, is estimated at £200 per year (in a “better case” scenario). This suggests that those in paid work and eligible for benefits or tax credits are, on average, being compensated for 26% of their losses from changes to taxes, tax credits and benefits through the new NLW.’

14. The proposed increases to the general rate of the minimum wage are only applicable to those over 25 (currently, the general rate applies to employees over the age of 21.) This will again serve to increase younger people’s reliance upon Housing Benefit to support their housing costs and fails to reflect their living expenses which equate to those over 25.

15. Abolition of the Work Related Activity Component of ESA & Limited Capability for Work element of UC. The proposals to remove these additional components for new claims will likely place those suffering ill health and disability in significant financial hardship. These claimants have been subject to the stringent Work Capability Assessment confirming they are in ill health and unfit for work in the DWP’s own terms. These components were introduced to mitigate against the additional expenditure that disability and sickness necessarily incur. The cut represents a reduction in income of over £29 per week and will likely serve to discourage work readiness for claimants whose basic subsistence needs will no longer be met: there are clear cost implications to be being employable from transport, to clothing, to diet.

16. Proposal to increase conditionality requirements for parents in receipt of Universal Credit. This provision seeks to impose full work related requirements to those parents with a child from the age of 3. As a supported housing organisation working with disadvantaged young families, this provision fails to acknowledge the social value of caring. It takes away parenting choices from the poorest parents and fails to take into consideration the individual needs of very young children which are many and wide ranging.

17. Conclusions. We have identified a few changes proposed by the Welfare Reform and Work Bill and responded to these specifically as detailed above. We could have continued in this vein noting how the cuts reduce the incomes of the poorest people and families irrespective of whether they are in or out of work. However, there are a number of more general but significant points we believe are pertinent to the Bill.

18. The incomes of the poorest people and families will be reduced as a result of the Bill’s provisions as evidenced by the IFS analysis noted above. As such, the legislation cannot be seen to fulfil the stated aim of incentivising work.

19. It is difficult to get a comprehensive overview of the impact of the changes due to the interlinking nature of the provisions. As such, the Bill fails in the government’s aim to simplify the welfare system.

20. The cuts to Child Tax Credit and Universal Credit limiting eligibility to two children born after 6 April 17 together with the Benefit Cap which disproportionately impacts upon larger families, gives the message that the UK considers it’s children a drain upon resources rather than a national asset.

21. The points made reflect a snapshot of GIPSIL Advice Service’s experience and opinion. If it would be helpful to the Committee to expand or provide any clarification on the points raised, we would be happy to do so.

September 15

Written evidence submitted by Chwarae Teg (WRW 48)

Chwarae Teg is a Welsh organisation working to build a Wales where women achieve and prosper. We do this by working with women to broaden horizons and build confidence and skills; working with employers to create modern workplaces that are successful by harnessing everyone’s contribution; and working with influencers, educators and decision makers to build a society that values, supports and benefits women and men equally.

KEY MESSAGES

1. Welfare reform has had a disproportionate impact on women. Estimates suggest that 74% of savings made to date have come directly from women’s pockets342 and further analysis by the House of Commons Library suggests that 70% of planned savings to be made by 2020/21 will also come from women’s pockets.343

2. Changes proposed in the Welfare Reform and Work Bill will continue this pattern and could put many women and their families at a higher risk of falling into poverty.

Scrutiny of the Bill in the forthcoming Parliamentary session must consider the gender impact of the Bill. Ideally the Bill should be subject to a full gender impact assessment which takes account of the cumulative impact of welfare reform to date.

This paper examines the policy proposals within the Bill that could disproportionately affect women and the areas we believe require robust scrutiny to ensure that women are not disadvantaged.

1. Changes to Child Tax Credits

1.1 One of the most significant changes within the Bill is the restriction of child tax credits, and eventually the child element of Universal Credit, to 2 children per family.

1.2 The individual child element of child tax credit for 2015/16 is £2,780 per year. The removal of this level of support could leave families significantly worse off.

1.3 Given women’s greater reliance on child tax credits this will inevitably affect them more and could make it much harder for women in low income households to enter and progress in the workplace.

1.4 The argument has been made that changes to tax credit will be counter balanced by the introduction of the “National Living Wage”. However, analysis by the Institute for Fiscal Studies has stated that the gains made through a higher minimum wage for over 25s is “much smaller than the takeaway from tax and benefit changes” and that the 2 are not substitutes for the other as they are targeted differently – tax credits support those with low annual family incomes and minimum wages support those with low hourly wages.

2. Changes to Conditionality for Carers Under Universal Credit

2.1 This is another of the more significant changes that the Bill would implement that will affect women more heavily and requires close scrutiny to ensure that they are not disadvantaged as a result.

2.2 The Bill will increase the level of conditionality for responsible carers of children, who are most likely to be women. The Bill will see those with children aged 3 and 4 eligible for all work related requirements; those with children aged 2 eligible for work focused interviews and work preparation and those with a child aged 1 eligible for work focused interviews.

2.3 These increased levels of conditionality will require parents with small children to attend regular meetings and/or training at the Jobcentre, participate in work experience and actively search for work. The ability to meet these requirements for many will rely on them being able to access suitable childcare. If these changes are to be implemented they must be accompanied by action to ensure affordable childcare is available. If not, the likelihood of parents being sanctioned for being unable to meet the new conditions could be high.

2.4 A recent report from the Fawcett Society looked at the conditionality arrangements of Jobseekers Allowance and found that the required commitments are often “difficult if not impossible for women to comply with” and as a result particular groups of women are exceptionally vulnerable to sanctions. The report went on to recommend that the conditions set out in the Claimant Commitment should take sensible and appropriate account of the impact of caring responsibilities.

2.5 Before any additional conditionality is placed on those with caring responsibilities work must be undertaken to ensure they will not be unfairly punished by a system that fails to adequately deliver for those with children.

3. Full Employment

3.1 The Bill will place a duty on the Secretary of State to report annually on progress towards “full employment”.

3.2 Getting the right definition of full employment in the Act is crucial. Women are more likely than men to be working part time, in temporary roles and on insecure employment contracts. Women are also more likely than men to be underemployed i.e. working fewer hours than they would like to.

3.3 If these nuances are not considered in the definition of “full employment” we could find that figures being reported to Parliament paint an inaccurate picture of female employment rates.

344 IFS (2015) “Benefit changes and distributional analysis”.
345 A list of what these different conditions mean in practice is available from CAB https://www.citizensadvice.org.uk/benefits/universal-credit/interview/claimant-commitment-what-group/
347 Ibid.
348 Chwarae Teg (2014) “Evidence to NAFW Communities, Equalities and Local Government Inquiry Poverty and inequality”.
349 JRF (2015) “Underemployment by gender over time”.
4. **Benefit Cap**

4.1 The Bill proposes to reduce the total amount of benefits a couple/single earner household can claim in 1 year to a maximum of £20,000 outside of London and to £13,400 for single claimants.

4.2 To date the impact of the benefit cap has been limited outside of London, mainly due to lower rents in areas like Wales. This reduction will make it much more likely for families in Wales to feel the impact.

4.3 We know that women are more likely to be affected than men. The DWP’s own impact assessment of the original Benefit Cap concluded that 33% of women would be affected compared to 29% of men.\(^{350}\)

4.4 The Bill also removes the link between the cap and average earnings and the requirement for an annual review. Instead the cap will only need to be reviewed once in a Parliament and any additional review will be at the discretion of the Secretary of State.

4.5 We have serious concerns about these changes. Removing the link with average earnings could see those reliant on benefits struggling to afford basic essentials and the removal of regular reviews could hide the full extent of the impact of the cap.

5. **Benefit Freeze**

5.1 The Bill applies a 4 year freeze to a range of working age benefits including income support; jobseeker’s allowance (JSA); Employment support allowance (ESA); housing benefit; universal credit; individual element of child tax credit; basic 30 hour 2nd adult and lone parent elements of working tax credit and child benefit.

5.2 The is another area of concern given women’s greater reliance on benefits more generally but also due to the inclusion of child tax credit, working tax credit and child benefit. These benefits are much more likely to be paid to women – 94% of UK child benefit claims are paid to women\(^{351}\) and women 80% of tax credits go to women.\(^{352}\)

5.3 Forecasts from the Institute for Fiscal Studies suggest this means a 4.8% cut in benefits in real terms.\(^ {353}\) Of those affected 7.4 million working families will lose £280 a year on average.\(^ {354}\)

5.4 Low inflation rates could limit the impact of the freeze initially but should the rate of inflation increase the freeze could see families reliant on benefits struggling to keep pace with the cost of living and be at a higher risk of falling into poverty.

**Conclusion**

This Bill will introduce policy changes that will affect women to a greater extent than men. If this is not considered fully before the Bill is implemented then women will continue to pay a higher price for austerity.

Robust scrutiny and impact assessments are vital, especially in light of proposed changes to the child poverty measure, which could hide the full impact of these changes on low income families and those at risk of, or experiencing, in-work poverty.

Ideally a full impact assessment of the Bill should be carried out prior to it being passed. If this is not possible it’s vital that MPs engage in robust scrutiny of the Bill during its passage through Parliament to ensure the potential gender impact is understood and mitigated.

*September 2015*

Written evidence submitted by Oxfam (WRW 49)

**Key Points**

This written submission is based on Oxfam’s programme work over twenty years in some of the poorest communities in England, Scotland and Wales, and on extensive consultation with other charities working to tackle domestic poverty and inequality. It outlines nine key recommendations for improving the proposed Welfare Reform and Work Bill which is currently passing through Parliament:

1. To require the report on progress towards full employment to also report on what Government is doing to encourage moves towards ‘decent work’ and job quality.

2. To include a definition of full employment as 80% of the working age population to ensure that the UK achieves the highest rate of employment in the G7.


\(^{353}\)IFS (2015) “Benefit changes and distributional analysis”.

\(^{354}\)Ibid.
3. To require the report on full employment to also include a statutory duty to report on progress towards halving the disability employment gap.

4. To extend the report on full employment beyond the life of the current Parliament.

5. To ensure that the ambitious national target for 3 million more apprenticeships is not implemented at the expense of developing quality schemes that genuinely improve outcomes for those young people least able to access the labour market.

6. To leave the Child Poverty Act 2010 poverty measures and targets unchanged as the best portfolio of measures to track poverty progress over time.

7. To retain poverty within the remit of the Social Mobility and Child Poverty Commission so that governments are held to account on their plans and actions to reduce poverty for all ages.

8. To not further lower the benefit cap, and instead continue to retain the current link between the existing benefit cap and estimated average earnings and regional variations to account for different housing costs, while ensuring that those benefit claimants who find it most difficult to undertake work are exempt from the cap.

9. To not automatically freeze a range of welfare benefits for four years, but instead adopt a more flexible approach to balance deficit reduction with preventing a detrimental impact upon those with the lowest incomes.

1. Introduction

1.1 Oxfam welcomes the opportunity to submit evidence to the House of Commons Public Bill Committee which is currently undertaking important detailed examination of the Welfare Reform and Work Bill. We offer our written evidence to all Committee Members to inform their consideration of the Bill. As directed, we have chosen to concentrate on the aspects of the Bill where we have most experience and knowledge of lived realities rather than try to offer a comprehensive analysis, and therefore focus on the clauses of the Bill specifically relating to:

(a) Clause 1: Full employment
(b) Clause 2: Apprenticeships
(c) Clauses 4-6: Reporting Obligations, Social Mobility Commission and Other Amendments to the Child Poverty Act 2010
(d) Clauses 7 – 8: The Benefit Cap
(e) Clauses 9 – 10: Benefit Freezes

1.2 As guided, our submission is focused on suggesting amendments to the Bill with explanation; and makes clear where we support or oppose amendments tabled or proposed to the Bill by others. The required 3,000 word limit of the submission means that we have had to be succinct with our suggestions and we therefore welcome further opportunity to explain our stated positions further to all Committee members.

2. Full Employment (Clause 1)

2.1 Decent Work: Oxfam supports the Government’s commitment to achieving full employment, and in particular the new requirement to report every year on the number of new jobs created. However, we also know from our UK programme work over many years that for a worrying number of people the labour market does not offer a reliable and long-lasting route out of poverty. For too many, the jobs available simply pay too little to afford a decent life. Increasing the number of jobs available can therefore only be considered part of the solution to providing people in poverty with an exit route. At the lower end of the job market, low pay, insufficient hours, poor job progression and insecure contracts mean that paid work can still trap people in in-work poverty. Women in particular are estimated to make up 64% of low paid workers, while disabled people are also much more likely to be unemployed or in low paid work (even with the same qualifications) as their non-disabled counterparts. Oxfam therefore believes we need to look beyond the amount of work available to instead also address significant questions of its quality and type. We refer to this as the need for ‘decent work’. This reflects a growing consensus that job quality increasingly matters, and does not trade off the myth of job creation versus job quality. As one of our academic research partners summarises the benefits of this renewed focus: “Good job quality makes countries more competitive, companies more productive and workers and their families better off.”

2.2 Defining Decent Work: As much research has shown, job quality is a broad and multidimensional concept such that a consistent, unifying definition of job quality currently remains elusive. As a minimum, decent work incorporates at least the intrinsic nature of work, the contractual arrangements within which work takes place and other aspects of work relations. However, a recent literature review commissioned by Oxfam of the various conceptual frameworks and indices of job quality available, leads us to propose that Oxfam best understands ‘decent work’ to revolve around five core dimensions. These are outlined in the following model: pay, intrinsic characteristics of work, terms of employment, health and safety, and work-life balance.
2.3 Further aspects of Decent Work: A possible list of aspects that could relate to these five dimensions of decent work is set out in Appendix One. This is proposed as a good starting point from which the Government could develop an operationalisable model of job quality applicable to the UK that allows for annual measurement and mapping. We suggest that as part of the Secretary of State’s full employment reporting requirement on full employment progress, that a definition of job quality should therefore also be included. Such a definition of job quality must draw upon multi-disciplinary and multi-dimensional research approaches and convene a public consultation, including representation from the country’s policy-makers and practitioners (including trade unions), to develop a robust model of job quality applicable to the UK. Such a measure must be capable of assessing and mapping the quality of new jobs created in the UK, identifying ‘hot spots’ and ‘cold spots’ of good and bad job quality by occupation, industry, sector and region, and also include analysis by sex, race, disability and age of who is accessing which jobs. It must also monitor the quality of new jobs in the UK over time and enable trends, key points and interventions and developments to be identified to improve job quality. This proposal mirrors research on decent work that Oxfam Scotland are currently undertaking as part of the Scottish’s Government’s Economy, Energy and Tourism Committee Inquiry into Work, Wages and Wellbeing. We would be happy to share our research findings with Committee members, which will be available by March 2016.

2.4 Oxfam therefore supports Amendments 106 and NC11 which require the report on progress towards full employment to also report on what Government is doing to encourage moves towards ‘decent work’ and the numbers of new jobs created that comply with a definition of ‘quality jobs’ as determined by a public consultation.

2.5 Defining Full Employment: The Bill currently does not provide a definition for full employment and this needs to be rectified if it is going to be a meaningful statutory reporting obligation. While there are a number of definitions for full employment that could be deployed, Oxfam favours the 2007 DWP ambitious target of 80% to ensure that the UK achieves the highest rate of employment in the G7.

2.6 Oxfam therefore supports amendment 80 to specify that the purpose of reporting on progress toward full employment, full employment is defined as 80% of the working population.

2.6 Disabled people and employment: Oxfam welcomes the Government’s intention to half the disability employment gap. Breaking down structural barriers that block disabled people seeking and maintaining employment, where they are able to work, would be a significant step in remedying the disproportionate risk of poverty that too many disabled people are subject to. Oxfam supports our colleagues in the Disability Benefits Consortium in their suggested amendment to also report on progress towards full employment for disabled people.

2.7 Oxfam therefore supports Amendment 2 that require the report on progress towards full employment to also report on progress towards the Government’s stated aim to halve the disability employment gap.

2.8 Maintaining the full employment reporting obligation: Oxfam also believes that given the importance of the Government’s stated ambition to create 2 million additional new jobs in pursuit of full employment, that the reporting requirement on progress towards full employment should be extended beyond the timeframe of the current Parliament, so that this important aspiration is not simply a party political concern.

2.9 Oxfam therefore supports Amendment 24 that would remove the provision that repeals the full employment reporting obligation at the end of the current Parliament.
3. **APPRENTICESHIPS (CLAUSE 2)**

3.1 **The need for Apprenticeships to be of quality and targeted to those who most need them:** Consistent with Oxfam’s key concern to create new ‘decent jobs’, where the quality and quantity of jobs are both pursued concurrently, similarly, although we welcome the Government’s stated intention to set a target of creating three million new apprenticeships for young people, we also want to ensure that these opportunities are made available to those who most need them, and are of good quality to enable progression in the labour market. We are disappointed for example, that the growth in apprenticeships to date has largely benefitted over 25-year-olds. Recent research on inequality in the UKxix shows that since the economic crisis, young people in their twenties have lost out most across a wide range of outcomes, despite gaining higher qualifications than previous generations. Full-time employment of those aged 20-24 fell by 10 percentage points for men and 8 points for women between 2006-08 and 2013, while after allowing for housing costs, typical incomes for those in their twenties in 2012/13 were 18 per cent lower than five years before. Oxfam therefore welcomes the Government’s focus on extending apprenticeships, but growth in apprenticeships has to be as much about quality as quantity. The Government’s ambitious national target must not be implemented at the expense of developing quality schemes that genuinely improve outcomes for those groups least able to access the labour market. In particular, the targeting of future apprenticeships amongst 18-21 year olds who will be subject to the Youth Obligation and to restricted entitlement to housing support costs would, in Oxfam’s opinion, be key for successful roll out of the planned growth of apprenticeships.

3.2 **Oxfam therefore supports Amendment 3 that specifies additional information that must be included in the Secretary of State’s report on progress towards meeting the apprenticeship target so that quality of apprenticeships is monitored.**

4. **POVERTY MEASUREMENTS AND REPEAL OF THE CHILD POVERTY ACT 2010 (CLASSES 4-6)**

4.1 **Repealing the Child Poverty Act 2010:** Oxfam is deeply concerned that the Welfare Reform and Work Bill proposes to abandon the indicators and targets in the Child Poverty Act (passed with cross-party support in 2010) and replace them with a set of broader measures of life chances, including a statutory duty to report on measures of worklessness and GCSE attainment. Although the Government insists that their intention in doing this is to tackle the causes of child poverty rather than the symptoms, Oxfam believes we stand to lose out considerably from repealing the majority of the Child Poverty Act and that doing this would therefore be a significant regression in attempts to make Britain a fairer society. We simply do not accept that the Government’s first step towards implementing its manifesto pledge to ‘work to eliminate child poverty’ will be the repeal of the Child Poverty Act 2010. Oxfam believes that this represents a failure to protect the 4.1 million most disadvantaged and vulnerable children and families in the UK living in absolute poverty (after housing costs).xx

4.2 **Inadequacies of the proposed new poverty measures:** Oxfam believes that the measures in the Bill do not provide an adequate foundation for a new, comprehensive way of addressing UK poverty. The proposed new measures focus on levels of work within a family and improvements in education attainment which while welcome as additions to existing measures, cannot on their own, produce the data we need to track meaningful changes to poverty rates, and mean that it will be hard to hold the Government to account on its future record. Worklessness – one of the new proposed indicators – while important, is not sufficient, as over half of children living in income poverty in the UK today have at least one parent in work.xxi Evidence shows that poverty is inescapably connected to the amount of money in families’ pockets – income fundamentally matters to children’s chances and outcomes – and therefore jettisoning income measures of poverty simply does not make sense if the Government is really committed to improving opportunity for all.

4.3 **Retaining the concept of Relative Income Poverty:** Oxfam acknowledges that poverty is a complex reality and we recognise that there is no one perfect measure to capture it all. We know that the relative income poverty measurement has its weaknesses, as every measure does (it can for example, give a misleading picture when there is a sharp fall in median income). While Oxfam do not claim that the relative income poverty measure – defined as 60 per cent of median income – is a perfect measure on its own (as we argued in our consultation response in 2013xxii), we would argue that nonetheless it needs to be retained along with the other three child poverty targets in the 2010 Act, because income remains a critical factor driving child outcomes. We know from our UK programme work over two decades that children from low-income households do worse in part precisely because they have lower incomes. And it is generally accepted that a relative measurement of poverty is important as it allows us to make comparisons between being poor and excluded from participating in things that people ‘in the middle’ of society enjoy. This was wholeheartedly recognised by the Conservative Party in 2006 and it therefore seems inconsistent to do a u-turn on the concept of relative income poverty now. Abandoning this measure would also entail losing out on tracking how we compare with equivalent countries and across time. Combining the 60% median income based measures of poverty with additional income or other multidimensional measures of poverty, is generally acknowledged to be the best way to describe and track poverty over time. Such a combined approach to poverty measures already exists within the Child Poverty Act 2010, so that it includes not just one measure but fourxxiii The existing portfolio of poverty measures therefore helps prevent politics being played with poor children’s lives and gives us a fuller picture of poverty in its many manifestations. Removing poverty from the remit of the Social Mobility and Child Poverty Commission is likewise a backwards step. Oxfam rather wants to see a Poverty Commission whose remit would be to hold governments to account on their plans and actions to reduce poverty for all ages.
4.4 Oxfam therefore supports the following amendments - Amendment 9, 10, 77, 81 - which propose leaving the child poverty targets and measures unchanged, and/or further requires the Secretary of State to include data on children living in low income working households in their planned report on the life chances of children. Furthermore, we support Amendments 7 and 8 to leave the name and remit of the “Social Mobility and Child Poverty Commission” unchanged.

5. **THE BENEFIT CAP (CLAUSES 7-8)**

5.1 Oxfam’s Concerns around lowering the benefit cap: Oxfam has concerns about the significant proposed lowering of the benefits cap from £26,000 per year (£18,200 for single people) to £23,000 in Greater London (£15,410 for single people) and £20,000 (£13,400 for single people) in the rest of the country, to be phased in from April 2016. While we recognise the Government’s rationale to deliver strong work incentives, the evidence to date of applying the 2012 benefits cap, is at best, we believe, ambiguous in supporting this policy intention and moreover, radically undermines the link between a household’s assessed need and its entitlement to benefit. Other independent research findings dispute the Government’s own largely positive evaluation of the impact of benefit cap in its first year, suggesting for example, that “the large majority of affected claimants responded neither by moving into work nor by moving house. For this majority, it remains an open question as to how they adjusted to what were, in many cases, very large reductions in their income.”

5.2 Oxfam therefore supports:

- **Amendment 11** that proposes that the benefit cap does not apply to benefit claimants who will find it most difficult to enter work – namely exemptions for primary carers responsible for the care of a child under two years of age; those in receipt of Carers Allowance (even if they do not live with the person they care for who receives Disability Living Allowance or Personal Independence Payment) and those in temporary accommodation fleeing domestic violence.

- Furthermore we also support **Amendment 12** which would require the Secretary of State to review the level of the benefit cap every year to determine whether it is appropriate to change the level of the cap and must review any lowering of the benefit cap after twelve months – **Amendment NC1**.

- This benefit cap review should also take into account any reports made by the Children’s Commissioners for England, Scotland and Wales on the impact of the benefit cap on the wellbeing of children in particular – we therefore support **Amendment NC15**.

- In addition the Government should keep the benefit cap levels in London and outside London at the same rate as today so as not to risk increasing poverty levels further – we therefore support **Amendments 26 and 27**.

- Finally, we would also advocate for retaining the current link between the benefit cap and estimated average earnings and regional differences to adjust for stark differences in the cost of housing, and require the Secretary of State to take into account an annual report by the Social Security Advisory Committee on any level of the benefit cap when undertaking his review of the benefit cap, We therefore support these Amendments as expressed in **Amendments 71, 73 and 13**.

6. **BENEFIT FREEZES (CLAUSES 9-10)**

6.1 We remain deeply concerned that the Bill’s proposal to freeze benefits for four years at their April 2016 value is likely to increase domestic poverty and inequality. Oxfam is currently conducting our own economic modelling on the likely future impact of the Summer Budget announcements on overall future poverty and inequality levels in the UK. We will be making this evidence available to Committee members in early October 2015. In the meantime, we suggest that the Government adopts a more flexible approach to balance necessary deficit reduction with a firm commitment to preventing a detrimental impact upon those with the lowest incomes, especially working households who are reliant on state support to top-up their incomes, Reserving the option to uprate benefits in future depending on conditions at the time would enable the Government to protect growth and link this to a concern to improve living standards for those on the lowest incomes, especially as we wait for the National Living Wage to take effect.

6.2 Oxfam therefore supports **Amendment 15** which would annually review the proposed freeze, so that the rate of inflation and the national economic situation at that point in time could inform decision making, and ensure that households on the lowest incomes aren’t excluded from the benefits of economic growth and stability.
ABOUT OXFAM GB

Oxfam GB is a global aid and development charity with 70 years of experience, working and campaigning with partners in over 90 countries worldwide, to build a future free from the injustice of poverty. Oxfam GB is part of an international confederation of 17 organisations networked together as part of a global movement for change. In all Oxfam’s actions, the ultimate goal is to enable people to exercise their rights and manage their own lives through long-term development work, emergency response, and campaigning. We believe that when people have sufficient resources and power, they can achieve this without support.

Since 1995, Oxfam GB has run a UK Programme to address the causes of poverty at home. Oxfam GB has a vision of everyone in the UK having enough to live on, and of all men, women and children being treated with respect and dignity no matter how much money they have. We believe it is unacceptable that over 13 million people in the UK do not have enough to live on, and most do not have the power to speak out about what this feels like and why it is wrong. We therefore work with others to achieve a fairer and more equal country, in which everyone in the UK can live lives free from poverty and shame. We use our programme experience to influence policy, practice and public debate.

Oxfam is a registered charity in England and Wales (no 202918) and Scotland (SC039042). Oxfam GB is a member of the international confederation Oxfam.

REFERENCES


iv Professor Chris Warhurst (August 2015) Submission to the Scottish Government EETC Inquiry, http://www.scottish.parliament.uk/S4_EconomyEnergyandTourismCommittee/Inquiries/ProfChrisWarhurst.pdf


vi Professor Patricia Findlay (August 2015) Submission to the Scottish Government EETC Inquiry, http://www.scottish.parliament.uk/S4_EconomyEnergyandTourismCommittee/Inquiries/Patricia_Findlay.pdf


xi The only substantive part of the 2010 Act left intact by the Bill is section 26 concerning the provision of free school meals and milk.

xii The Conservative Party Manifesto, p.28.


xiv Ibid.


As requested, I am writing to the Welfare Reform and Work Bill Committee with further information about the Access to Work Mental Health Support Service (WMHSS). This follows exchanges with a number of committee members about the service when I gave oral evidence on 10th September.

Remploy has operated the service since December 2011, and since then has supported more than 4,000 individuals with mental health conditions to remain in work. The service is widely acknowledged to be highly effective, with more than 90% of the individuals utilising the service remaining in work following six months of specialist support. It has met its contractual targets, and provides a substantial return to the taxpayer by reducing the likelihood of unemployment and out-of-work benefit payments.

The service does remain largely unknown and underused, and we have capacity to more than double referral numbers. We welcome the Department for Work and Pensions aim to achieve this, and to work with a range of stakeholders to make them aware that this support is available.

**Outline of the Service**

The WMHSS service is available to individuals who have a mental health condition and are on sick leave from work because of their condition, or are finding it difficult to maintain their wellbeing and performance in the workplace. There is no cost to the user or employer. Individuals must self-refer by contacting a central Access to Work call centre, and if they are eligible, are referred on to Remploy to begin support. From October this year, individuals will be able to self-refer to Remploy directly.

The WMHSS is delivered by a national network of vocational rehabilitation consultants (VRCs) who are all experienced in supporting individuals with mental health conditions to return to, or retain, employment and are members of the Vocational Rehabilitation Association. Support is provided both through face to face meetings and over the phone. Service users can decide whether consultants engage with their employer, although Remploy typically encourages individuals and employers to work together to overcome issues in the workplace and find sustainable solutions.

Remploy’s contract to deliver the WMHSS comes to an end in 2017.

**Potential Interventions to Support Individuals**

Interventions suggested by VRCs as part of the service are fully tailored to the customer’s individual circumstances and based on their mental health condition and job role, which explains the service’s high success rate. Common interventions can include:

- Workplace adjustments, including the potential for flexible hours, home working or a workplace mentor or buddy to provide additional support.
- Coping strategies related to working practices such as time management and planning.
- Condition management, with resources and information to support anxiety, stress or fatigue management, relaxation techniques, and many other conditions. This may also involve signposting to provision available through the NHS or leading mental health organisations.
- Support with disclosure in the workplace, and potential mediation between the employer and individual if their relationship has broken down.
- Employer education and advice on mental health in the workplace, increasing understanding of the impact of mental health conditions and how they can be managed.
- If the individual is already on sick leave, suggestions on a return to work strategy, particularly around timing, nature of tasks upon return, and any adjustments required beforehand.
The varied interventions outlined above reflect the diversity of our service users. Around two thirds have more than one mental health condition, and a majority have an additional disability or health condition. The service supports individuals with a wide range of mental health conditions, including depression, anxiety, stress, bipolar disorder, personality disorders and schizophrenia.

RECENT DEVELOPMENTS

Remploy has worked with the Department for Work and Pensions over the past year to simplify the referral process to the WMHSS, and to raise awareness among both employers, individuals, and health professionals. The Department has publicly stated that it would like to double the number of services users, and Remploy has worked with employers, trade bodies, the NHS and mental health charities to raise awareness of the scheme.

We believe that the WMHSS provides vital support to both individuals and employers, preventing people with mental health conditions falling out of work, while offering fantastic value for money for the Department and the taxpayer. Providing specialist support to people so they can remain in work is vital to the Government meeting their commitment to halve the disability employment gap.

I have also enclosed a number of case studies illustrating the range of support the service offers individuals.

Remploy submitted more detailed evidence on the WMHSS to the Work and Pensions Select Committee in June 2014, and gave oral evidence to the committee in October 2015. This is publicly available on the Parliament website.

If you require any further information, please do not hesitate to contact me.

September 2015

CASE STUDIES

Case Study 1: Gillian

Gillian suffered from chronic pain in her neck and shoulders and from anxiety and panic attacks. She took time off from her job as a lecturer due to her physical and mental health condition then decided to get help from the Workplace Mental Health Support Service, so she could return to work.

A Remploy Vocational Rehabilitation Consultant (VRC) met Gillian and together they developed a support plan to address her difficulties and help her return to work, which included; identifying what triggered Gillian’s pain and impacted her mood and a referral to physiotherapy services for additional support. Once her pain was more manageable, the VRC supported her into developing self-help strategies to manage her mood at work whilst providing her employer with information about mental health in the workplace, so that they could offer appropriate work-based support.

Case Study 2: Debbie

Debbie was on long term sick leave due to severe anxiety following a physical health condition that required her to be admitted to a tropical disease ward whilst pregnant, which caused her baby to be delivered early. Our VRC identified that she had bonding issues with her child as she felt guilty for what had happened to her health, and she developed post-natal depression symptoms, which hadn’t been noted by her health medical team. This had a massive impact on Debbie’s anxiety and she developed safety behaviours such as needing to clear her throat.

Our VRC started with a weekly planner from which Debbie had to pick three activities to complete out of routine, such as taking children to school or making a meal. This enabled Debbie to gradually increase her activity in preparation for her return to work. Our VRC also helped Debbie start to take time out of her home to reduce possible separation anxiety traits once she went back to work. Our VRC also recommended mindfulness sessions

As a result of this support, Debbie was able to quickly reduce her anxiety and safety behaviours and return to work very quickly.

Written evidence submitted by the Money Advice Trust (WRW 51)

1. INTRODUCTION

1.1 The Money Advice Trust is a national charity helping people across the UK to tackle their debts and manage their money wisely.

1.2 The Trust runs National Debtline, offering free, independent and confidential advice on personal debt over the phone and online, and Business Debtline, the UK’s only free debt advice service for the self-employed and small business owners.

1.3 Through these practical self-help advice services and our Wiseradviser training programme for debt and money advisers, last year we helped more than 1.2 million people.
2. SUMMARY OF SUGGESTED CHANGES

2.1 Given the wide range of other representations on aspects of the Bill relating to welfare and Tax Credit changes that broadly reflect our concerns, we have chosen to focus our suggestions on changes to Support for Mortgage Interest (SMI) in Clauses 16-18.

2.2 We strongly support the tabled Amendment 19, which would require that the waiting period before an application for a loan for mortgage interest can be made is retained at 13 weeks, instead of the proposed 39. Lenders and advice agencies alike know from experience that early intervention is the key to resolving financial difficulty. The proposed 39 weeks will mean that claimants will be well over six months in arrears with their mortgage by the time SMI starts to be paid – by which time it will be significantly more difficult for them to resolve their financial situation.

2.3 We believe the Bill should be amended to introduce a two-year grace period before SMI payments become loans secured on the property. This change, which would reflect an option previously given by the Department for Work and Pensions (DWP) during consultation, would ensure that SMI continues to act as a straightforward, short-term safety net for homeowners in financial difficulty.

2.4 We believe the Bill should be amended to extend the reformed SMI regime to cover all loans secured on the property, and not just first mortgages. This proposal, again previously explored by DWP, would simplify the system significantly and reduce the likelihood of repossession for a wider group of claimants.

2.5 We believe the Bill should be amended to ensure that interest is not charged on SMI loans, and that administrative costs should not be secured on the property. The charging of interest on the loan, further increasing their debt, seems to be inconsistent with the aim of helping people out of financial difficulty.

3. OVERALL COMMENTS

3.1. The Trust supports measures to tackle low-pay, including the higher minimum wage for over-25s announced as the “National Living Wage” in the Summer Budget 2015. However, as has been convincingly demonstrated355, the impact of accompanying reductions in Tax Credits will far outweigh the positive impact of these measures for in-work households on low incomes.

3.2. We are concerned that many will fall into financial difficulty as a result of the net impact of minimum wage and Tax Credit changes. This presents a serious risk of a whole new cohort of households, who are currently only just managing to get by, falling into unmanageable debt due to the resulting loss of income. We anticipate that demand for debt advice services such as National Debtline is likely to increase in the coming years as a result.

3.3. We share concerns expressed by other organisations including StepChange Debt Charity, the Children’s Society and the Joseph Rowntree Foundation over the impact of welfare and Tax Credit changes in the Welfare Reform and Work Bill, including Clauses 9 and 10 providing for a four-year freeze in selected welfare benefits and Tax Credits, and Clauses 11 and 12 providing for a two-child limit for the child element of Child Tax Credit and Universal Credit, and the abolition of the family element of Tax Credits. Taken together, these changes significantly reduce the ability of the welfare system to protect low-income households in financial difficulty.

3.4. In particular we support the Joseph Rowntree Foundation’s recommendation for the retention of the annual review of benefit levels to retain flexibility based on changes in economic conditions and increases in the costs of particular essential goods. We also endorse StepChange Debt Charity’s proposal for an adjustment period of up to one year before the proposed two child limit for the child element of Child Tax Credit and Universal Credit and withdrawal of the family element takes effect.

3.5. Given the wide range of other representations on the other elements of the Bill outlined above, however, in this written evidence we have chosen to focus our comments on changes to Support for Mortgage Interest (SMI) provided for in Clauses 16-18.

4. SUPPORT FOR MORTGAGE INTEREST

Mortgage arrears and interest rates

4.1 The free-to-client advice sector hears from many thousands of people every year who are struggling to meet their mortgage repayment commitments, and as such services such as National Debtline have a good understanding of how people arrive at a situation where they need such help.

4.2 The number of people contacting National Debtline by phone for help with mortgage arrears rose to a peak of 22,861 in 2009 (10.54 percent of all calls). In the years since, as the economy has recovered this has fallen to 8,242 in 2014 (5.57 percent of all calls).

4.3 While the level of mortgage arrears we have seen has declined since its 2009 peak, this is largely due to
the low-interest rate environment with the Bank of England base rate held at 0.5 percent for an unprecedented
period since. A higher interest rate environment is likely to see this number increase. Therefore, the need for a
safety net for homeowners is likely to grow importance in the coming years.

4.4 We welcomed the Government-backed mortgage safety nets including SMI and the Mortgage Rescue
Scheme, which we believe to have played a significant role in preventing repossessions from spiralling out of
control along with lender forbearance and the availability of advice. We believe that the Government should
remain committed to providing these mortgage safety nets. There is a very real risk that when interest rates rise,
that we are in danger of not having learnt the lessons of the last recession where large-scale repossessions were
prevented by the measures put in place. We run the danger of being unprepared for the effects of

Support for Mortgage Interest changes

4.5 We believe that the safety net provided by SMI is a vital protection which is in danger of being lost by
the proposals in the Bill. A key element of the benefit system will cease to be a benefit but become a state loan.

4.6 SMI does not generally help people to pay off their mortgages as it does not provide any help towards
the capital repayment element of the mortgage. It does however help people to stay in their home during a
period where they have a temporary loss of income or where they are on long-term benefits due to age or
disability rather than become homeless with all its consequent social problems. We believe that this help for
homeowners in temporary difficulty significantly reduced financial difficulty amongst this group in the wake
of the recession, preventing other consequent pressures on the welfare budget and other areas of public sector
spending.

4.7 Under the Bill proposals, not only will claimants have the legal responsibility to pay their mortgage
whilst on benefits, they will be accruing a further debt, secured on their houses, with added interest.

4.8 We are of the view that these provisions will disproportionately impact lone parents, carers or the long-
term sick and those with disabilities or over pensionable age. According to the House of Commons briefing
note, the majority of those who have help with their mortgage interest through SMI are in receipt of Pension
Credit. Clearly as this group are over pensionable age, this means that their earning potential is limited and
they are likely to be in long-term receipt of SMI. The further group who are substantially affected are those on
long-term disability benefits, again whose circumstances are unlikely to change. A loan secured on property
will erode the value of the house. We are concerned that there are competing social demands that could come
into conflict here in relation to paying for social care, the effect on assets accumulated for benefit in old age,
homework and so on. The question of which set of needs will take precedence under the proposals is unclear.

4.9 We are particularly concerned by the Bill’s proposed change to the waiting period to 39 weeks from
April 2016. Lenders and advice agencies alike know from experience that early intervention is key in resolving
financial difficulty – and there is a widespread consensus that the 13 week waiting period should be retained,
including from the Building Societies Association, Council of Mortgage Lenders and other advice sector
stakeholders such as StepChange Debt Charity. A 39 week waiting period will mean that will mean that many
people will be dealing with mounting mortgage arrears which will mean they will be well over 6 months in
arrears with their mortgage by the time SMI starts to be paid. Most people do not have savings or payment
protection insurance in place to enable them to cover their mortgage payments in these circumstances. SMI will
not cover the whole mortgage once it is in payment (as SMI only covers interest on eligible loans and up to a
£200,000 limit) so it will be extremely difficult for the claimant to persuade their mortgage lender to extend
forbearance measures and avoid repossession of their home with all the consequent social costs. They will also
be attempting to save their home from a much worse position of having built up high level of arrears by that
point. **We believe that the 13 week waiting period should be a permanent feature of SMI, and therefore
strongly support Amendment 19 as tabled to retain this period.**

4.10 Under the changes in the Bill, the loan will become secured on property from the outset of the claim.
Previous DWP consultation proposals put forward a grace period of at least two years before SMI payments
are converted into a loan secured on the property. **We would suggest that this two-year grace period is a
better approach, as this would mean that those going in and out of work or with frequent changes in
circumstances would not be affected and would continue to receive SMI without it becoming a loan. This
would retain SMI as a straightforward, short term safety net for people who may be able to get back on
their feet and reduce administration costs substantially.**

4.11 We are disappointed that the consultation proposes that all secured loans (irrespective of whether these
are eligible first mortgages or home improvement loans) would be covered has not been taken forward. This
would have helped avoid repossession for those unfortunate enough to have taken out a non-eligible secured
loan. **We believe this simplified approach of allowing all loans for housing-related expenses to become
part of the SMI scheme should be implemented through an amendment to the Bill, in the interests of
helping a wider group of claimants and of ensuring simplicity and speed for decision makers.**

4.12 There is little detail provided in the Bill itself as to the terms and conditions of the loan or how interest
will be added although the Summer Budget proposed that interest will “accrue at a rate tied to the OBR forecast
of gilts.” **We would suggest that the Bill should be amended to ensure that interest is not charged and
administrative costs are not secured on property. The effect of interest on the loan will be to erode the equity which is particularly unfair on pensioners for reasons outlined above. The claimant is already being charged interest by their mortgage company. They are then getting assistance to pay that interest through SMI. To then be charged interest on their SMI seems to be an added burden not consistent with the aim of helping people out of financial difficulty.

September 2015

Written evidence submitted by PCS Union (WRW 52)

INTRODUCTION

1. PCS Union represents around 210,000 members in the civil service and related agencies, bodies and contractors. Within this, we represent 54,000 members based in the Department for Work and Pensions (DWP). Our members, working in a range of roles across the DWP, therefore have a unique insight into the likely impact of changes to the welfare system.

2. PCS believes that it is fundamentally wrong to try to tackle the budget deficit primarily by removing money from the poorest in society as this bill sets out to do.

3. PCS supports and endorses the comments that have already been submitted by the TUC and Unite. However, there are further key points that PCS would like to stress.

CHANGES TO TAX CREDITS AND UNIVERSAL CREDIT

4. Reducing the value of in-work benefits by freezing increases and reducing income thresholds will not just increase poverty among the working poor, it will also make it harder to achieve the government’s purported aim of making work pay as it will remove a key incentive for people to take on low paid work.

5. Many PCS members are also low paid and rely on tax credits to ensure they have enough money to live on. DWP, for example, has said that as many as 40% of its own staff, staff represented by PCS, are reliant on in-work benefits. The proposed reduction to the thresholds for tax credits and Universal Credit will therefore directly impact many of the staff responsible for administering these benefits.

6. This reduction of income from tax credits is compounded by the 1% pay cap on public sector pay rises. This demonstrates how the government’s aim of moving to a ‘high wage economy’ is completely contradicted by its own policies. The Institute for Fiscal Studies (IFS) also outlines how most low paid workers will be worse off overall as a result of changes to tax credits, to quote Paul Johnson, Director of the IFS:

   “the key fact is that the increase in the minimum wage simply cannot provide full compensation for the majority of losses that will be experienced by tax credit recipients. That is just arithmetically impossible.”

CHILD POVERTY

7. The changes proposed in the bill to how child poverty is measured are of particular concern. By removing the established measures of child poverty (both relative and absolute income), we fear the government will be unable to accurately measure child poverty at a crucial time.

8. This is of particular importance as many measures included in this bill represent cuts to specific benefits paid for children, such as child tax credits and universal credit, while other benefits cuts, such as lowering the benefits cap, have a disproportionate impact on children.

9. The measures proposed in the bill also come on top of a range of changes made in the last parliament which contributed to child poverty. Of those impacted by the current benefits cap of £26,000, a shocking 72% of these, over 200,000, are children. Lowering the benefit cap can only plunge further families, and children, into poverty.

10. PCS also has knowledge of other examples of policies which are exacerbating child poverty. For example, the introduction of charging for using the child maintenance service, by the government’s own estimation, will see 100,000 families stop receiving vital maintenance.

357 TUC Briefing: The Welfare Reform and Work Bill.
11. The myriad of different cuts affecting children cannot be looked at in isolation; this is why a comprehensive measure of poverty is needed. To attempt to measure child poverty by ‘worklessness’ or ‘educational attainment’ is to use indicators, not measures, of poverty which can only hint at the wider picture. PCS is deeply concerned that an increase in child poverty as a result of measures in this bill, cuts to public services and previous changes to welfare provision will now be hidden from public scrutiny. The Children’s Commissioner for Wales further backs up this point:

> “Welfare cuts have affected families with children more than any other group. Alongside this there have been cuts to many of the services children rely on to make their lives better like youth services, play and leisure facilities, libraries and out of school activities.”

> “The UK Government has announced that it intends to stop measuring child poverty in relation to income and instead will use measures of worklessness, education, and behavioural issues like those used in the English Troubled Families programme.”

> “This fails to acknowledge that the majority of children living in poverty have at least one parent who is working. Low pay, insecure hours and the costs of childcare, rent, heating and healthy food make life an everyday struggle for many families. Tax credits provide a crucial difference for thousands of families in low-paid employment. The UK, devolved and local governments should also be pushing more employers to pay a living wage.”

12. With child poverty projected to rise and 600,000 more children expected to be living in poverty by 2016, the government should scrap the regressive changes to benefits which will impact disproportionately on children and should retain the current measures of child poverty in order to be held accountable to reducing child poverty.

**Conclusion**

13. IFS summarises the changes proposed in this bill:

> “Given the array of benefit cuts it is not surprising that the changes overall are regressive – taking much more from poorer households than richer ones”

A bill that makes life worse for the poorest in society is an appalling step in the wrong direction. Not only will this bill increase poverty but it will also have a disproportionate impact on children and will exacerbate the growing number of the working poor.

October 2015

**Written evidence submitted by The Almshouse Association (WRW 53)**

**Executive Summary**

— There are over 1,650 independent almshouse charities throughout the UK, of which 95% are members of the Almshouse Association. Over 35,000 residents live in almshouses as beneficiaries under a licence to occupy. Almshouses are the oldest form of community based, local housing, and approximately 35% are listed buildings and make an important contribution to our national heritage. Almshouses must be held in perpetuity under Schemes issued by the Charity Commission in accordance with the wishes of their benefactors. Almshouses provide homes for those in need, and the majority are governed by local trustees and are built on specie land specifically donated for that purpose.

— The Rent Reduction proposals within the Welfare Reform & Work Bill could have a serious impact on those almshouse charities which are Registered Providers, and particularly if applied to those charities which have not achieved Target/Formula Rent levels and which could become insolvent. The Bill’s assumptions about housing associations’ capacity to absorb the cuts would be inaccurate in respect of almshouses.

— There are an increasing number of examples where housing legislation and associated regulation conflict with charity law, making it impossible for trustees to achieve full compliance, and preventing the HCA from making exceptions for almshouse charities when these situations arise.

— Recommendations:

  — Exemption of almshouse charity Registered Providers generally from the rent-cutting obligations in the Welfare Reform and Work Bill.

  — Failing that, exemption of almshouse charity Registered Providers who have not achieved Target/Formula Rent levels or who are already in or will join the 2015-18 round of Affordable Homes funding distributed by the Homes and Communities Agency.

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360 http://www.ifs.org.uk/comms/comm121.pdf
Inclusion in the Welfare Reform and Work Bill of an agreed definition of an almshouse charity to remedy the ambiguity, circularity and confusion in existing statutory references, and a statutory direction that charity law should prevail where it appears to conflict with other legislation.

INTRODUCTION

1. The Almshouse Association is the working name of The National Association of Almshouses, registered charity number 245668. The Association is a membership charity. Our members, to whom we provide advice and support, constitute around 1650 independent almshouse charities. The Association is an official partner of the Charity Commission, meaning there is a formal relationship whereby the Charity Commission recognises the Association as a source of expertise in almshouse matters, and the Commission’s own internal guidance advises its caseworkers to refer to the Association for an expert opinion in certain matters.

2. The Association’s membership comprises about 95% of all almshouse charities in the UK, collectively housing around 35,000 residents, usually elderly although some charities are for other particular groups such as ex-armed forces personnel. Almhouse charities are the oldest form of social housing in the country and some have been providing accommodation to those in need for centuries. They are usually run by local volunteer trustees with minimal paid staff, and represent the finest tradition of local people helping their neighbours in need. The almshouse movement is the only part of the social housing sector where wardens are still common, with the related well-documented benefits of wardens in reducing social isolation.

3. 80% of almshouse charities have no more than 20 dwellings. Nearly 35% of almshouse charities provide accommodation in Listed buildings. Over 300 almshouse charities are also Registered Providers of social housing in England, because at some point (possibly decades ago) they were required to apply for that status as a condition of receiving social housing grant.

4. Although the precise beneficiary class varies between charities, all almshouse charities are legally obliged to provide accommodation only to those who are in need. Usually this has to be financial need. Accordingly, most almshouse residents are elderly and in financial need.

5. It is settled law that residents of almshouse charities are licensees under charity law, not tenants.362

6. The Association’s concern is about the impact of clauses 19ff on those almshouse charities which are also Registered Providers of social housing in England. These oblige Registered Providers to cut ‘rent’ for ‘tenants’ by 1% every year for four years, and cutting from the level of ‘rent’ as at 8 July 2015. ‘Tenant’ is defined so as to include almshouse residents despite their being licensees only, and ‘rent’ is defined in a way which would include the modest contribution towards maintenance of the almshouses which residents are asked to make (‘Weekly Maintenance Contribution’ or ‘WMC’).

7. Those almshouse charities which are Registered Providers have to apply the HCA’s Rent Standard Guidance (by analogy, since it is written for a landlord/tenant scenario which is not applicable in the almshouse context). Accordingly such charities ensure that the WMC does not exceed Formula/Target Rent levels, and increases by no more than CPI + 1% each year.

8. In the July 2015 Budget the measures in clause 19ff of the Bill were misleadingly portrayed as a 1% cut. In reality it is a far bigger cut, since over those four years charities would otherwise have been entitled actually to increase their WMC by CPI + 1% every year. Evidence from our members indicates, for example, that one charity with 144 dwellings stands to lose £370,000 in broad terms over the four years, once foregone increases by 1% every year for four years, and cutting from the level of ‘rent’ as at 8 July 2015. ‘Tenant’ is defined so as to include almshouse residents despite their being licensees only, and ‘rent’ is defined in a way which would include the modest contribution towards maintenance of the almshouses which residents are asked to make (‘Weekly Maintenance Contribution’ or ‘WMC’).

9. We contend that these measures were formulated without realising that they would catch many almshouse charities. Hence the assumption was that they would affect only housing associations, whose large scale and relative wealth would give them room to make efficiencies.

10. This assumption does not hold true in the case of almshouse charities. Even the largest is tiny by comparison to a housing association and therefore has little scope for achieving economies of scale. Almshouse charities have minimal or sometimes no paid staff so there is little scope for economies through staff redundancies. If redundancies were to be made, it would typically be the precious resource of the warden, now a rarity in housing associations.

11. Many almshouse charities have negligible investment income. Their only significant source of income is WMC from residents, which clause 19ff now requires to be cut. They cannot raise funds by selling accommodation. However, they are obliged by charity law to make financial provision for future maintenance as well as meeting ongoing needs. Often almshouse accommodation needs more expenditure than housing association stock, because it tends to be older and therefore designed for an age when people died and expected to be widowed at a younger age. For example, many charities still have bedsit accommodation. Hence it needs greater adaptation than housing association stock to bring it up to a modern standard suitable for enabling elderly residents to live independently for longer, and possibly with a spouse or partner. This problem is even more acute for the large percentage of our members who have Listed buildings.

12. **Recommendation:** we recommend that almshouse charities which are Registered Providers should be expressly exempted from the ‘rent’ cutting obligations in clause 19ff of the Welfare Reform and Work Bill. Please see Annex 1 for the wording of a suggested amendment to the Bill to achieve this.

13. **Recommendation:** in any event, the following two subsets of almshouse charities which are Registered Providers should be expressly exempted from those obligations:

(a) **Any such charity whose current level of WMC is below Formula/Target Rent.** It is evident that a significant number of our members have not achieved Formula/Target Rent for a variety of reasons in relation to some or all of their dwellings. For the ‘rent’ cut to be applied to this group would place those charities under severe financial strain which could make them insolvent. This is particularly true of almshouse charities using Listed buildings. In addition, it is important that where an almshouse dwelling becomes vacant and is upgraded, the charity should retain the current flexibility to move to Formula/Target Rent for the dwelling.

(b) **Any almshouse Registered Provider which is now in or joins the 2015-18 round of Affordable Homes funding from the HCA.** To assess whether they should bid for such funding, almshouse charities in this position will have done detailed financial projections on the assumption that they would be able to charge Affordable Rent levels for the relevant properties on completion of work. The exemption should not only cover almshouse Registered Providers in this position. For the avoidance of doubt it should also extend to almshouse charities in the 2015-18 round which are not Registered Providers, in the event that there is anything in their Framework Development Agreement with the HCA which would have the effect of contractually obliging them to act as if they were bound by clauses 19ff of the Bill, or by any future amendment to the Rent Standard Guidance mirroring the effect of those clauses. Again, it is important that the almshouse charities in this group should have the flexibility to increase WMC, whether on appointment of a new resident or otherwise, which they assumed they would have when bidding for funding.

14. Any exemption would need to refer to a definition of almshouse charity. The definitions which have historically been used in legislation are ambiguous and/or circular, and their re-use will cause confusion in the minds of regulators and the public.

15. **Recommendation:** the Welfare Reform and Work Bill should use new statutory definitions of ‘almshouse charity’ and ‘almshouse’ as set out in Annex 1. Note the suggested definition has built in a timing mechanism to prevent other Registered Providers being able to take advantage of an exemption simply by re-branding their accommodation as ‘almshouses’. The Association has prepared a detailed analysis of the deficiencies in the existing definitions, set out in Annex 2.

16. With regard to the status of almshouse residents, in Gray v Taylor the Court of Appeal ruled that for a variety of charity law reasons almshouse residents are not tenants, and occupy purely as beneficiaries of the charity. However, until now there has not been an opportune moment for this principle to be put on a statutory footing. It would be advisable to do so if the Welfare Reform and Work Bill adopts the amendments suggested above, to avoid confusion in the context of a clause 19 creating an obligation about levels of ‘rent’. This is particularly urgent given that at least one statutory reference to almshouse residents simultaneously uses the mutually exclusive legal concepts of ‘tenant’ and ‘licensee’, creating confusion. See Annex 2 for more detail.

17. **Recommendation:** the Welfare Reform and Work Bill should adopt the suggested clause in Annex 1 which puts the legal status of almshouse residents on a statutory footing and would resolve the confusion which is present in at least one existing statutory reference but absent in case law.

**GENERAL RECOMMENDATION**

Almshouse charities feel burdened by the increasing number of examples where housing legislation and associated regulation conflict with charity law, making it impossible for trustees to achieve full compliance, and preventing the HCA from making exceptions for almshouse charities when these situations arise. If the Committee would like specific examples to illustrate these points, the Association would be pleased to supply them. Generally charity trustees should not be put in a position where complying with their charity law duties requires them to contravene other legislation.

**Recommendation:** there should be an express statutory clarification that charity law should prevail where it appears to conflict with other legislation.

**ANNEX 1**

**PROPOSED CLAUSES IN WELFARE REFORM AND WORK BILL**

1. Clause inserting an amendment to subsection 19(2) and a new subsection 19(9A) to the effect that the 1% ‘rent’ cut will not apply to almshouse charities. Suggested new text is shown in italics [Note subsection 19(1) sets out the obligation on registered providers to cut rent]

19(2) Subsection (1) is subject to subsection (3), *subsection (9A)* and section 20

….
19(9A) Subsection (1) shall not apply to a registered provider of social housing which is an almshouse charity.

2. Clause confirming the legal status of almshouse residents on a statutory footing

Residents of almshouse charities occupy their dwellings under a licence arising in virtue of being beneficiaries of the charity and are not tenants.

3. Clause defining ‘almshouse charity’ and ‘almshouse accommodation’ as used in other suggested clauses

“almshouse charity” means a body corporate or body of persons (‘the body’) which is a charity for the purposes of the Charities Act 2011, provides accommodation in furtherance of its purposes, satisfies at least one of the following tests, and, if it only satisfies Test 2, has been in existence continuously for at least one year before the coming into force of this section. If the body was incorporated during the year before the coming into force of this section in order to acquire all or substantially all of the assets of a predecessor charity which the body is legally capable of receiving, the body shall be deemed, for the purposes of this section only, to have existed for the aggregate length of its own existence and the existence of the predecessor charity.

Test 1

The body is expressly or impliedly prevented by its rules or constituent instrument from granting tenancies of accommodation occupied for the purposes of the charity; or

Test 2

The rules or constituent instrument of the body refer to the provision of almshouses or bede houses or any other word which is reasonably to be understood as having the same meaning; or

Test 3

A document other than the rules or constituent instrument reasonably evidences an intention by the original donor that the body’s purposes should include the provision of accommodation for those in need, and there is no express reference in the rules or constituent instrument to the provision of such accommodation by way of tenancies; or

Test 4

As far as can reasonably be ascertained, all accommodation which the body has provided in furtherance of the body’s purposes and other than by way of investment property has at all times been almshouse accommodation occupied under licence.

“almshouse accommodation” means accommodation provided pursuant to charitable objects which either expressly or impliedly include the relief of those in need through provision of accommodation.

Annex 2

DRAFTING DEFICIENCIES IN EXISTING STATUTORY REFERENCES TO ALMSHOUSES

1. Example of existing legislation using the mutually exclusive categories of ‘tenant’ and ‘licensee’ to describe an almshouse resident (emphasis added in italics)

The Electricity and Gas (Carbon Emissions Reduction) Order 2008, Schedule 1, Article 1

In relation to England and Wales, *householder* means a person who is—

…. (c) a tenant, including a sub-tenant, who has—

……..

(iv) a licence to occupy which meets the conditions in paragraph 12(a) and (b) Schedule 1 to the Housing Act 1985 (almshouse licences);

2. Example of existing statutory definition which is ambiguous as to what is meant by ‘prevented by its rules or constituent instrument from granting tenancies’. [Note in this definition, the word ‘almshouse’ is used to refer to the whole charity rather than the individual residence.]

SI 1988/395 The Registered Housing Associations (Accounting Requirements) Order 1988

“almshouse” means a corporation or body of persons which is a charity and which is prevented by its rules or constituent instrument from granting tenancies of dwellings occupied for the purposes of the charity;
3. **Example of existing statutory definition using ‘almshouse’ to mean the individual residence, not the whole charity, but which is circular. Emphasis added in italics.**

    **Housing Act 1985 Schedule 1, para 12 (as amended)**

    A licence to occupy a dwelling-house is not a secure tenancy if—E+W
    (a) the dwelling-house is an almshouse, and
    (b) the licence was granted by or on behalf of a charity which—
       (i) is authorised under its trusts to maintain the dwelling-house as an almshouse, and
       (ii) has no power under its trusts to grant a tenancy of the dwelling-house;
    and in this paragraph "almshouse" means any premises maintained as an almshouse, whether they are called an almshouse or not; ....

4. **Example existing statutory definition of ‘almshouse charity’ containing the same circularity (emphasis added in italics)**

    **Charities Act 1992, section 50**

    “almshouse” means any premises maintained as an almshouse, whether they are called an almshouse or not; and

    “almshouse charity” means a charity which is authorised under its trusts to maintain almshouses.

**October 2015**

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**Written evidence submitted by Equity (WRW 54)**

**BACKGROUND**

1. Set up in 1930, Equity is a trade union which represents over 40,000 actors, performers and other creative professionals working in the UK across the arts sector and creative industries, including over 5,000 student members. Equity is not affiliated with any political party.

2. The average income from self-employed entertainment work is less than £10,000 per annum (net profit) and our typical members would therefore be classed as low income. In this respect, many members access social security payments during periods of low employment or use tax credits to supplement their employment income.

**Clause 10 – Freeze of certain tax credit amounts for four tax years**

3. The Bill proposes to freeze tax credit amounts for each of the tax years from 2016-17 to 2019-2020. We are concerned about the impact this and the other measures in the Bill and related measures in Statutory Instruments will have on our members’ ability to sustain themselves in the entertainment profession.

4. Our sector is one which could be characterised as low paid, despite improvements to minimum rates on standard contracts which have come about through collective bargaining with employer bodies. Members’ earnings are intermittent and unpredictable but traditionally government has recognised the value of the entertainment industry to the UK economy and specifically introduced measures enabling the sector to sustain their self-employment between jobs. This resulted in amendments to the Social Security (Categorisation of Earners) Regulations 1978 which enabled member to pay Class 1 NICs on self-employed contracts and hence access Jobseeker’s Allowance more easily and have employed earner assessments of means-tested benefits.

5. Since their introduction in April 2003, tax credits have been a valuable source of support for many members, especially those struggling to establish a foothold in the profession or juggling their self-employment with a low-paid PAYE job.

6. Recent analysis has shown that whilst the number of self-employed workers in the economy is growing, the amount being earned by those workers is falling. Median self-employment income is £43 per week lower than in 2007/08 which represents a 13% decline. As you go down the earnings scale, that finding exaggerates with the reduction being 18% at the 25th percentile. At the same time, these cuts taken together with other measures such as the taper rate increase to 48% and the reduction in the work allowance thresholds are hitting those at the lower end of the mid-income scale the hardest. Although there will be some compensating effect by an increase in housing benefit eligibility for those claiming it, this in turn will be offset by the loss of the family element of housing benefit in due course.

7. Our members are amongst the groups who will be most affected in terms of income loss with many of them having earnings levels across the range of the 20th to 25th percentiles. The original rationale for the introduction of tax credits was to provide in-work benefits which would help sustain employment – we believe that this measure in combination with others is likely to have the opposite effect in our sector and deplete the talent pool available to maintain the competitiveness of the UK entertainment industry.
8. **Recommendation:** that the government should consider the adverse effects of this provision on all groups of lower-paid workers, including the self-employed working in professions with variable income such as the entertainment industry.

**Clause 11 – Changes to Child Tax Credit**

9. Under the proposed Clause 11 (4) (3B) there will not be an individual element of Child Tax Credit in respect of a child or qualifying young person unless:

   (a) *He is (or they are) claiming the individual element of child tax credit for no more than one other child or qualifying young person,* or

   (b) *A prescribed exception applies.*

10. Again we have major concerns about the effect of this measure on our self-employed members with children. The entertainment industry is an itinerant profession, with a pattern of employment that involves movement from one job to another in widely different locations and for varying periods. Members with children already face considerable challenges in juggling childcare with the peripatetic nature of the job even when operating as one of a couple.

11. As a union we already have considerable anecdotal evidence of members leaving the profession due to the difficulties posed by managing childcare and the financial stress that causes – this measure can only make that exodus increase further.

12. In terms of the exceptions provided, we share the many concerns already expressed about the potential rape exception (reference to LITRG written evidence, Para 3.10). As a union with a growing BAME membership we note that the impact assessment on the proposed change under Clause 11 states “Ethnic minority households are more likely to be impacted by these changes. This is because they are, on average, more likely to be in receipt of these benefits and, on average, have larger families”. The impact assessment does not cite any evidence to substantiate this statement or indicate for which ethnic minority groups are likely to be most affected. However, if the impacts are as stated, we would urge the government to carry out a full Equalities Impact Assessment to measure which BAME groups will be most affected.

13. **Recommendation:** that the government considers the impact of this provision on those working in professions in which combining that work with childcare responsibilities is already challenging and involves additional expense. Further that a full Equalities Impact Assessment should be carried out to assess which ethnic minority groups will be most affected by this measure and what measures may need to be taken to mitigate that impact.

**Clause 16 – Loans for Mortgage Interest**

14. Under Clause 16(1) “*The Secretary of State may by regulations provide for loans to be made in respect of a person’s liability to pay mortgage interest in relation to property occupied by the person as the person’s home*."

15. This measure is relevant to many of our members who may, during periods of low employment, have needed to seek assistance with mortgage costs. Again, the itinerant and unpredictable nature of the profession means that a good year may be following by a not so good year. As Shelter has pointed out in its Parliamentary Briefing to this Bill, this will become an additional burden for households which are already struggling. Many members experience periodic debt issues and this will serve to create an additional debt unless it is administered in a way which facilitates repayment.

16. We are concerned about the nature of the repayment plans which will be put in place and when and how they will be triggered by earnings, bearing in mind our members’ irregular earnings patterns. However, we do welcome the fact that the new system will do away with the need for waiting periods for help with SMI which has only served to increase debt levels historically. As self-employed workers with variable income our members often struggle to get mortgage finance, even if they can show a pattern of viable self-employment stretching over a decade or more, so any measures which will increase mortgage security whilst catering for variable income is something which would be welcomed by this union.

17. **Recommendation:** that repayment plans under this new provision are implemented in a way which takes into account professions where income is intermittent and variable; they should also incorporate sufficient flexibility to take account of this. We echo Shelter’s call for an option to defer repayment until the property is sold.

**Conclusions**

18. Equity as a union works through its collective agreements to seek to better terms and conditions of work for its largely self-employed membership. In that sense, we are unusual in that whilst the bulk of the membership is self-employed for tax purposes they have ‘worker’ status for employment law purposes through our standard contracts and hence are able to argue for entitlement to National Minimum Wage, Holiday Pay and other worker status benefits.
19. Our earlier submissions on the draft Statutory Instrument for the Tax Credits (Income Thresholds and Determination of Rates) (Amendment) Regulations 2015 made clear the very considerable pressures which our members are already working under. The LGA announced in July 2015 that cuts in local authority spending in 2016 could add up to £3.3 billion and, within that, there will be further heavy cuts to culture budgets. At the same time there have been widespread reductions in Arts Council funding affecting many of our members’ job prospects, especially outside London.

20. Tax Credits were designed to assist workers in low paid work and help them sustain employment. However, the government’s welfare measures are having the effect of putting more and more financial pressure on low-paid self-employed workers including many in the entertainment sector.

21. The government is currently auditing via the tax credits system the viability of many self-employments through its new strengthened test of self-employment and Equity as a union is working closely with HMRC to ensure that this test is applied fairly to our sector. We agree that support of this kind should only be given to those who can demonstrate legitimate and sustained self-employed activity but we fear that the proposals in the Bill, in combination with other measures, will simply deter many of our members from furthering their careers and increase the risk of a major loss of talent from what is currently a thriving and world-leading industry.

October 2015

REFERENCES


ii Repealed by the Social Security (Categorisation of Earners) (Amendment) Regulations 2014 with effect from 6th April 2014.


Written evidence submitted by Radian (WRW 55)

INTRODUCTION

We are a registered provider of affordable housing for rent and low cost sale. We own, manage or have an interest in almost 25,000 homes in the South East and South West. We also provide support services to nearly 500 people with disabilities. We are based in communities which enables us to understand key local issues and invest in activities which positively impact individuals and communities, helping them to succeed.

SUMMARY

We have concentrated our submission around the areas of the Bill which will significantly impact our customers and our organisation; the benefit cap, the social security and tax credits freeze and the reduction in social rents.

1. BENEFIT CAP PROPOSALS

The proposed cap on benefits of £20K outside Greater London and £23K within Greater London fails to take into account differences in individual and household circumstances and unequal living costs and employment opportunities. Where we operate – Berkshire, Buckinghamshire, Dorset, Hampshire, Surrey, West Sussex and Wiltshire – people are likely to face more significant negative outcomes from the proposed cap than in some other areas of the country.

The exemption from the cap for disabled people is welcome, but claimants in affordable and social three and four bed homes living in areas with high rents will be negatively affected by the proposals. They will, in many cases, face continuing and potentially increasing social and economic inequality, resulting in a loss of personal dignity. We would like to see exemptions from the cap for people in supported and temporary housing, not only because costs are higher in these types of accommodation due to the extra management requirements, but also as this is where some of the most vulnerable people are housed and as it would minimise the use of even more costly options such as B&B accommodation.

Housing is a fundamental requirement for accessing and remaining in employment. It has substantial effects on issues such as mental health and social inclusion. Capping benefits at the proposed levels threatens those seeking housing and a lack of suitable and affordable housing could lead to people struggling to find and maintain employment.
We are also disappointed the proposals remove the annual review of the cap that has so far been required; the proposed omission also removes regular scrutiny of the situation and any decisions as to the most appropriate amount of maximum benefits available to a household. Having this review and scrutiny perhaps only once in a five-year Parliament is not in the best interests of either claimants or taxpayers. Given the dynamic and fluctuating nature of the complex economic and social factors involved, it seems unwise to not review the issue on an annual basis and have any decision scrutinised by appropriate parties. Although there is provision for more regular reviews we suspect this is unlikely given the proposal to freeze most benefits for a four year period. Also, as any review must not only take into account the effects on claimants but also the wider economic situation and any other factors that are seen as being fit to include, it is possible that political factors may be part of any decision rather than purely economic and social ones.

For many households, particularly larger ones, the £26k benefit cap is already causing financial hardship, with choices required between eating and paying rent etc. With rents for large households becoming unaffordable and arrears increasing the proposed further reduction in the benefit cap is potentially significant for these families and has already resulted in a reduction in the production of new four bedroom homes and of three bedroom homes in higher value areas. Modelling the impact of the reduction of the benefit cap to £20k shows it impacts on couples with two children in social rent properties (55-65% of market rent) and we believe evictions (already doubled in the last 12 months) and abandonments will continue to increase as households are unable to pay their rent. Our monitoring of termination reasons already shows that affordability is increasingly cited as one of the reasons why our tenants leave their homes.

2. **SOCIAL SECURITY AND TAX CREDITS PROPOSALS**

The proposed freeze of some social security benefits and tax credits for four years may not enable continually changing fluctuations in the economy and therefore in household income and expenditure to be properly taken into account; a shorter period for the freeze would be preferable. The proposed lack of any check on whether or not these benefits have retained their value for the four years of the freeze implies a lack of consideration for future economic factors and individual household circumstances. Any cost of living increases and continued wage stagnations will effectively make the freeze a cut to benefits, although four years of rent reductions for those in HA and council homes will ease this.

The freeze to working tax credits is not congruent with the aim of sustaining people in employment, especially where the work may be part-time or low paid, and the loss of credits cannot be covered by increased pay. Moving to cheaper housing will not be viable where they already live in the cheapest housing available. While economic recovery continues, the reality for many is a non-existent or minimal wage increase over the past few years, which, coupled with the benefits freeze, is likely to cut income to a level that will be unmanageable for many households.

The freeze of child tax credits proposed for the vast majority of families with more than two children where those children are born after April 2017 will damage the living standards of some of the most vulnerable families and groups in society with costly implications for the welfare bill in the longer term. The added requirement for carers with dependent children receiving Universal Credit to take more action sooner in their children’s lives to find work may mean those with larger families who are already affected by the changes being further affected by higher childcare costs.

Removing the work related activity components of Employment Support Allowance and Universal Credit for future claimants treats them in the same way as those on JSA when the two groups are not comparable. The first is not capable of, nor required to look for, work while the second is deemed capable and is required to do so. The proposals make no allowance for this difference and may result in increased health and social spending as those receiving ESA require increased levels of support for physical and mental health issues caused by the changes. Systems that determine capability for work must be reliable and consistent to ensure people unable to work are not disadvantaged by the loss of this component of ESA or UC.

Reducing or removing benefit for young people will increase financial pressure on this group and make the prospect of independent living remote; restricting HB will substantially impact lives and exacerbate the effects of the chaotic backgrounds many of them come from. The ability to access settled accommodation affords opportunities for employment and other support and if young people fall into rent arrears they may end up being evicted, leading to a rise in homelessness and potential increases in anti-social behaviour and crime.

3. **REDUCTION IN SOCIAL HOUSING RENTS PROPOSALS**

The cancellation of the year old regulatory agreement on rents has reduced investor confidence in the sector, resulting in increased financing costs and reduced income for housing associations at the same time as we are being required to maximise new home production. We do need to re-establish the certainty provided by the previous rent policy. Whether that means returning to a ten year agreement with government, or freeing us to set rent in our local market (subject to certain assurances to ensure housing benefit costs are controllable), the current arrangement is not sustainable.
In particular we believe sheltered and supported rents and rents for temporary housing should be exempted from the proposed rent reduction regime as in both these tenure types management costs are higher and the vulnerability of the tenants means they are ill equipped to cope with pressure concerning their housing.

October 2015

Written evidence submitted by the Council of Mortgage Lenders (WRW 56)

Introduction

1. The CML is the representative trade body for the first charge residential mortgage lending industry, which includes banks, building societies and specialist lenders. Our 131 members currently hold around 95% of the assets of the UK mortgage market.

2. This briefing highlights specific points and areas where we would like additional certainty in relation to support for mortgage interest, and also greater clarity on social housing rents.

Mortgage Safety Nets and Support for Mortgage Interest (SMI)

3. Mortgage arrears and repossessions are at an all time low; performance is buoyed by lower interest rates and favourable employment conditions. For example, in 2008 there were approximately 37,000 mortgage repossessions and by 2014 this figure had fallen to just 16,500. This year the number of repossessions is set to fall even further with only 4,000 repossessions reported in both the first and second quarters.

4. Because of these favourable conditions mortgage safety nets have been eroded as demand has declined. Mortgage customers who find that they cannot maintain their mortgage payments now have more limited options; they can either sell their property, restructure their loan with their lender (subject to criteria) or, if they are eligible, claim SMI benefit which is managed and funded by the Department for Work and Pensions (DWP).

5. We believe that retaining SMI is essential. As we move through economic cycles demand will naturally ebb and flow. It is better to have a safety net in place for when it is needed rather than design one when conditions require it. Of course, any safety net in place has to be effective and deliver benefits relative to the overall cost.

6. Mortgage lenders recognise that there are substantial cost pressures on public finances and that retaining a reformed SMI is better than losing it altogether. Because of this we support the principle of changing SMI from a benefit into a repayable loan. This ensures fairness and better value for public money.

7. It is essential that SMI remains independent from wider welfare reform, particularly Universal Credit as key to lender support of SMI is the direct to lender payment structure. This gives lenders absolute confidence that payment will be received and avoids mortgage customers falling into deeper arrears. Wherever possible mortgage lenders will seek to ensure that their customers are able to retain home-ownership.

Current SMI Position

8. The DWP reports 174,000 households were receiving mortgage SMI payments via income support, jobseeker’s allowance or pension credit in the 2014-5 financial year.

9. CML sample analysis of mortgages where the borrower is claiming SMI shows:

   — 43% of claimants took their mortgage out after 2004 but there is a long-tail of older mortgages (34%) where the mortgage was advanced pre-2000.
   — The average mortgage interest rate for all claimants is 3.86%, slightly above the SMI rate of 3.12%. This means that some claimants are supplementing the mortgage payment with their own funds.
   — 64% of SMI claimants have no arrears on their mortgage account. This is much improved over the corresponding positions in 2011 and 2013 (46% and 44% respectively).
   — The loan-to-value (LTV) position of most claimants is extremely favourable, especially those of retirement age although younger borrowers tend to hold meaningfully poorer LTV positions.
   — We do not have data on the volume of repossessions where SMI is being paid.

Waiting Time

10. We believe the waiting time for SMI is counter-intuitive. SMI has historically required a claimant to wait 39 weeks before payment begins to be made by the DWP. After the financial crisis a concession was made to reduce this to 13 weeks. That concession has remained in place but it is planned to change from April 2016 to 39 weeks.

11. If the waiting time is extended, as planned, we believe that it will result in more cases of repossession as lenders will not be able to allow their customers to continue to accrue mortgage arrears over this period especially where the customer is unable to make any payment. Lenders already have to carefully balance
allowing a person to remain in their home while not allowing their financial position to worsen. Extending thewaiting time will only cause additional consumer detriment.

12. As SMI becomes a loan and DWP plans to reclaim >70% of the value we believe that there is a strong case for removing the waiting time entirely or keeping it at the reduced level. We do not believe that this would come at additional cost to the public purse.

**Loans for Mortgage Interest**

13. We are reassured that the eligibility requirements for SMI will remain unchanged from today and that qualification for a loan will not be based upon any additional underwriting. This should mean that there is no reduction in the availability of SMI.

14. In relation to Clause 16(7)(b) we recognise that the DWP wishes to protect its interest by registering a charge over the property at the land registry (or its devolved equivalents in Scotland and Northern Ireland). Some lenders limit the ability for further charges to be secured which may preclude, at the discretion of the DWP, an individual’s ability to obtain SMI. DWP may wish to consider relaxing this requirement.

15. In relation to Clause 17(3)(b) where “financial advice” is to be provided we believe that the DWP needs to undertake further exploratory work with the Financial Conduct Authority so as to ensure that SMI is not caught by existing regulations. If SMI is not caught by existing regulations and the administration of the loan is not overseen by the Financial Conduct Authority then the DWP should consider referring to “information” rather than “advice”. This will reduce consumer confusion as “advice” in a financial context is understood to make a recommendation to the recipient.

16. In relation to Clause 17(3)(c) we believe that borrowers should be provided with suitable literature so as to ensure they understand the obligation to repay and how repayment is structured.

17. In relation to Clause 17(5) we understand through dialogue with DWP officials that the administration of loans for mortgage interest will be carried out by a third-party contractor. We believe that the full cost of this should be borne by the DWP and not passed to borrowers or to lenders. We further believe that efforts should be made to ensure that this activity is carried out by an organisation which represents consumer interests.

**Social Housing Rents**

18. On behalf of commercial funders and investors in the housing association sector in England, we are keen to see this legislation framed in a way which does not give rise to ambiguities or unintended consequences for funders and housing associations, particularly where social housing property is sold or transferred.

19. The current rent standard for social housing requires registered providers (RPs/housing associations) to charge social rents in accordance with the government’s direction to the regulator and related guidance. When enacted, the Bill will override elements of the rent standard, which will need to be revised. The primary legislation and the rent standard should not conflict, particularly where social housing is disposed with an exemption from the rent reduction requirement.

20. In relation to clause 19, clarity is required regarding the approach to be adopted in relation to specific categories of social housing, such as supported accommodation, which is currently exempt from the rent standard but appears to be covered by the rent reduction requirements.

21. Clause 20 currently provides an imperfect exception for a mortgagee in possession (MIP) and a purchaser from a MIP. We welcome the intention to provide this exception, but the drafting should be amended and improved by including an express exception for all future successors in title.

22. In relation to clause 20(1)(c), the exception is limited to a mortgagee in possession, or a receiver appointed by the mortgagee or the court. We would like to see this exception clarified so that it applies irrespective of the method a funder chooses to enforce its security (whether or not the funder is a mortgagee in its own right or operating via a security trustee/agent structure).

23. We would also like to see the term “mortgagee in possession” defined in the Bill. Without definition, this could be viewed as a restrictive term meaning that, in order to take the benefit of the exception in clause 20, the mortgagee must have entered into and taken physical possession of the property, as opposed to merely exercising its power of sale. This would not be appropriate or practical for social housing property.

24. We would like to see references in the Bill to “mortgagee in possession” clarified and defined so that the clause 20 exception is available to a mortgagee and receiver in their own right having exercised its power of sale. In addition the exception should be expanded to include:
   — an administrator (whether appointed by the funder or the court); and
   — any other person appointed under any security documentation to enable such mortgagee to realise its security.

25. We expect that if these issues remain unaddressed, then funders might conclude that the exemption is not fully effective and that its provisions are ambiguous. This could result in the restrictions being taken into account when the social housing is valued for loan security purposes.
26. In relation to clause 20(1)(d), we would like to see the legislation framed so as to ensure that if there is a disposal of social housing property at the direction of a funder, then the exception should apply. It is not clear that the current drafting delivers this.

27. The exception applies when the registered provider’s interest is sold by a mortgagee/receiver and owned by a “person” who bought it from them. There are two concerns:
   — It should be explicit that this applies whether or not the “person” is a registered provider.
   — We would expect that the restrictions would cease to apply to the social housing in perpetuity following the sale, so that the social housing is “wiped clean”.

28. As drafted the exemption appears only to benefit the first successor. We would like it made explicit in the wording that all parties deriving title through the mortgagee/appointed person take the title free of the provisions on rent reduction.

29. Clarity is needed on how the exemption provisions would operate in practice and how it is intended to tie in with the rent standard, if the social housing is acquired on enforcement by another registered provider. The point is that the primary legislation must prevail over the rent standard so that the properties are “wiped clean” following a disposal relying on the exemption.

30. Clarity is needed on whether the exemption is expected to be temporary or that the (current) legislative intention is that a RP acquiring social housing on enforcement is exempted from rent restrictions in relation to that social housing.

31. Section 20 may only be relied upon if there is a sale by a mortgagee/receiver. The exemption does not expressly cover all cases where a disposal is made following intervention by the regulator, such as through a transfer of engagements of the RP which is the subject of the intervention.

32. From the perspective of the funders, regardless of the route taken on a rescue there may be triggers which allow the funders to make demand under its loan or otherwise enforce its security.

33. Even if there is a transfer of engagements (without enforcement by a mortgagee/receiver) a funder would expect the exception to operate in the same way as an arms length disposal following enforcement of security ie the provisions should not apply to the acquiring RP.

34. We would like to see the Bill amended to specifically make it clear that the exception in Section 20 is to apply on a business transfer.

35. We would like to see these issues addressed in order for funders (and valuers) to be able to permit unrestricted loan security valuations. The uncertainties in the current drafting might result in a funder concluding that the exemption is not fully effective.

October 2015

Written evidence submitted by Harry Warner (WRW 57)

Dear Parliamentary Committee,

I am concerned about people who are genuinely seeking work or are low paid or are so ill that they cannot work.

In a publication titled Time to rethink Sanctions by Church Action on Poverty, Methodist, Baptist and URC churches it states on page 14 that 100 people with severe mental illness are sanctioned every day. It is proposed that the period for which sanctions will apply will be increased 4 fold for the first infringement, from one week to four weeks and then six fold from then on. This is the harshest system in Europe so we were told at a recent church meeting. Also people are expected to communicate with the Benefits Office by computer and they are expected to go to their local library if they do not have a computer and rely on the voluntary goodwill of the staff if they are not computer literate (as is my wife).

I have had experience of a period when my son in law was out of work and my daughter was desperate for funds for their family. I was able to help them through that. Many people do not have help. They need a helping hand not repression! There are a few who abuse benefits but the vast majority feel degraded when made redundant and they need a helping hand.

October 2015
This document presents the TUC’s comments on the Welfare Reform and Work Bill. The combined effect of the changes to Universal Credit work allowances and the benefit freeze is to reduce the incomes of the poorest groups. Even when the government’s planned ‘National Living Wage’ and increased personal allowance are taken into account, the poorest lose more than they gain and net gains overwhelmingly benefit richer groups more than those in the middle.

**Chart 1**

**NET IMPACT IN 2020 OF THE CHANGES TO BENEFITS, PAY AND TAX**

This chart looks forward to 2020 and shows the distributional impacts by that date of the government’s principal reforms to pay, tax and benefits using the Institute for Public Policy Research’s tax-benefit model. One of the justifications for the reforms in the Welfare Reform and Work Bill is that the planned increases in income tax personal allowance and the introduction of the “National Living Wage” (NLW) will compensate for them; this document therefore considers the combined impact of the Bill and these other reforms.

**THE TUC**

The TUC is grateful to the Committee for this opportunity to submit comments. The TUC is the voice of Britain at work. We represent 52 unions with 5.8 million members; trades unionists work in every town and region of the country, in every occupation and industry. We have a long-standing interest in social security policy – William Beveridge called us “the godfathers of the Beveridge report”. Today, the TUC is an active member of the End Child Poverty coalition of over 100 organisations campaigning to eradicate child poverty in the UK. In addition to this document, the TUC wholeheartedly endorses the points made in ECP’s briefing on the Bill.

**SUMMARY**

This submission shows that:

— Even when the introduction of the NLW and the increased personal allowance in income tax are taken into account, the government’s reforms, cuts and freezes are regressive; they will reduce the net disposable incomes of the poorest 30 per cent of the country and provide most benefit to the richest.

— The measures affecting tax credits and benefits hit working people harder than non-workers. While better off workers gain, especially from the tax measures, the whole package significantly reduces the net income of workers in the poorest 40 per cent of the population.

— Most of the measures hit families with children harder than those without children – a family with two children in the poorest 20 per cent of the income distribution will lose £340 a year.

— The clearest losers, even when the NLW and increased personal allowances are taken into account are lone parents. The poorest 60 per cent of lone parents will be worse off and even the richest groups will gain very little. On average, lone parents will be £370 a year worse off.
Every nation of the UK and every English region except London will see the poorest groups losing from the combined impact of these measures. In every nation and region (including London) the richest will gain most.

It has not been possible to include the Benefit Cap in this net assessment of the combined impact of these policies. Considered by itself, the Benefit Cap will make the poorest groups in every region worse off.

The Benefit Freeze and Cuts to Universal Credit Work Allowances

The Bill freezes most working age benefits and the Budget announced changes to the work allowances within Universal Credit. Together, these measures will mean:

- The freezing of most working age benefits until April 2020.
- By 2020, UC work allowances for those without housing costs will be reduced to £5,000 for those with children and those with a limited capability for work, and removed entirely for those without children.
- By 2020, UC work allowances for those with housing costs will be reduced to £2,400 for those with children, removed entirely for those without children, and unaltered for those with a limited capability to work.

We assume UC will have been fully implemented by 2020 and therefore child and working tax credits, housing benefit and income support will no longer exist. It is, however, possible to model the impact by 2020 of the freeze of Child Benefit and Jobseeker’s Allowance together with the changes to work allowances:

Table 1

<table>
<thead>
<tr>
<th>Income Decile</th>
<th>Change in annual income</th>
<th>Percentage change in income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st (poorest)</td>
<td>-230</td>
<td>-3.25</td>
</tr>
<tr>
<td>2nd</td>
<td>-290</td>
<td>-2.14</td>
</tr>
<tr>
<td>3rd</td>
<td>-250</td>
<td>-1.7</td>
</tr>
<tr>
<td>4th</td>
<td>-240</td>
<td>-1.33</td>
</tr>
<tr>
<td>5th</td>
<td>-180</td>
<td>-0.84</td>
</tr>
<tr>
<td>6th</td>
<td>-100</td>
<td>-0.42</td>
</tr>
<tr>
<td>7th</td>
<td>-70</td>
<td>-0.23</td>
</tr>
<tr>
<td>8th</td>
<td>-30</td>
<td>-0.08</td>
</tr>
<tr>
<td>9th</td>
<td>-10</td>
<td>-0.03</td>
</tr>
<tr>
<td>10th (richest)</td>
<td>0</td>
<td>-0.01</td>
</tr>
</tbody>
</table>

(An annex looking at the freeze and the work allowance cuts separately is available on request. Unless otherwise stated, tables are for disposable household income in 2015/16 terms, on an after housing costs basis)

The combined impact of these measures is to reduce the annual disposable income of the poorest families by more than £230 a year. If we look at the proportion of income we expect families to lose, the impact of the cuts is clearly regressive:
To look at the impact on different groups of families we need to shift from analysing them by income decile to income quintile (from tenths to fifths) as otherwise the number of people in each cell of our tables will be too small for us to be confident about their accuracy.

First, we look at the impact on working families and non-working families. The government often claims to be on the side of working people and implies that its welfare reforms only affect families not in employment. In fact, these measures have much more effect on working families (who lose, on average, £230 a year) than workless families, whose average loss is £10 a year. The impact is harshest on the poorest working families, the very people who are working hard and playing by the rules, even though they already gain the least from doing so. On average, working families in the poorest quintile lose more than £500 a year while the losses faced by the richest quintile of non-working families are too small to measure:

<table>
<thead>
<tr>
<th></th>
<th>Not working</th>
<th>Working</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st (poorest)</td>
<td>-20</td>
<td>-570</td>
</tr>
<tr>
<td>2nd</td>
<td>-10</td>
<td>-480</td>
</tr>
<tr>
<td>3rd</td>
<td>0</td>
<td>-230</td>
</tr>
<tr>
<td>4th</td>
<td>0</td>
<td>-70</td>
</tr>
<tr>
<td>5th (richest)</td>
<td>0</td>
<td>-10</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-10</td>
<td>-230</td>
</tr>
</tbody>
</table>

Table 2a

CHANGE IN ANNUAL INCOME DUE TO THE BENEFIT FREEZE AND CUTS TO WORK ALLOWANCES BY INCOME QUINTILE FOR WORKING AND NON-WORKING FAMILIES
Table 2b
PERCENTAGE CHANGE DUE TO THE BENEFIT FREEZE AND CUTS TO WORK ALLOWANCES
BY INCOME QUINTILE FOR WORKING AND NON-WORKING FAMILIES

<table>
<thead>
<tr>
<th></th>
<th>Not working</th>
<th>Working</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st (poorest)</td>
<td>-0.23</td>
<td>-4.24</td>
</tr>
<tr>
<td>2nd</td>
<td>-0.05</td>
<td>-2.35</td>
</tr>
<tr>
<td>3rd</td>
<td>-0.01</td>
<td>-0.85</td>
</tr>
<tr>
<td>4th</td>
<td>0</td>
<td>-0.19</td>
</tr>
<tr>
<td>5th (richest)</td>
<td>0</td>
<td>-0.02</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-0.05</td>
<td>-0.64</td>
</tr>
</tbody>
</table>

This impact is even clearer when we present the results in a chart:

Next we turn to the impact on families with children. Families with any number of children will lose more than families without children – a family with one child will, on average, lose about £6 a week while a family with no children will lose slightly less than £1 a week on average. Children in larger families will, however, be hit even harder; this is significant because these children are more likely to be poor before these measures are introduced. According to the latest Households Below Average Income report, 35 per cent of children in families with three or more children are poor, compared to 28 per cent of children generally (table 4.5db).

These measures harm children in large families the most, producing a percentage reduction in disposable income that is more than 70 times as large as that faced by families with no children. A particularly cruel twist is that large families in the poorest 40 per cent lose hundreds of pounds a year whilst families that are equally large but rich lose almost nothing:
Table 3a

CHANGE IN ANNUAL INCOME DUE TO THE BENEFIT FREEZE AND CUTS TO WORK ALLOWANCES BY INCOME QUINTILE AND NUMBER OF CHILDREN

<table>
<thead>
<tr>
<th>None</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4 or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st (poorest)</td>
<td>-120</td>
<td>-430</td>
<td>-470</td>
<td>-410</td>
</tr>
<tr>
<td>2nd</td>
<td>-70</td>
<td>-510</td>
<td>-570</td>
<td>-580</td>
</tr>
<tr>
<td>3rd</td>
<td>-60</td>
<td>-360</td>
<td>-330</td>
<td>-320</td>
</tr>
<tr>
<td>4th</td>
<td>-20</td>
<td>-120</td>
<td>-110</td>
<td>-150</td>
</tr>
<tr>
<td>5th (richest)</td>
<td>0</td>
<td>-20</td>
<td>-30</td>
<td>-60</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-50</td>
<td>-320</td>
<td>-350</td>
<td>-390</td>
</tr>
</tbody>
</table>

Table 3b

PERCENTAGE CHANGE DUE TO THE BENEFIT FREEZE AND CUTS TO WORK ALLOWANCES BY INCOME QUINTILE AND NUMBER OF CHILDREN

<table>
<thead>
<tr>
<th>None</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4 or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st (poorest)</td>
<td>-1.63</td>
<td>-3.52</td>
<td>-3.11</td>
<td>-2.29</td>
</tr>
<tr>
<td>2nd</td>
<td>-0.57</td>
<td>-2.56</td>
<td>-2.56</td>
<td>-2.34</td>
</tr>
<tr>
<td>3rd</td>
<td>-0.29</td>
<td>-1.22</td>
<td>-1.04</td>
<td>-0.87</td>
</tr>
<tr>
<td>4th</td>
<td>-0.08</td>
<td>-0.31</td>
<td>-0.24</td>
<td>-0.28</td>
</tr>
<tr>
<td>5th (richest)</td>
<td>-0.01</td>
<td>-0.02</td>
<td>-0.04</td>
<td>-0.05</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-0.2</td>
<td>-0.99</td>
<td>-1</td>
<td>-1.16</td>
</tr>
</tbody>
</table>

Lone parents lose out more than other family types, though couples with children are also hit hard:

Table 4a

CHANGE IN ANNUAL INCOME DUE TO THE BENEFIT FREEZE AND CUTS TO WORK ALLOWANCES IMP BY INCOME QUINTILE AND FAMILY TYPE

<table>
<thead>
<tr>
<th>single no children</th>
<th>single with children</th>
<th>couple no children</th>
<th>couple with children</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st (poorest)</td>
<td>-120</td>
<td>-240</td>
<td>-210</td>
</tr>
<tr>
<td>2nd</td>
<td>-80</td>
<td>-640</td>
<td>-230</td>
</tr>
<tr>
<td>3rd</td>
<td>-80</td>
<td>-860</td>
<td>-60</td>
</tr>
<tr>
<td>4th</td>
<td>-20</td>
<td>-390</td>
<td>-10</td>
</tr>
<tr>
<td>5th (richest)</td>
<td>0</td>
<td>-200</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-60</td>
<td>-490</td>
<td>-60</td>
</tr>
</tbody>
</table>

Table 4b

PERCENTAGE CHANGE DUE TO THE BENEFIT FREEZE AND CUTS TO WORK ALLOWANCES IMP BY INCOME QUINTILE AND FAMILY TYPE

<table>
<thead>
<tr>
<th>single no children</th>
<th>single with children</th>
<th>couple no children</th>
<th>couple with children</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st (poorest)</td>
<td>-2.53</td>
<td>-2.17</td>
<td>-2.33</td>
</tr>
<tr>
<td>2nd</td>
<td>-1</td>
<td>-4.09</td>
<td>-1.55</td>
</tr>
<tr>
<td>3rd</td>
<td>-0.64</td>
<td>-4.51</td>
<td>-0.25</td>
</tr>
<tr>
<td>4th</td>
<td>-0.1</td>
<td>-1.47</td>
<td>-0.03</td>
</tr>
<tr>
<td>5th (richest)</td>
<td>-0.01</td>
<td>-0.33</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-0.4</td>
<td>-2.98</td>
<td>-0.17</td>
</tr>
</tbody>
</table>

Children in lone parent families are already more likely to be poor than children in couple families: according to the latest Households Below Average Income report, 41 per cent of children in lone parent families are poor, compared to 28 per cent of children generally (table 4.5db).
Significantly, it is lone parents in the middle quintile who are hardest hit. This may well be because the poorer lone parents are less likely to be in employment and so not to benefit from work allowances. Tax credits have been particularly effective in helping lone parents to move into employment. There is undoubtedly some public resentment about those lone parents who are avoiding work (in reality, a very small group) – ironically, these measures are targeted on those who are doing what is expected of them; these cuts will reduce the advantages of being in employment.

Working on a before housing costs basis, we have been able to calculate how many people lose from these measures: **26,500,000 people in 7,900,000 households will be losers as a result of these measures.**

Three million of the losers are in the bottom decile of the income distribution, 200,000 are in the top decile.

### The Family and Child Elements

The Bill abolishes the family element for new claims and restricts the child element of Child Tax Credit and Universal Credit to two children per family from 2017/18. The IPPR tax-benefit model does not allow the modelling of flows into and between benefits, but instead shows how new UC claimants will be affected compared with their position if the current arrangements had continued. In other words, we compare a world of UC with restricted family and child elements to one of UC as it would have been in 2020 before the budget changes.

Unfortunately, this means that it is not possible to include these changes in our overall assessment of the packet of measures. But these changes will mean that families with children will be much worse off under the new system. The reduction in support for large families is one of the largest ever contemplated by Parliament.

### Table 5a

**Change in annual income due to the benefit freeze and cuts to work allowances by income quintile and number of children**

<table>
<thead>
<tr>
<th>None</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4 or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st (poorest)</td>
<td>0</td>
<td>-480</td>
<td>-2830</td>
<td>-4950</td>
</tr>
<tr>
<td>2nd</td>
<td>0</td>
<td>-310</td>
<td>-1860</td>
<td>-3690</td>
</tr>
<tr>
<td>3rd</td>
<td>0</td>
<td>-150</td>
<td>-690</td>
<td>-1030</td>
</tr>
<tr>
<td>4th</td>
<td>0</td>
<td>-40</td>
<td>-170</td>
<td>-400</td>
</tr>
<tr>
<td>5th (richest)</td>
<td>0</td>
<td>0</td>
<td>-60</td>
<td>-120</td>
</tr>
<tr>
<td>TOTAL</td>
<td>0</td>
<td>-230</td>
<td>-1340</td>
<td>-2980</td>
</tr>
</tbody>
</table>

### Table 5b

**Percentage change due to the benefit freeze and cuts to work allowances by income quintile and number of children**

<table>
<thead>
<tr>
<th>None</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4 or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st (poorest)</td>
<td>0</td>
<td>-3.91</td>
<td>-18.58</td>
<td>-27.93</td>
</tr>
<tr>
<td>2nd</td>
<td>0</td>
<td>-1.56</td>
<td>-8.3</td>
<td>-14.96</td>
</tr>
<tr>
<td>3rd</td>
<td>0</td>
<td>-0.52</td>
<td>-2.16</td>
<td>-2.86</td>
</tr>
<tr>
<td>4th</td>
<td>0</td>
<td>-0.11</td>
<td>-0.39</td>
<td>-0.77</td>
</tr>
<tr>
<td>5th (richest)</td>
<td>0</td>
<td>0</td>
<td>-0.06</td>
<td>-0.11</td>
</tr>
<tr>
<td>TOTAL</td>
<td>0</td>
<td>-0.71</td>
<td>-3.8</td>
<td>-8.81</td>
</tr>
</tbody>
</table>

While these measures have little significance for families without children, even for families with one child the cuts are substantial – nearly ten pounds a week for those in the poorest quintile. The reductions in support for the poorest are larger for families with more children than this, and support for those with the officially approved family of two children will be reduced, on average by more than £50 a week. The cut in support for the largest families in the poorest quintile is the equivalent of more than a third of their incomes.

In cash terms, these measures reduce support for people in work (on average £430 a year) more than for those in non-working families (£350 a year on average). In every quintile except the richest these cuts are the equivalent of a higher share of income for those in work than for those not in work:
Table 6
IMPACT OF ENDING FAMILY ELEMENT AND LIMITING THE CHILD ELEMENT
BY INCOME QUINTILE AND WORK STATUS

<table>
<thead>
<tr>
<th></th>
<th>Change in annual income</th>
<th>Percentage change in income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not working</td>
<td>Working</td>
</tr>
<tr>
<td>1st (poorest)</td>
<td>-870</td>
<td>-1,420</td>
</tr>
<tr>
<td>2nd</td>
<td>-360</td>
<td>-1,020</td>
</tr>
<tr>
<td>3rd</td>
<td>-70</td>
<td>-230</td>
</tr>
<tr>
<td>4th</td>
<td>-20</td>
<td>-50</td>
</tr>
<tr>
<td>5th (richest)</td>
<td>0</td>
<td>-10</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-350</td>
<td>-430</td>
</tr>
</tbody>
</table>

As with the benefit freeze and cuts to working allowances, the cut in support is more severe for lone parents than for other groups. There is little change for single people and couples without children. On average, support for all family types with children will be cut, but support for the poorest will be cut more than for the better off and support for lone parents will be cut more than support for couples with children:

Table 7
IMPACT OF ENDING THE FAMILY ELEMENT AND LIMITING THE CHILD ELEMENT
BY INCOME QUINTILE AND HOUSEHOLD TYPE

<table>
<thead>
<tr>
<th></th>
<th>Change in annual income</th>
<th>Percentage change in income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Single with children</td>
<td>Couple with children</td>
</tr>
<tr>
<td>1st (poorest)</td>
<td>-2,290</td>
<td>-2,850</td>
</tr>
<tr>
<td>2nd</td>
<td>-2,640</td>
<td>-1,730</td>
</tr>
<tr>
<td>3rd</td>
<td>-1,760</td>
<td>-230</td>
</tr>
<tr>
<td>4th</td>
<td>-810</td>
<td>-30</td>
</tr>
<tr>
<td>5th (richest)</td>
<td>-350</td>
<td>-20</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-2,150</td>
<td>-1,020</td>
</tr>
</tbody>
</table>

The Benefit Cap

The Bill reduces the Benefit Cap to £23,000 in London and £20,000 outside London. The IPPR tax-benefit model does not currently allow us to model a regional benefit cap, as announced at the budget, alongside other changes. We have therefore included an estimate of the distributional impact of the regional benefit cap in isolation – that is, relative to a baseline of frozen benefits and reduced UC work allowances.

Contrary to some expectations, the reductions in the income of the poorest groups are not confined to London. In every region of the UK the poorest quintiles are worse off as a result of this change and in most the richest are either unaffected or lose so little it does not appear in these statistics.
### Table 8a

**CHANGE IN ANNUAL INCOME DUE TO THE LOWER BENEFIT CAP BY REGION AND INCOME QUINTILE**

<table>
<thead>
<tr>
<th>Region</th>
<th>1st (poorest)</th>
<th>2nd</th>
<th>3rd</th>
<th>4th</th>
<th>5th (richest)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North East</td>
<td>-390</td>
<td>-30</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>North West &amp; Merseyside</td>
<td>-310</td>
<td>-80</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Yorkshire &amp; Humberside</td>
<td>-240</td>
<td>-110</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>East Midlands</td>
<td>-150</td>
<td>-40</td>
<td>-10</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>West Midlands</td>
<td>-180</td>
<td>-140</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Eastern</td>
<td>-330</td>
<td>-140</td>
<td>-20</td>
<td>-20</td>
<td>0</td>
</tr>
<tr>
<td>London</td>
<td>-260</td>
<td>-130</td>
<td>-10</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>South East</td>
<td>-250</td>
<td>-140</td>
<td>-10</td>
<td>-20</td>
<td>-10</td>
</tr>
<tr>
<td>South West</td>
<td>-260</td>
<td>-80</td>
<td>-20</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Wales</td>
<td>-230</td>
<td>-150</td>
<td>-10</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Scotland</td>
<td>-180</td>
<td>-60</td>
<td>-20</td>
<td>-10</td>
<td>0</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>-230</td>
<td>-80</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

(An annex presenting a regional breakdown of all the reforms analysed in this document is available on request.)

### Table 8b

**PERCENTAGE CHANGE DUE TO THE LOWER BENEFIT CAP BY REGION AND INCOME QUINTILE**

<table>
<thead>
<tr>
<th>Region</th>
<th>1st (poorest)</th>
<th>2nd</th>
<th>3rd</th>
<th>4th</th>
<th>5th (richest)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North East</td>
<td>-3.97</td>
<td>-0.19</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>North West &amp; Merseyside</td>
<td>-2.94</td>
<td>-0.51</td>
<td>-0.02</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Yorkshire &amp; Humberside</td>
<td>-2.12</td>
<td>-0.66</td>
<td>-0.05</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>East Midlands</td>
<td>-1.47</td>
<td>-0.28</td>
<td>-0.05</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>West Midlands</td>
<td>-1.49</td>
<td>-0.85</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Eastern</td>
<td>-2.96</td>
<td>-0.85</td>
<td>-0.07</td>
<td>-0.06</td>
<td>0</td>
</tr>
<tr>
<td>London</td>
<td>-2.44</td>
<td>-0.76</td>
<td>-0.03</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>South East</td>
<td>-2.38</td>
<td>-0.81</td>
<td>-0.05</td>
<td>-0.05</td>
<td>-0.01</td>
</tr>
<tr>
<td>South West</td>
<td>-2.49</td>
<td>-0.48</td>
<td>-0.08</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Wales</td>
<td>-2.05</td>
<td>-0.99</td>
<td>-0.03</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Scotland</td>
<td>-1.85</td>
<td>-0.4</td>
<td>-0.07</td>
<td>-0.02</td>
<td>0</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>-2.12</td>
<td>-0.51</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

TAKING THE INCREASES IN INCOME TAX ALLOWANCES AND THE MINIMUM WAGE SUPPLEMENT INTO ACCOUNT

In the Budget the Chancellor announced the introduction of a new “National Living Wage” (NLW). From April 2016, the NLW will be introduced for workers aged 25 and above, initially set at £7.20 – 50p above the minimum wage rate due from October 2015. The government has asked the Low Pay Commission to recommend future increases, with a target of 60 per cent of median earnings by 2020. While not announced at the budget or included in the Bill, it is the government’s stated policy to increase the personal tax allowance to £12,500 over this parliament, and the Higher Rate Threshold to £50,000. In this submission we model the detailed distributional impact of these changes, relative to a baseline where both thresholds rise in line with the Consumer Price Index.

One government response to criticisms of the benefit cuts, freezes and reforms introduced by the Bill and announced in the Budget has been that these two measures will compensate those who lose out, or at least will do so for the working poor. We have therefore modelled the combined effect of the benefit freezes, work allowance cuts, tax cuts and the National Living Wage into a combined scenario. Unfortunately, it has not been possible to include the effect of the Benefit Cap, of ending the family element and limiting the child element, the restrictions in Housing Benefit for young people re reducing the rate of Employment and Support Allowance (ESA) for the work-related activity group to the same rate as Jobseekers Allowance. The negative impact of the total package of government measures will therefore be somewhat worse than this section indicates.
The combined effect of these measures is that the distributional pattern is still regressive, but now better-off groups are net gainers. People at the lower end of the income distribution are still net losers, but not by as much as some of the previous sections indicated.

Table 9

**NET IMPACT OF CHANGES TO UC WORK ALLOWANCES, BENEFIT FREEZE, NLW, PERSONAL ALLOWANCE AND HIGHER RATE THRESHOLD BY INCOME DECILE**

<table>
<thead>
<tr>
<th>Change in annual income</th>
<th>Percentage change in income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st (poorest)</td>
<td>-110</td>
</tr>
<tr>
<td>2nd</td>
<td>-140</td>
</tr>
<tr>
<td>3rd</td>
<td>-100</td>
</tr>
<tr>
<td>4th</td>
<td>10</td>
</tr>
<tr>
<td>5th</td>
<td>160</td>
</tr>
<tr>
<td>6th</td>
<td>310</td>
</tr>
<tr>
<td>7th</td>
<td>370</td>
</tr>
<tr>
<td>8th</td>
<td>480</td>
</tr>
<tr>
<td>9th</td>
<td>580</td>
</tr>
<tr>
<td>10th (richest)</td>
<td>860</td>
</tr>
</tbody>
</table>

(An annex considering the impact of the NLW and the personal allowance increases separately is available on request.)

These figures are for all types of work status and all types of family, but this overall package concentrates losses on low-paid working families with children. Higher paid working families gain from the tax allowance increases and non-working low income families are not much affected.

If we look at the distributional impact of the total package on workers and non-workers the nature of these changes becomes clearer. Overall, workers gain more than non-workers (by, on average, £320 a year to £100) but the poorest workers lose heavily and the poorest non-workers gain a little:

Table 10

**NET IMPACT OF CHANGES TO UC WORK ALLOWANCES, BENEFIT FREEZE, NLW, PERSONAL ALLOWANCE AND HIGHER RATE THRESHOLD BY INCOME QUINTILE AND WORK STATUS**

<table>
<thead>
<tr>
<th>Change in annual income</th>
<th>Percentage change in income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st (poorest)</td>
<td>-310</td>
</tr>
<tr>
<td>2nd</td>
<td>-120</td>
</tr>
<tr>
<td>3rd</td>
<td>310</td>
</tr>
<tr>
<td>4th</td>
<td>530</td>
</tr>
<tr>
<td>5th (richest)</td>
<td>790</td>
</tr>
<tr>
<td>TOTAL</td>
<td>320</td>
</tr>
</tbody>
</table>

The net impact of these changes is to benefit individuals and couples without children and better off families with children, but poor families with children lose out and the biggest families lose most:

Table 11a

**NET IMPACT OF CHANGES TO UC WORK ALLOWANCES, BENEFIT FREEZE, NLW, PERSONAL ALLOWANCE AND HIGHER RATE THRESHOLD BY INCOME QUINTILE AND NUMBER OF CHILDREN**

<table>
<thead>
<tr>
<th>None</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4 or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st (poorest)</td>
<td>0</td>
<td>-300</td>
<td>-340</td>
<td>-130</td>
</tr>
<tr>
<td>2nd</td>
<td>70</td>
<td>-170</td>
<td>-260</td>
<td>-340</td>
</tr>
<tr>
<td>3rd</td>
<td>250</td>
<td>140</td>
<td>200</td>
<td>250</td>
</tr>
<tr>
<td>4th</td>
<td>370</td>
<td>560</td>
<td>610</td>
<td>650</td>
</tr>
<tr>
<td>5th (richest)</td>
<td>670</td>
<td>930</td>
<td>970</td>
<td>960</td>
</tr>
<tr>
<td>TOTAL</td>
<td>300</td>
<td>150</td>
<td>120</td>
<td>30</td>
</tr>
</tbody>
</table>
Table 11b

NET IMPACT OF CHANGES TO UC WORK ALLOWANCES, BENEFIT FREEZE, NLW, PERSONAL ALLOWANCE AND HIGHER RATE THRESHOLD BY INCOME QUINTILE AND NUMBER OF CHILDREN

<table>
<thead>
<tr>
<th></th>
<th>None</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4 or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st (poorest)</td>
<td>0.04</td>
<td>-2.42</td>
<td>-2.25</td>
<td>-0.71</td>
<td>-1.26</td>
</tr>
<tr>
<td>2nd</td>
<td>0.51</td>
<td>-0.85</td>
<td>-1.17</td>
<td>-1.36</td>
<td>-1.36</td>
</tr>
<tr>
<td>3rd</td>
<td>1.32</td>
<td>0.48</td>
<td>0.64</td>
<td>0.7</td>
<td>1.33</td>
</tr>
<tr>
<td>4th</td>
<td>1.34</td>
<td>1.39</td>
<td>1.36</td>
<td>1.25</td>
<td>0.93</td>
</tr>
<tr>
<td>5th (richest)</td>
<td>1.29</td>
<td>1.13</td>
<td>1.03</td>
<td>0.86</td>
<td>0.65</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1.17</td>
<td>0.46</td>
<td>0.33</td>
<td>0.1</td>
<td>-0.44</td>
</tr>
</tbody>
</table>

Finally, the clearest losers from these measures taken together are lone parents:

Table 12a

NET IMPACT BY INCOME QUINTILE AND FAMILY TYPE

<table>
<thead>
<tr>
<th></th>
<th>single no children</th>
<th>single with children</th>
<th>couple no children</th>
<th>couple with children</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st (poorest)</td>
<td>-50</td>
<td>-200</td>
<td>-50</td>
<td>-270</td>
</tr>
<tr>
<td>2nd</td>
<td>110</td>
<td>-550</td>
<td>120</td>
<td>-70</td>
</tr>
<tr>
<td>3rd</td>
<td>210</td>
<td>-690</td>
<td>480</td>
<td>480</td>
</tr>
<tr>
<td>4th</td>
<td>230</td>
<td>10</td>
<td>570</td>
<td>690</td>
</tr>
<tr>
<td>5th (richest)</td>
<td>510</td>
<td>420</td>
<td>800</td>
<td>970</td>
</tr>
<tr>
<td>TOTAL</td>
<td>190</td>
<td>-370</td>
<td>520</td>
<td>330</td>
</tr>
</tbody>
</table>

Table 12b

NET IMPACT BY INCOME QUINTILE AND FAMILY TYPE

<table>
<thead>
<tr>
<th></th>
<th>single no children</th>
<th>single with children</th>
<th>couple no children</th>
<th>couple with children</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st (poorest)</td>
<td>-1.12</td>
<td>-1.8</td>
<td>-0.59</td>
<td>-1.66</td>
</tr>
<tr>
<td>2nd</td>
<td>1.33</td>
<td>-3.5</td>
<td>0.8</td>
<td>-0.3</td>
</tr>
<tr>
<td>3rd</td>
<td>1.7</td>
<td>-3.63</td>
<td>2.19</td>
<td>1.48</td>
</tr>
<tr>
<td>4th</td>
<td>1.33</td>
<td>0.04</td>
<td>1.81</td>
<td>1.59</td>
</tr>
<tr>
<td>5th (richest)</td>
<td>1.42</td>
<td>0.7</td>
<td>1.35</td>
<td>1.09</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1.21</td>
<td>-2.23</td>
<td>1.45</td>
<td>0.85</td>
</tr>
</tbody>
</table>

On average, lone parents will be worse off as a result of these changes, whereas for couples and single people without children, only the poorest groups are losers.

October 2015

Written evidence submitted by Emma Hauxwell (WRW 59)

To whom it may concern,

I would like to take this chance to express my personal opinion on the proposed changes to the tax credit cuts in April 2016 and the changes to tenants living in social housing due April 2017.

As a family of 5, myself and my husband both work full time to provide for our 3 children, 1 of whom is disabled, the tax credits we receive are made up mainly of the disability element and severely disabled element, we rely heavily on these in order to make our children’s lives especially our disabled sons life better.

— Reducing the working tax threshold so dramatically and so quickly from £6,420 to £3,850 and increasing the taper from 41p to 48p means my family will lose approximately £3,120 over the year. – Why can’t this be introduced slowly over say 2-3 years?

I understand that the nlw for over 25s is going up to £7.20, for myself this means an extra £624 a year (my husband is already over nmw ) and then the tax free allowance is also going up meaning we will be better of £400 between us per year.
In total this means an extra £1,024, however overall this means a loss of £2,096. Whilst this may seem like a pittance to some folk, it is a lot for us, and I’m worried what it will mean for my family. Obviously every penny counts when you get some MPs claiming for journeys for as little as 9p! Why target us working folk, us that work all hours to provide for our children.

— The lowering of the income for the pay to stay policy is atrocious, currently a “high earner” not living in London is classed as someone earning over £60,000, yet from April 2017, this is being cut in half and changed to £30,000 how can this be? When it is only £3,500 over the national average salary.

How can it be that a family earning £33,000 are classed as a low income and be able to claim tax credits to “top up their income” then the same family being classed as high earners and being affected by the pay to stay, this does not make sense at all.

My proposed amendments are as follows:

— Yes bring in the reducing of tax credits threshold and increasing of taper amounts, BUT do it over a period of 2-3 years, so people can get used to it and make cutbacks as necessary.

Please consider what a high income really is, £30,000 for a family of 5 does not stretch as far as £30,000 for a family of 2.

I agree with the benefits cap being reduced because “making work pay” is apparently is what it is all about!

Please consider my proposals and support those of us who do work.

October 2015

Written evidence submitted by Capsticks LLP (WRW 60)

1. BACKGROUND

Capsticks is a law firm providing legal expertise and consultancy to clients in the social housing and healthcare sectors. Our social housing team is dedicated to providing specialist legal services to Registered Providers of Housing (“RPs”). We provide expert advice in all aspects of social housing and have offices in London, Winchester, Birmingham and Leeds. We represent a total of over 150 RPs across England and Wales.

We have prepared this submission following discussions with a number of our RP clients. As a result, the opinions expressed in this paper are not necessarily those held by Capsticks or any of its clients. This paper summarises our clients’ perspectives on the likely effects of the Bill as currently presented, and what would be the most and least desirable outcomes.

2. SUMMARY

The key points of our submission to the Committee are as follows:

— Our clients have concerns that the proposed 1% rent reduction until 2020 will have a significant impact on building more homes and the delivery of services to tenants.

— The introduction of higher rents for high earners risks both increasing the housing benefit bill and reducing the ability of tenants on higher incomes to save in order to move into home ownership.

Recommendations:

— That supported housing is excluded from the 1% rent reduction.

— That the Government should clarify exemptions from 1% rent reduction.

— That a policy for data sharing should be agreed by RPs and HMRC: An obligation for tenants to advise their landlords of their income could be problematic and administratively expensive, creating risks of fraud, error and legal challenge.

— That the Government permits RPs to set their own rents from 2020.

3. THE EFFECTS OF THE REDUCTION ON RENTS ON HOUSING ASSOCIATIONS

3.1 The Government has set a significant challenge to the social housing sector in reducing rents by 1 per cent each year for the next four years whilst expecting RPs to continue to build. Our clients have universally confirmed that they are committed to meeting this challenge by revisiting their business plans and exploring efficiency savings. However, some have indicated that they will not be able to build as many homes as they had originally planned because it simply isn’t financially viable. We have provided two examples of this, received from our clients:

3.2 “We have estimated that the change in rent policy will reduce our expected borrowing capacity in 2020 by over £230m. Based on the current levels of debt financing for new social housing, the changes effectively risk reducing our development capacity by c.1,600 new homes.”
4. Charging Higher Rents to Tenants with Higher Incomes

4.1 The Chancellor’s Budget proposed requiring social housing tenants earning over £40,000 in London and £30,000 out of London, to pay near market rents from 2017/18. The IFS estimate that this is likely to affect 10% of social tenants.

4.2 With reference to the Policy detail, further clarity around households affected and exemptions is clearly essential. One of the main concerns for some of our clients is that there does not appear to be any reliable information that they can access about residents’ income. This is going to be needed if they are to enforce the Pay to Stay rent charges. If the onus is placed on the resident to declare their income, RPs will need to understand their responsibilities in enforcing this, and what action they can rely upon to do so.

4.3 Our clients have flagged that affordability of higher rents at these income levels could also risk increasing the housing benefit bill. Recent analysis by Savills found that all one bedroomed market rents in central London are unaffordable with a household income of £45,000, yet the majority of social housing tenants earning £40,000 will need more than a one bedroomed property. A family with two or more children paying market rent would still be entitled to significant help with housing benefit. Increasing rents for families in receipt of housing benefit will not have an impact on the household themselves as the increase will simply be met by more housing benefit. From a household’s point of view, raising rents could keep them dependent on housing benefit for longer, which may also make it difficult for those that might otherwise have been in a position to save for a deposit to buy their own home, even with a right to buy discount.

4.4 One of our clients has provided an example:

A couple with three children living in an affordable rented 3 bedroomed property at £206 a week which is around 65 per cent of market rate, would still be entitled to £55 housing benefit. If rents were increased to 80 per cent of the market, their housing benefit entitlement would go up to around £100 a week and they would remain entitled to around £30 a week when earning £50,000.

4.5 The Government is yet to set out details about how it proposes this to work in practice but it may prove difficult to implement without increasing complexity and administrative costs. The introduction of Universal Credit aims to simplify and reduce the number of places people have to report income changes. For tenants still entitled to help with housing costs, an obligation to report pay increases to their landlord could add complexity and undermine the principles of Universal Credit. The most straightforward way to administer this policy might be for data sharing to be agreed with HMRC.

4.6 One of the aims of Universal Credit is to incentivise work. Gains from earning an extra pound should be consistent across different hours or earnings points, thereby avoiding people earning an extra £1 and losing most of it in reduced benefits. Some of our clients are concerned that the “pay to stay” policy risks creating a cliff edge, whereby a family receiving a small increase in earnings loses more than they gain as a result of a significant rent increase.
5. CONCLUSION

5.1 There is clearly a need for creativity and flexibility in these uncertain times and our clients recognise that the traditional approach to housing management and development activities will need to change and adapt, for example via fixed tenancies. The issue of affordability is a concern to RPs, and our clients are undertaking an exercise on credit ratings and tenancy sustainability to establish if this should have any greater prominence as part of their selection and allocation process.

October 2015

Written evidence submitted by the Kinship Care Alliance (WRW 61)

Submitted by Family Rights Group on behalf of the Kinship Care Alliance and endorsed by:
Barnardo’s
Buttle UK
Caritas Social Action Network
Childhood Bereavement Network
Children England
The Children’s Society
CoramBaaf
The Fostering Network
The Grandparents’ Association
Grandparents Plus
Kinship Carers UK
Kinship ‘Foster’ Carers Group
Mentor UK
Naglro
The Open Nest
Prison Advice and Care Trust (PACT)
Quaker Social Action
PAC
TACT
Unison

1. The Kinship Care Alliance is an informal network of organisations working with family and friends carers (also known as kinship carers) who subscribe to a set of shared aims and beliefs about family and friends care. Since 2006, members have been meeting regularly to develop a joint policy agenda and agree strategies to promote shared aims which are:

(a) to prevent children from being unnecessarily raised outside their family,
(b) to enhance outcomes for children who cannot live with their parents and who are living with relatives and
(c) to secure improved recognition and support for family and friends carers.

The Kinship Care Alliance is serviced by the charity Family Rights Group.

2. Family Rights Group, which drafted this response, is the charity in England and Wales that works with parents whose children are in need, at risk or are in the care system and with members of the wider family who are raising children who are unable to remain at home. Our expert advisers, who are child welfare lawyers, social workers, or advocates with equivalent experience, provide advice to over 6,000 families a year via our free and confidential telephone and digital advice service. We advise parents and other family members about their rights and options when social workers or the courts make decisions about their children’s welfare. We also campaign for families to have a voice, be treated fairly and get help early to prevent problems escalating.
We lead the Kinship Care Alliance and champion Family Group Conferences and other policies and practices that keep children safe in their family network.

3. We have significant concerns about the impact that some of the proposals that the Welfare Reform and Work Bill will have on relatives and friends who are raising children who cannot live with their parents (kinship carers).

4. We welcome that the focus of the Family Test is on stable and strong family relationships and the explicit reference to kinship carers in the Test. We would argue that the welfare reform proposals clearly impact on kinship care families and therefore fall within the scope of the Test. The above exemptions would therefore, we believe, be consistent with the application of the Department for Work and Pension’s own Family Test.
5. There are an estimated 200,000 children being raised by kinship carers across the UK. Kinship carers are grandparents, older siblings and other relatives and friends who step in to care for children, many of whom would otherwise be in the care system. The current Government have a long standing commitment to ensuring families are stable and to create the best possible environment for children to flourish, as was outlined in the 2010 election manifesto.363

6. These children typically are unable to live safely with their parents due to parental abuse or neglect, alcohol or drug misuse, domestic violence, mental ill health, disability, imprisonment or bereavement. As evidence from the Centre for Social Justice shows,364 these factors can have severely limiting effects on children’s life chances.

7. 95% of children living in kinship care arrangements are not ‘looked after’ by the local authority, therefore by keeping children out of the care system these carers save the taxpayer billions of pounds each year in care costs.

8. By becoming the full-time carer of a child or children, often in an emergency, kinship carers face significant additional costs both in terms of equipment needed (eg: beds, school uniform, larger car) and maintenance costs. Their family size increases and can even double overnight. Unlike adopters, they are not entitled to a period of paid leave for the children to settle in, despite the children having suffered similar prior adversities. A recent survey we undertook of kinship carers found 49% of kinship carers had to give up work permanently to take on the children, thus becoming reliant on benefits (Ashley et al, 2015).

9. This situation is further exacerbated when kinship carers take on a disabled child. The legislation as it currently stands means the 2 child limit for Child Tax Credit will apply to the child element for disabled children. The disability premium (the disabled and severely disabled child elements in Child Tax Credit) and an amount for each disabled child in Universal Credit will be protected regardless of the number of children in a family. However, the Child Element in Child Tax Credit and Universal Credit will only be paid in respect of two children in a family, even where the third child is disabled.

10. The survey of kinship carers found that 57% received child tax credits and 30% housing benefit (Aziz, 2015)

11. We are particularly concerned that the proposed reduction in the benefit cap will mean some kinship carers will be forced into severe debt and have to move home, away from their own children’s school and support network.

12. The limiting of tax credits could plunge new kinship carers into severe poverty and may even jeopardise some placements. Moreover, it could significantly deter some potential kinship carers for a child from coming forward, particularly from taking on siblings groups, or a kinship care when the potential kinship carers already has dependent children of their own.

13. This could increase the number of children in care, which would not be in the children’s best interests and at considerable cost to the Government—for one child to be in an independent foster care placement for a year costs £40,000.365

14. The Bill, as it stands, also sees the introduction of measures which mean that those making a new claim to Universal Credit can be disadvantaged in a way that is inconsistent with the approach applied through Tax Credits. For Child Tax Credits claims made after April 2017, more than 2 children could be included providing they were born before April 2017. Conversely, for Universal Credit the 2 child limit will be imposed regardless of when the children were born (unless the Universal Credit claim is linked to a previous Child Tax Credit claim).

15. The Welfare Reform Act 2012 exempts kinship carers from work conditionality requirements for a year after they take on the care of a child. This was a significant step towards recognising the particular circumstances that kinship carers face, and the valuable contribution they make and acts as a precedent for the exemptions we are recommending above. We are concerned however, of the impact on kinship carers of new measures in the Bill that will require the carer of a child aged 3 or 4 to be subject to all work-related requirements; the carer of a child aged 2 to be subject to work-focused interview and work preparation; and the responsible carer of a child aged 1 to be subject to work-focused interview requirement. Given that the children that kinship carers are taking on, often have severe needs including insecure attachment, we would suggest that kinship carers should be exempted from these measures.

**Recommendations**

16. We would urge MPs to consider the contribution that kinship carers make to providing children who cannot live with their parents with love, care and stability, at great savings to the public purse. It should be incumbent upon the state not to penalise those who provide this crucial form of support to vulnerable children and strengthen, rather than break, family relationships.

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365 Children in Care, National Audit Office, 2014.
17. In particular, we would recommend the following amendments to the Bill to:

— exempt kinship carers from the benefit cap; and
— exempt kinship carers from the proposed two children tax credit limit by including kinship care in the category of ‘exceptional circumstances’.
— That the conditionality changes proposed in the bill do not apply to kinship carers raising under 5 year olds.

18. Questions for the Minister:

— To ask the Minister how many kinship carers the Government estimate will be affected by the introduction of the limiting of the child element of child tax credits to the first two children?
— To ask the Minister how many kinship carers the Government estimate will be affected by the lowering of the benefit cap in a) London and b) outside London?

October 2015

Written evidence submitted by Wigan Council & Wigan and Leigh Homes (WRW 62)

ABOUT WIGAN

Wigan borough is the 9th largest metropolitan district in the country, with a total population of 321,000. 68,000 residents are aged 17 and under, and 19.8% of children in Wigan live in poverty ranking us 114 on the Income Depravation Affecting Children Index. 18% of children qualify for free school meals, rising to 39% in the three most deprived areas.

14.5% of working age residents claim out-of-work or income related benefits.

Wigan Council was a pathfinder authority for the introduction of Universal Credit in 2013.

Wigan & Leigh Homes was set up in 2002 to manage and maintain Wigan Council’s 22,000 homes and additional functions such as homelessness, council house sales, adaptations for tenants with disabilities and new builds.

In recent years, organisations in Wigan have tested innovative ways to support people back into work. These include the Universal Support Delivered Locally (USDL) pilot—a Greater Manchester partnership with DWP to support long-term unemployed people back to work.

The programme is currently working with 47 individuals, 2 have found work, with 5 volunteering or training with a view to commencing work shortly.

Wigan & Leigh Homes (WALH) employ two Tenant Participation Officers who have offered advice on work, training and education to nearly 350 people since January 2015. With their support, WALH tenants have gained work experience with the company, had help to set up their own businesses and increased their skills through attending course and training sessions, with nearly 50 securing paid employment since the start of the year.

The Council runs a Local Welfare Support scheme, which continues to support and advise people in times of crisis. On average, the desk handles 341 requests for support a month.

At the time of the last round of welfare reform in 2013, Wigan Council identified that 38,000 (12%) residents would be affected, with the highest concentration in the Borough’s urban core.

Clause 1 and Clause 2: Full employment and apprenticeships: reporting obligations

Wigan Council welcomes the commitment to report on the number of new jobs every year and the progress towards the target for apprenticeships.

However, without measure of the quality and sustainability of jobs and apprenticeships created, we are concerned that some opportunities may not provide secure employment to those Wigan residents seeking work or apprenticeships.

Wigan Council would also like to see consideration given to increasing funding to successful initiatives like the Universal Services Delivered Locally pilot with the DWP, which has supported local residents into work. The success of the pilot has demonstrated the benefits of personalised, carefully targeted interventions and information sharing between the DWP and the Council to understand the full picture of clients needs and circumstances.

Wigan and Leigh Homes are currently supporting their tenants to gain more skills by undertaking a range of courses, including English, maths and basic IT skills. Wigan suffers from a legacy of low skills with fewer residents holding NVQ Level 4+ qualifications than the Greater Manchester and UK averages, particularly in the 25–29 year old age group. This skills gap serves as a significant barrier to creating higher paid and higher value employment within Wigan and for residents to take advantage of such employment opportunities in other areas.
We believe that in Wigan there is an un-met need for this kind of provision that would allow those claiming worklessness benefits to undertake vocational courses, and improve their chances of employment. In turn, this would support the Government’s ambition to achieve full employment, if more funding were made available to provide those kinds of courses.

**Recommendation:** that a measure of the quality and sustainability of the jobs and apprenticeships is created and reported alongside the number of jobs and apprenticeships created. We would suggest that a good measure would be ‘jobs created that are longer then 6 months in duration’.

**Recommendation:** that successful pilot projects supporting people into work are funded in the longer term.

**Recommendation:** that Government funding is made available to provide vocational courses for those who are currently on benefits.

**Clause 3: support for troubled families: reporting obligation**

Wigan Council welcomes the continued focus on the Troubled Families programme, and the recognition that there are some families whose complex issues mean that they need additional support in order to lead healthy and productive lives.

In Phase 1, we worked with 755 families to help address issues around crime, antisocial behaviour, persistent absence from school and unemployment. The widening of the criteria for Phase 2 reflects Wigan’s understanding that the issues faced by families were wider and broader than those in Phase 1, and that addressing the root causes of complex issues is key to delivering sustained behaviour change.

However, from our experience, we are keen to ensure that the burden of reporting does not outweigh the value of supporting the families in this cohort to help themselves to better lives.

**Recommendation:** that the reporting requirements and mechanisms required do not adversely impact the time staff are spending with families.

**Clause 4: workless households and educational attainment reporting obligations**

We are concerned about the diminished focus on children living in poverty outlined in the Bill.

We do not believe that worklessness and educational attainment are as effective measures of child poverty as the measures in the Child Poverty Act (2010).

In particular, the high levels of attainment by children and young people in Wigan, with results in the top 20% in the country, belies the high levels of child poverty in certain areas of the borough. We are concerned that using educational attainment as a proxy measure for child poverty would mask the situation locally, where up to 39% of children living in poverty.

Wigan Borough was a pilot and pathfinder authority for the introduction of Universal Credit, and has more UC claimants than other similar areas in the region. As Universal Credit is not classed as a worklessness benefit in government calculations, our current worklessness levels are artificially low, and well below the north-west average. Prior to introducing universal credit, Wigan had higher than regional levels of worklessness. Again, we are concerned that using worklessness as a proxy measure for child poverty would mask the situation locally.

Taken together, we believe that using worklessness and educational attainment as measures will mask the true incidence of child poverty. Furthermore, Wigan Council believes that changing the reporting obligations will be detrimental to our ability to target the support given to children and families, and would like to see the Child Poverty Act retained.

We would also like to see the duties placed on local authorities in the Act retained as an important component of designing provision and support. This includes targets to reduce the number of children living in poverty.

In Wigan we have an average of 150 young people at any one time who are classed as Care Leavers these are young people who have been “Looked After” and are aged 18–21 years of age or up to 25 if they are still in education.

In the past couple of years Government have recognised that young people are not always ready to live independently at 18 and have introduced “Stay Put” arrangements which enables young people in foster care to stay living with their carers beyond 18 years of age.

A further development is in the annual reporting to the DfE, previously each council reported 903 returns in respect of Care Leavers on 3 different issues:

- That workers were still “In Touch” with Care Leavers
- That the Care Leaver is in E.E.T
- and in suitable accommodation
The reporting was originally during a 4 month period around the 19th Birthday, however this has now increased to 17, 18, 19, 20, and 21st birthdays.

If the same rule around benefits were applied to this vulnerable group there would be major issues to the council financially as the team are financially responsible for young people up to 18 however post 18 claims are made via DWP. (JSA and HB).

There is currently no indication that Care Leavers would be in the exempt group in respect of the proposed Welfare Reform and Work bill.

Recommendation: that the Child Poverty Act, and the duties and targets placed on local authorities as result, are retained.

Clause 7: Benefits cap

In 2014, 61 families in Wigan were affected by the Benefit Cap. On average each family has lost £60 per week. Families with 4 or more dependent children were more likely to be affected by the cap and made up 96% of the all households affected.

The further lowering of the benefits cap for couples and single parents as a result of the Bill is anticipated to make housing less affordable for more low-income families, both in private rented and social housing, typically those with 3 dependent children. The situation is likely to be exacerbated where families are also subject to the Under Occupation Charge (‘the bedroom tax’).

As part of a raft of support available to those affected, Wigan Ring-fenced a discretionary housing payment (DHP) budget for all those affected who apply which provided 13 weeks’ financial support. We would suggest that increased levels of DHP budgets are available for local authorities and partners to provide short-term assistance to families affected by this clause in the Bill.

Recommendation: that an increased level of DHP funding is available to Councils.

Clause 9 and 10: Freeze of certain social security benefits and tax credit amounts for four tax years

In Wigan, it is anticipated that the freeze of certain social security benefits and tax credits will lead to more residents on a low-income struggling to pay essential bills and rent.

In the last 12 months there have been nearly 5,000 requests for help at the Council’s welfare support desks, by residents struggling to cope with financial pressures. 78% of the requests came because the claimants did not have sufficient food to feed themselves or their families. The Council provides support in a number of ways, by providing referrals to local food banks and local budget furniture suppliers.

Although many of these organisations operate as charities, the Council has provided pump-priming funding for local food banks and furniture recyclers, to help them meet the rising levels of demand by becoming more sustainable in the longer term. It is unlikely however that we will be able to allocate additional funding beyond 2016, without more funding from Government to do so, and as a result, we may be unable to absorb the predicted rise in demand from local residents in crisis.

Recommendation: that increased levels of Government funding is made available for providing emergency support for people in crisis.

Clause 11 and 12: Changes to child tax credits and the child element of universal credit

We are concerned that limiting tax credits to the first two children will lead to a decline in the standard of living for larger families, living on a low-income. Taken together with Clauses 5 to 7, this would deepen poverty for some children, at exactly the same time as removing the focus on the reduction of children in poverty (see recommendation for clauses 4, 5 and 6).

We are particularly concerned about the impact of the further reduction of the benefits cap on families with 3 or more children, who will be £58 per week worse off after the implementation of the Bill (see recommendation for clause 7).

Clause 13: Employment and Support allowance

Consideration should be given to removing the 16 hour rule for those claimants that do not have level two, and or level three qualifications, so they can access meaningful full time, or part time vocational or academic courses, that offer meaningful nationally recognised qualifications from accredited organisations. This would assist individuals to retrain and give them increased and sustainable opportunities of employment, thereby reducing the cycle of poorly paid, part time, zero hour contracts and the associated volatile career prospects, which would help, in the long term, to reduce the welfare bill locally and nationally.

Recommendation: Removal of the 16 hour rule for those claimants with no or low level qualifications, enabling them to access meaningful training and accreditation opportunities.
Clause 19: reduction to social housing rents

Wigan and Leigh Homes have observed over the last two years a fall in demand for local social housing provision due to welfare benefit reform and an increased competition from the private rented sector. This has resulted in an increase in terminations, reduction in waiting list and increased void costs. Changes proposed in clause 19 of the Bill would reduce Wigan’s Housing Reserve Account (HRA) by £34 million.

Currently, the HRA is in a relatively strong position with turnover of over £90m, relatively healthy reserves (£14m) and a strong capital investment programme (£37m). This is despite the government compelling the Council to increase the HRA debt by £100m in 2012 in return for a number of local freedoms, many of which have now been reneged upon. This good position is largely the result of good past investment decisions, reducing management costs and increasing cross-efficiency between WALH and Wigan Council.

However the reduction of income from 2016 would potentially limit WALH’s ability to commit increasing capital works. Furthermore, additional government requirements to for example levy rent reductions beyond four years or requiring further levels of reductions before 2020 would place significant pressures on maintain the current stock to current standards, or to build significant numbers of new low-cost homes.

Recommendations: that rent reductions to social housing rents are limited to 2020.

Wigan Case Study: USDL

Background to the claimant

Mr A, Male, age 57

Mr A had been unemployed for more than two years and presented to his DWP work coach with mental health and alcohol concerns. Following a discussion he agreed to take part in the USDL trial where additional support was available to help him deal with his problems. The work coach obtained consent to share his information and sent a referral across to the Council’s Live Well Family Advocate who was based less that five minute walk away.

Mr A was triaged by the Family Advocate Worker from the Live Well team and on arrival he was:
— depressed and anxious;
— recently bereaved;
— effected by substance misuse issues;
— out of work.

During the triage interview, it became clear that Mr A was greatly affected by the recent death of his mother, and a separation from his wife, and this in turn had impacted on the amount he was drinking.

Action taken

Mr A was supported to seek help for his substance misuse issues, and to seek bereavement counselling.
— a referral was made to an integrated GP practice for an appointment with the GP to address issues for bereavement counselling;
— an appointment was made with Addaction to address alcohol issues.

Mr A and his key worker remained in frequent contact to ensure that he was attending his GP and alcohol support appointments and he confirmed that he now had an alcohol support worker. He informed his key worker that the alcohol support group sessions were not working for him as he felt uncomfortable and so his intention was to stop attending. To prevent this key worker contacted Addaction who arranged for one to one session instead and the support continues.

In April 2015 Mr As work coach organised a job interview for him and he felt positive that this would be successful however he was not successful in securing this post and he reported to his work coach that this had knocked his confidence. To overcome this key worker and work coach looked for volunteering opportunities which would help to boost his confidence and improve his CV. An application was made to a charitable organisation in Wigan and Mr A was successful in securing this position.

Outcomes

The client has started volunteering with the Warehouse Project in Wigan, who recycle and reuse items heading for landfill.

Mr A is still receiving support for his alcohol dependency which he would otherwise not have sought.

Mr A has said he feels in good spirits and feels people are listening to him. He has made substantial progress in alcohol awareness and a move towards employment. He is also expecting to shortly start counselling sessions which will help to address the bereavement issues.
Why is this different from business as usual?

Improved partnership working and information sharing between the work coach and the key worker has improved the service offer available to Mr A and has helped him to address his problems and access support. By working together and addressing the holistic needs of Mr A he is much happier and more likely to secure employment.

October 2015

Supplementary written evidence submitted by Councillor Gary Porter CBE, Chairman of the Local Government Association (WRW 63)

I am writing in follow up to the evidence I gave to the Committee on Tuesday 15 September 2015.

The Member for Stretford and Urmston asked for the LGA’s analysis of the combined impact of the social housing rent reduction, the freeze on local housing allowance and the reduction in the benefit cap on discretionary housing payments.

The combined impact will be significant. Proposals to reduce rents paid by tenants in social housing in England by 1 per cent a year for 4 years from April 2016 will cost councils around £2.6 billion by 2019/20, equivalent to 60 per cent of local government’s total housing maintenance budget each year. The measure puts investment in affordable homes at risk, which would lead more tenants to rent in the more expensive private rented sector and so increase demand for financial assistance as the Government seeks to reduce it.

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The impact assessment for the extension of the benefit cap which accompanies the Bill acknowledges that it increases the risk of hardship. That assessment argues that these impacts will be lessened if those affected find work, but the evidence from the previous cap showed that a relatively small number of those affected were able to move into sustained employment.

The impact of the Local Housing Allowance rate freeze will fall on households claiming housing benefit in the private rented sector, many of whom are in work. The DWP recently estimated that by 2019/20 the average loss to a household of this measure will be £5.30 per week. This is likely to be significantly higher in high rental areas.

The retention of Discretionary Housing Payment and some of the Targeted Affordability Fund is welcome, but this funding is not intended to nor can it address the significant, long term and deepening unaffordability of many high rental areas for households on modest incomes.

We fully support the Government’s aim to reduce the Housing Benefit bill, but this is the least sustainable way to do so. Giving local government the powers it needs to build new houses, greater freedom to shape their local economy, and devolving employment support for the most disadvantaged households will enable us to develop balanced and sustainable local economies, with a healthy mix of tenure and employment.

October 2015

Written evidence submitted by Parkinson’s UK (WRW 64)

About Parkinson’s and Parkinson’s UK

1. One person in every 500 has Parkinson’s, which is about 127,000 people in the UK. While the majority of people develop symptoms after the age of 65, thousands of working age are also affected.

2. Parkinson’s is a progressive, fluctuating neurological disorder, which affects all aspects of daily living including talking, walking, swallowing and writing. People with Parkinson’s often find it hard to move freely. There are also other issues such as tiredness, pain, depression, dementia, hallucinations, and continence problems which can have a huge impact. The severity of symptoms can fluctuate, both from day to day and with rapid changes in functionality during the course of the day, including sudden ‘freezing’. There is no cure.

366 ‘Parkinson’s prevalence in the United Kingdom 2009’
3. Parkinson’s UK brings people with the condition, their carers and families together via our network of local groups, our website and free confidential helpline. Specialist nurses, our supporters and staff provide information and training on every aspect of Parkinson’s. Our teams work throughout the UK.

4. Parkinson’s UK welcomes this opportunity to present further evidence to the Welfare Reform and Work Bill Committee, following our appearance before the Committee on 10th September 2015.

SUMMARY

5. Maintaining at least existing welfare provision for disabled people is vital. The Government’s manifesto commitment to protect the benefits of disabled people was, and is, greatly welcomed and represents an important recognition that a cut for this group would be both financially disastrous and morally wrong.

6. Living with a disability can be extremely expensive. Disabled people spend on average an extra £550 a month on costs directly associated with their disability. One in 10 disabled people spend over £1,000 while 80% of disability-related poverty is caused by extra costs.

7. At the same time, government statistics show that a growing number of households with a disabled member are living in poverty.

8. Yet aspects of the Welfare Reform and Work Bill are contrary to the Government’s promises and will do precisely what it rightly and categorically said it would not do – cut welfare support for disabled people.

9. Our response identifies issues that we believe require further consideration. We also highlight the consequences of some clauses that would harm people with Parkinson’s and disabled people generally. We hope that illuminating these impacts will help the Government realise its right and worthy pledge to protect disabled people and not cut their benefits. We also provide further responses to questions raised in the oral evidence session.

10. This evidence covers our concerns relating to:

— Clause 1: Full employment reporting obligation
— Clauses 7 and 8: Benefit cap and review of the benefit cap
— Clause 9: Freeze of certain social security benefits for four tax years
— Clause 13: Employment and Support Allowance - Work Related Activity component and
— Clauses 16-18: Loans for mortgage interest.

CLAUSE 1: FULL EMPLOYMENT REPORTING OBLIGATION

11. This clause would place a duty on the Secretary of State to report annually on progress towards full employment. We believe that this helpful proposal could be improved and strengthened by incorporating the Government’s manifesto commitment to halve the disability employment gap.

12. For the clause to be effective the terms will need to be defined and issues relating to disability employment carefully considered. Specifically, how will the gap be tracked, what assumptions will be made about the proportion of people too unwell to work, what is the definition of ‘full employment’ in the context of disability, what are the barriers that still exist for many disabled people who are fit to work and seeking work and what the Government can do to address them?

13. Parkinson’s UK urges the Government to recognise that ‘full employment’ is not achievable, and that there will always be an employment gap of some kind, given the progressive nature of conditions like Parkinson’s, which mean that people will eventually be too unwell to return to work.

14. A Person with Parkinson’s explains: ‘I was one of the unlucky ones who was diagnosed as having Parkinson’s at only 36 years of age. I managed to work for 8 years post diagnosis until I had to medically retire from a professional job that I loved as the disease progressed and I was really struggling.’

15. We hope the Government will amend this clause accordingly and that the Secretary of State when elaborating on the detail of this clause will consider the issues related to the disability employment gap. This is an opportunity that should not be missed to show determination to fulfil a key government manifesto commitment.

CLAUSE 7 BENEFIT CAP

16. The Bill seeks to reduce the benefit cap so that the total amount of out of work benefits a household can claim is £23,000 in London and £20,000 outside London. The clause would also remove the link between the cap and average earnings, and allow the Secretary of State to lower the cap subject to statutory instrument.

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368 E Brawn, Priced Out: Ending the financial penalty of Disability by 2020
369 A. Sen, The Idea of Justice (Belknap Press, 2009)
17. While we welcome the exemption for families with a disabled member receiving Disability Living Allowance (DLA), Personal Independence Payment (PIP) or the support component of the Employment Support Allowance (ESA), there are disabled people who are not in receipt of these benefits who do rely on a number of other working age benefits such as Jobseeker’s Allowance (JSA), Housing Benefit (HB) and Tax Credits (TCs). Disabled people in the Work Related Activity Group (WRAG) of ESA, for example, will suffer further cuts to household income over the course of this Parliament. Promising to protect disabled people therefore means securing all of the welfare payments made to households where at least one member is disabled, not just those considered to specifically be ‘disability benefits’.

18. Government figures already show the numbers of disabled people living in poverty is growing. The latest Households Below Average Income figures show that the percentage of individuals in absolute low income, in families where at least one member is disabled, increased by two percentage points to 30% after housing costs, between 2012/13 and 2013/14. The figures also show that, ‘with the exception of pensioners, those living in families with a disabled member are more likely to be in low income than those in families without a disabled member’.

19. The Government will exacerbate this growing preponderance of low income in households where at least one member is disabled, unless it amends the clause to exempt these households from the cap.

20. Finally, breaking the link between the cap and average earnings creates a precedent whereby total benefit amounts could be reduced to any level, without the need for justification. This is deeply concerning. People who are eligible for welfare payment and who are too unwell to work should still be properly supported. This measure would jeopardise that, particularly for people with Parkinson’s and in households with a disabled member.

21. We urge that this part of the clause is deleted and the link to earnings remain.

Clause 8: Review of benefit cap

22. Parkinson’s UK believes it is insufficient and potentially dangerous to only require the Secretary of State to review the cap once a parliament, effectively now just once every 5 years.

23. This long interval means the Government could fail to identify as quickly as it could if people with Parkinson’s and others with disability will suffer as a result of the cap. The ability of the Government to respond to this suffering as early as possible will then be diminished, or still worse, it could be left too late for some. In terms of the public purse, the cost of making good the situation (where that is possible), will increase the longer an issue is left unaddressed. For example, a person living with a progressive condition like Parkinson’s will deteriorate if living with the stress and anxiety of poverty and without what they need to take control of their condition. The concomitant costs of poorer health outcomes could also be considerable.

24. Parkinson’s UK urges the Government to have an annual review of the impact of the benefits cap so that it can fulfil its responsibility to identify problems in a timely way and put into action an appropriate response.

25. We also support the call for an automatic assessment of the impact on disabled people, carers and their families before the threshold is lowered, and for an assessment to be triggered should the Equality and Human Rights Commission report concerns.

Clause 9: Freeze of certain social security benefits for four tax years

26. We welcome the exemption of people in receipt of DLA and PIP from the four year freeze.

27. Nonetheless, Parkinson’s UK is concerned that people with the condition will still suffer a financial detriment because the Bill proposes to freeze a number of other key benefits that many disabled people receive, namely JSA, HB and Universal Credit (UC). In addition, specific benefits focused on supporting disabled people who are too unwell to work, such as the basic rate and work related components of ESA, HB and the limited capability work component of UC would be subject to the freeze. This contradicts the Government’s manifesto commitment which stated: ‘We will freeze working age benefits for two years from April 2016, with exemptions for disability and pensioner benefits – as at present’. The ESA Support Group (which is for ill and disabled people who are too unwell to work) will suffer a real terms cut in their payments as well as people in the WRAG.

28. We would wholeheartedly support an amendment that exempts disabled people and their carers from the freeze.

Clause 13: Employment and Support Allowance (ESA) Work Related Activity Component (WRAG)

29. Clause 13 would mean that future claimants of ESA placed in the WRAG will get the same level of benefit as JSA. The rationale given for this cut to recipients’ support of nearly £30 a week, or over £1,500 a year at 2015/2016 rates, is that it will ‘incentivise’ recipients to get a job.


‘Strong leadership, a clear economic plan, a brighter more secure future – the Conservative Party 2015 manifesto’ p28
30. The WRAG is for claimants the DWP identifies through the Work Capability Assessment (WCA) as being capable of work at some time in the future and who are capable of taking steps towards moving into work (work-related activities) immediately. For this reason it is also known as the ‘recovery group’ as they are people the Government identifies as not yet able to work.

31. Further to evidence we presented at the committee on 10th September WRAG is distinct from JSA. It is support for sick and disabled people who are not yet able to work. ESA is a ‘work replacement benefit’ the level of support available represents the replacement for a person’s whole income, or even the entire household income, if a loved one has given up work to provide unpaid care.

32. Taking money from people with Parkinson’s will therefore not cure them or make them better. On the contrary, it risks setting back the recoveries of those in the group who are capable of becoming fit for work, because they may no longer have the means to live healthily and aid their recuperation. Such a measure might have the dual effect of taking people further from their goal of returning to work, and increasing health costs due to worsened health outcomes.

33. These are conditions that will only get worse. They are progressive and debilitating – drugs can help control symptoms to an extent but they do not stop the inexorable progression of the condition. Anyone who has had to give up work due to any one of these conditions cannot simply be expected to return to work in the fullness of time and far from ‘incentivising’ them, taking £30 a week from a vulnerable group could do untold harm.

34. Parkinson’s UK believes that ESA WRAG support should not be cut.

35. We asked people with Parkinson’s to explain how a £30 cut in their ESA payments would impact them:

‘The difference between getting by or living, having the heating on or not, buying quality food as opposed to cheaper junk food being able to get out of the house as opposed to being stuck in and social isolation, which is not good for my mental health’.

‘I would have to reduce the number of therapy sessions which help to keep my condition stable’.

‘This money keeps us out of debt. Ensures I can heat the house, pay my community charge and generally keep my family together’.

36. It is also likely that the cut to WRAG will only exacerbate the problem of disability poverty and cause enormous suffering and anxiety, while exacerbating Parkinson’s symptoms.

THE WCA PLACES PEOPLE WITH PARKINSON’S IN THE WRAG GROUP INCORRECTLY

37. As mentioned in our oral evidence, we strongly believe that the WCA, which dictates the ESA group into which people are placed, needs to be urgently reformed so that the right people are placed in the right group. Currently, thousands of people are wrongly placed in this group due to the systemic failures in the design of the WCA. Given the progressive nature of the condition, many people with Parkinson’s feel the Support Group is more appropriate, as that there is no possibility of an improvement in their condition, and they are already too unwell to work. Unless there is a significant change future recipients wrongly placed in the WRAG will suffer greatly if the cut is made.

38. The WCA, as it is currently designed, wrongly places people with Parkinson’s in the WRAG because the test fails to capture the reality of living with a fluctuating and progressive condition like Parkinson’s.

39. People with fluctuating conditions are those whose symptoms change unpredictably, over the course of a month, week and often during a single day. People with Parkinson’s are therefore at risk of being assessed on a ‘good day’ which means that the assessor is unable to accurately evaluate the impact of a person’s condition on their functional ability. Furthermore, the WCA focuses on someone’s ‘typical day’, thereby averaging out their best and worst moments, creating a misleading impression of a person’s condition. Taken together, these features of the WCA mean that people with Parkinson’s are assessed on a snap shot of their appearance.

40. The WCA also does not register whether a condition is progressive. The fact that Parkinson’s is a condition which will only deteriorate means that people will inevitably reach a point at which it is no longer possible, nor safe, for them to remain in work. As mentioned during our evidence session, a small scale study found that respondents with Parkinson’s worked for an average of 3.4 to 4.9 years after diagnosis, with another study putting mean retirement age at 55.8 years compared to the then UK average of 62 years. The fact that the WCA is not able to understand this important fact of a person’s condition is a significant oversight and leads to systematically incorrect assessment decisions for people with Parkinson’s.


41. The failure of the WCA to fully account for the fluctuating, and progressive nature of Parkinson’s means that thousands of people with this and similar conditions are failing to receive the appropriate level of support. A Freedom of Information request lodged by Parkinson’s UK revealed that almost 8,000 people with progressive and incurable conditions such as Parkinson’s, Multiple Sclerosis, Spinal Muscular Atrophy, Cystic Fibrosis and Rheumatoid Arthritis have been put in the WRAG.

42. As stated in our evidence, almost a third of new ESA claims from people with Parkinson’s result in a WRAG award, despite the fact that the condition is always progressive.376

43. One man told us that the WCA assessor asked him,  

‘How long are you likely to have Parkinson’s then?’

44. He was then placed in the WRAG and only after 6 months was he moved to the more appropriate Support Group. This only happened because his GP intervened; bewildered as to why he was being asked on a weekly basis to confirm that his patient still had an incurable and progressive condition.

45. As a result of these failings, ESA claimants with Parkinson’s are placed in an impossible and demoralising position of being told they are either fit to work or should be getting themselves back into work, and around a third of people with Parkinson’s are placed in the WRAG rather than the much more appropriate Support Group.

46. Given the number of people with Parkinson’s and other progressive conditions put incorrectly in the WRAG, the best way to make sure people get the support they need is to make the assessment work properly, by better understanding fluctuating, progressive conditions. Parkinson’s UK and a number of other charities alongside the DWP undertook a detailed piece of work between May 2012 and December 2013—the Evidence Based Review (EBR), to test the principles of a new WCA (known as the Alternative Assessment) which better accounted for fluctuating conditions, it included—

— Descriptors to account for the impact of pain and fatigue.
— An examination of fluctuation which looks both at severity and how often episodes are a problem.

47. The WCA and AA were tested against a number of ‘expert panels’ – volunteers with healthcare or employment support backgrounds. We recommend that the principles underlying the EBR are used as a starting point for further reform of the WCA.

**Clause 13: Impact assessment**

48. It is important to note that while there is an assumption inherent in the ‘incentive’ argument that people would rather not work, in our experience work is never given up lightly in order to claim benefits. Far from trying at any opportunity to claim benefits, a problem frequently reported to us is that people try and work for too long and limit what time they have left with their family. Research by the University of Glasgow shows that people often work for several years after a diagnosis of Parkinson’s and people tell us that they wish to work for as long as they are able. This is often because of the uncertain future they face, which for many will mean contributing or fully funding expensive care and support.

49. We are extremely concerned that the Impact Assessment (IA) for this proposal did not mention any of the design failures inherent in the WCA that were even recognised by the Secretary of State during the second reading of the Bill.379

50. Given the IA’s failure to model the impact of the cut on people with progressive conditions, it is entirely insufficient that the document suggests that people with progressive conditions can simply be compelled to return to work. It argues that ‘Someone moving into work could, by working around 4-5 hours a week at National Living Wage, recoup the notional loss of the Work-Related Activity component or Limited Capability for Work element’.

51. The IA also makes no mention of the health impacts the cut might have on people in the WRAG and concomitant costs to the health system, including increased Accident and Emergency admissions. Without any of these factors being taken into consideration, we question the reliability of the Government’s expectation of saving £640 million a year by 2020-2021 as a result of the cut.380

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375 Freedom of Information ref: 2014-3129  
376 [http://www.theyworkforyou.com/wtrans/?id=2014-0901b.206428.hk=sParkinson%27s+Work+Related+Activity#g206428.q0](http://www.theyworkforyou.com/wtrans/?id=2014-0901b.206428.hk=sParkinson%27s+Work+Related+Activity#g206428.q0)  
377 [What are the key factors which enable people with Parkinson’s to remain in or re-enter employment? P Banks, M Lawrence (University of Glasgow, supported by a Parkinson’s UK research grant, 2003)](http://www.theyworkforyou.com/wtrans/?id=2014-0901b.206428.hk=sParkinson%27s+Work+Related+Activity#g206428.q0)  
379 Welfare Reform and Work Bill Second Reading, House of Commons Hansard, 20 July 2015, Column 1260  
380 Briefing paper: Welfare Reform and Work Bill, House of Commons Library, Steven Kennedy
52. The Government’s ‘incentivising’ rationale simply does not stack up and the consequences of the policy will be utterly disastrous for people with Parkinson’s in the WRAG, and all the sick and disabled people in receipt of the support. We urge the Government not to cut the WRAG and introduce a presumption of placing people with Parkinson’s in the Support Group (which does not in any way preclude them from returning to the workplace should there be a significant change in their circumstances).

53. For these reasons we support the deletion of this clause.

Clauses 16 – 18, Section 16: Loans for Mortgage Interest - Further Provision

54. Changing mortgage interest payment support into a repayable loan, with administration fees and interest also payable, would be devastating for people with Parkinson’s.

55. The Bill leaves it to regulation to make provision about repayments, and we understand from the Bill Team that the plan is for people to pay back the loan at their discretion (i.e. most likely when they return to work), but it actually becomes repayable when the property for which the money was sought, is sold.

56. If a person has had to give up work because of their Parkinson’s, and needs to access a loan to pay their mortgage interest, it is very unlikely they will be able to return to work to repay the loan early (so minimising the amount of interest they accrue and possibly administration fees they will owe).

57. For people with a progressive and debilitating condition like Parkinson’s, the point at which they are likely to sell their home is either in order to get a property more suited to their mobility needs, or to release the equity to help pay for care costs.

58. We believe it is wrong that people with Parkinson’s should be effectively penalised for having the condition which is very likely to preclude them from returning to work.

59. Again the IA for the plans to convert support for mortgage interest (SMI) from a benefit into a loan is deeply flawed. It argues that:

‘The upward trends in real house prices mean that many owners have accrued significant equity in their homes. The result is that people who are relatively ‘asset rich’ can nonetheless still access financial assistance from the taxpayer in the form of a benefit. Therefore extending support to people who experience temporary periods of unemployment or sickness whilst not increasing the burden to the taxpayer.’

No mention is made of the impact on people who will not be able to return to work and in fact, it goes on to say that the policy will act as an incentive for people to return to work in order to minimise the interest on the loan. This completely misses the point that some disabled people are excluded from making such a choice.

60. It is also troubling that the examination of the impact on disabled people merely states that:

‘18% of mortgagors have one or more disabilities compared to 19% of the general population’

This provides no evidence of the impact of the policy on vulnerable people with disabilities and long-term conditions. It is of grave concern that the DWP ‘does not have data on the proportion of SMI customers who have a disability’. We do not believe that the impact assessment is a sufficient examination of the potential risks to disabled people without this data.

61. Parkinson’s UK therefore is extremely concerned that the impact on people with progressive conditions has not been taken into consideration within the ‘Key assumptions/sensitivities/risks’. In fact, there are no identified risks whatsoever. There is a danger that these loans will prove difficult to arrange, or impossible to repay for people with progressive conditions. The IA must take account of this risk because as the policy stands, not only are people with Parkinson’s likely to be hit with maximum interest and administration charges when they sell their property, but they will be hit at one of the most difficult times of their life.

62. We strongly believe there needs to be an amendment that stipulates people with progressive and incurable conditions should be exempt from this proposal.

63. Finally, and in summary, given the numerous glaring holes in the IAs and the serious issues we have raised throughout this submission, we urge the Government to undertake a cumulative impact assessment of the Bill on disabled people and people with incurable and progressive conditions so these results can be published as a matter of urgency before any policy can be made law.

Scotland Bill Interactions

64. The Welfare Reform and Work Bill is being considered at the same time as the Scotland Bill, which will devolve significant powers relating to disability benefits to the Scottish Government. We view it as unwise to reform the UK-wide elements of the welfare state while simultaneously devolving other elements of welfare reform, given that this is highly likely to lead to unintended consequences and confusion.

65. In particular, we are concerned that the proposals under the Scotland Bill include devolving powers to make concessionary top-up payments to reserved benefits, and powers to vary the timings and eligibility criteria for UC payments. This could lead to significant confusion for people with Parkinson’s as UC rolls out, and incorporates elements of ESA.

66. It is also unclear as to how the devolution of employment schemes for people with disabilities will interrelate with other elements in the Welfare Reform and Work Bill, such as the cut to the WRAG payment from 2017, or on any future reforms of the Work Programme.

67. We therefore recommend that the Welfare Reform and Work Bill’s progress is halted until a cumulative impact assessment of changes to welfare benefits on disabled people since 2010 is undertaken by the UK Government for the whole of the UK.

68. This would help ensure that the UK and devolved administrations, including the Scottish Government, are all informed by evidence, the changes benchmarked, and that the right powers are devolved in order to identify and achieve improvements.

Responses to questions asked in Committee

Question 116 Laura, you mentioned the impact of changes on disabled people and how they had not been taken into full consideration previously. Can you say a bit more about what measurements and reporting you would like to see in the Bill, including knock-on costs if the Government are potentially getting things wrong, if you have recommendations now?

As mentioned in the evidence session, we are concerned that cutting financial support for disabled people represents a ‘false economy’. If people with Parkinson’s and other long-term conditions, who are extremely unwell, experience significant reductions in their level of available financial support, this will simply lead to them falling ill and requiring hospital in-patient stays and social care costs. People with Parkinson’s warn that as a result of the reforms:

‘The cut may lead to people getting less mobile with poorer balance and more prone to injury. This is false economy.’

‘This 30.00 per week is very helpful towards keeping me independent and non-reliant on other care services, although they may well be needed in years to come.’

As a result, we recommend that the Government carefully monitors sources such as the Health and Social Care Information Centre’s Hospital Episode Statistics and Referrals, Assessments and Packages of Care datasets to identify any spikes in the number of avoidable hospital admissions, and social care applications as a result of reductions in the availability of WRAG support.

Furthermore, we also recommend that the Government undertakes a full impact assessment of the impact of the Bill’s provisions on health and social care services.

Q120 I will be brief because I am aware of the time pressures. I just want to talk about the work-related activity group, which contains about half a million people. The Government are allocating extra funds for that—£60 million rising to about £100 million—and I am interested to hear the view on how that money would be best spent.

Parkinson’s UK recommends that additional funding for the Work Related Activity Group would most usefully be spent redesigning the WCA to better account for fluctuating, progressive conditions and introduce descriptors that provide a more realistic proxy of a person’s functional ability. Reforming the WCA along these lines will ensure that people with Parkinson’s and other long-term conditions receive the correct decision first time.

It is noteworthy that 37% of all Fit for Work decisions have been appealed against to date, according to recent DWP figures.

We firmly believe that the introduction of a fair and accurate WCA would create savings in the long-term, by reducing the need for these appeals and mandatory reconsideration of inaccurate benefit decisions.

October 2015

ABOUT ENABLE:

ENABLE Scotland is the largest voluntary organisation in Scotland of and for children and adults who have learning disabilities and their families. We have a strong voluntary network with around 5000 members in 44 local branches and via individual membership. Around a third of our members have a learning disability.

ENABLE Scotland campaigns to improve the lives of people who have learning disabilities and their families and carers. ENABLE Scotland provides social care services to more than 2,000 people across Scotland who have learning disabilities or mental health problems.

ENABLE Scotland is supportive of the written evidence submitted by the Disability Benefits Consortium (WRW 04) and our sister organisation, MENCAP UK, (WRW 17), and would encourage the Committee to view these submissions.

SUMMARY:

1. ENABLE Scotland is deeply concerned about the impact that the Welfare Reform and Work Bill will have on people with learning disabilities, their carers and families.

2. The Welfare Reform and Work Bill will make significant changes to the UK social security entitlement by affecting Tax Credits, Universal Credit, Employment and Support Allowance; as well as the benefit cap, the annual up-rating of benefits and support for home owners in receipt of means tested benefits.

3. Although it should be noted that some of the detail will be left to regulations to define, our analysis of the Bill in its current format is that it will have a disproportionately detrimental impact on the people that we support.

4. ENABLE Scotland believe that the Bill is fundamentally flawed as its core function is to reduce benefit entitlement for working age claimants for those both in and out of work with little regard given to the reasons for the support being required.

We have suggested particular amendments which would reduce the detrimental impact on the people with learning disabilities and their families.

EMPLOYMENT AND SUPPORT ALLOWANCE WORK RELATED ACTIVITY COMPONENT (CLAUSE 13)

5. The purpose of this section is to amend the Welfare Reform Act 2007 to remove the work related activity component from Employment and Support Allowance.

6. Employment and support allowance currently categorises claimants as either having limited capability for work (unfit to work but able to engage in work related activity) or limited capability for work related activity (these claimants are not asked to undertake any activity in return for their benefit but can choose to opt in).

7. This change is intended to align the first category with Job Seekers Allowance meaning a potential financial loss of £29.05 per week for many disabled people.

8. ENABLE Scotland would highlight to MPs that this will affect significant numbers of people with a learning disability. Employment Support Allowance is the primary income replacement benefit for people with a learning disability of working age.

9. Currently there are 492,180 disabled people within the ESA WRAG. The largest group are those with ‘Mental and Behavioural Disorders’ (248,040) which include people with a learning disability; the proposed change will therefore have a disproportionately detrimental impact on people with learning disabilities.

10. It is accepted that Disabled people take longer to get back into work. Almost 60 per cent of people on Job Seekers Allowance move off the benefit within 6 months, while almost 60 per cent of people in the WRAG need this support for at least two years. This proposed reduction to align ESA WRAG with JSA will mean many disabled people will have very low incomes long periods of time.

11. For a single person with no income other than ESA, this change will represent a 28% cut in their weekly income.

Suggested amendment:

Leave out clause 13.

In order to maintain the work-related activity component of ESA.

UNIVERSAL CREDIT WORK RELATED ACTIVITY ELEMENT (CLAUSE 14)

12. The purpose of this section is to amend the Welfare Reform Act 2012 to remove the limited capability for work element from Universal Credit.

13. This will reduce the income of claimants by up to £126.11 per month. This will affect claimants both in and out of work.

14. This change will also leave many people with a learning disability facing a higher level of conditionality in return for their benefit and consequently an increased risk of sanctions.

Suggested amendment:

*Leave out clause 14.*

In order to maintain the limited capability for work component of Universal Credit.

**Benefits freeze (clause 9)**

15. The purpose of this section is to prevent certain social security benefits from rising.

16. Traditionally benefits rise at the start of each new tax year in line with the consumer price index (CPI). Previously the traditionally higher retail price index was used (RPI).

17. The benefits frozen are Child Benefit, elements of Income Support, elements of Housing Benefit, elements of Job Seekers Allowance, elements of Employment and Support Allowance and elements of Universal credit.

18. People with a learning disability tend to rely on benefits; both in and out of work, due to low employment rates, low wages and/or part time work, and will therefore suffer the cumulative impact of these benefits being reduced.

19. Freezing benefit rates will mean substantial real terms cuts for our members as inflation causes daily expenses to rise.

Suggested amendments:

*Leave out clause 9*

Alternatively, to protect disabled people in receipt of disability benefits; in line with the Conservative Party Manifesto commitment.:

At Clause 9, Page 11, line 33, at end insert new sub-clauses:-

1. People who are in receipt of Disability Living Allowance are exempt from the benefits freeze

2. People who are in receipt of Personal Independence Payment are exempt from the benefits freeze

3. People who are in receipt of Employment and Support Allowance are exempt from the benefits freeze

4. People who are in receipt of carers allowance are exempt from the benefits freeze

**Changes to Child Tax Credit (clause 11)**

20. The purpose of this section is to remove the family element of Tax Credits (currently worth £545 per year) and to limit the child elements (currently worth £2,780 per child, per year) to two children where children are born after April 2017.

21. ENABLE Scotland seeks urgent clarity on whether the Bill or subsequent regulations intends to remove the higher disabled child element (currently worth £1,275) for some or all disabled children.

22. Whilst families may be able to continue to access disability elements for disabled children born after April 2017, they will not be entitled to the other child elements that they would be currently.

Suggested amendments:

*Leave out clause 11;*

Or, specifically for families with disabled child(ren)

At clause 11, subsection 2(c), substitute “an element which is to be included in the case of a child or qualifying young person who is disabled or severely disabled.” with “elements are to be included in the case of a child or qualifying young person who is disabled or severely disabled.”

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384 In 2013, only 7.3% of adults who have a learning disability in Scotland were in employment - SCLD, Statistics Release: Learning Disability Statistics Scotland 2013 (eSAY) (http://www.scld.org.uk/sites/default/files/statistics_release_learning_disability_statistics_scotland_2013_0.pdf)

385 The Joseph Rowntree Foundation reported that disabled people are more likely to be low paid than non-disabled people with the same level of qualifications, and that people in families with a disabled adult are nearly twice as likely to be in poverty as others.


386 ‘We will freeze working age benefits for two years from April 2016, with exemptions for disability and pensioner benefits – as at present’. Conservative Party Manifesto 2015, p.28 https://s3-eu-west-1.amazonaws.com/manifesto2015/ConservativeManifesto2015.pdf
Changes to Child Element of Universal Credit (Clause 12)

23. The purpose of this section is to amend the Welfare Reform Act 2012 to limit the number of elements for children in a Universal Credit claim to two.

24. The payment of the higher element for the first child is also removed.

25. This change will push many low income families into poverty but will be even more damaging to those that have a child with a disability due to the additional costs associated with raising a disabled child.\footnote{It has been calculated that it costs 3 times more to raise a disabled child than a non-disabled child due to the extra costs (e.g. aids and adaptations, special treatments, travel to medical appointments, special diets, increased heating costs etc.) – Contact a Family (2012), Counting the Cost: the financial reality for families with disabled children across the UK.}

26. This provision, as it stands, has the potential to impact on families who apply for Universal Credit due to one or both parents giving up work to care for a disabled child.

Suggested amendment:

Clause 12 2(1A), at the end insert:

The limit on the number of children or qualifying young person for whom an individual element of Universal Credit can be claimed as set out in subsection (1A), shall not apply to households where one or more of the child or qualifying young persons in that household is disabled. This applies where a child or qualifying young person is entitled to any rate of Disability Living Allowance or the Personal Independence Payment.

Universal Credit Work Related Requirements (Clause 15)

27. The purpose of this section is to amend the Universal Credit Regulations 2013 and the Welfare Reform Act 2012 to increase the work related requirements on parents.

28. These changes will significantly increase the amount of work related actions that parents are expected to undertake and therefore exposes parent to heightened risk of benefits sanctions.

Suggested amendment:

Section 15 (1) insert –

(1)(d) Section 15(1)(1) shall not apply where a child or qualifying young person is in receipt of any rate of Disability Living Allowance or the Personal Independence Payment.

October 2015

Written evidence submitted by the Plymouth City Council Cabinet Advisory Group on Child Poverty (WRW 66)

We are a cross-party cabinet advisory group with a specific remit of mitigating and reducing child poverty in the city of Plymouth. Our responsibilities include championing child poverty issues with partners within the city and reporting to Cabinet on progress and barriers in reducing child poverty and. Our membership comprises:

Labour Party:
Cllr Chris Penberthy (Chair, Cabinet member for Co-operatives and Housing)
Cllr Sue McDonald (Cabinet member for Children, Young People and Public Health)
Cllr Mary Aspinall

Conservative Party:
Cllr Mrs Beer (Vice-Chair)
Cllr Mrs Foster
Cllr Mrs Bowyer

About Plymouth

With a population of approximately 261,500 people, an economic output of £5.2 billion and around 107,000 jobs, Plymouth is the most significant economic centre in the south west peninsula and the largest urban area in the Heart of the South West Local Enterprise Partnership, making it a key location for growth that builds upon the city’s key strengths in the marine and advanced manufacturing sectors.
Plymouth is also an ambitious city with aspirations to grow our population to 300,000 and to build 22,700 new homes by 2031. Our coastline and position as the gateway to Cornwall and Dartmoor attracts over 5 million tourists a year while Plymouth’s universities contribute hundreds of millions of pounds to the region’s economy and its naval dockyard at Devonport remains the largest and most advanced in Western Europe.

However, despite a number of significant improvements and robust plans for growth, some of the key challenges that Plymouth currently has to face include low productivity, poor connectivity within the region and beyond and an over-dependency on public sector jobs. The city remains a relatively low wage economy with over 20% of the city’s households earning less than £16,000 and over half earning less than £20,000. Over 29% of adults in Plymouth are already over indebted, one of the highest levels in the country and the highest in the South West. The city also faces significant challenges in terms of poor health outcomes and health inequalities. For example, the Plymouth Fairness Commission referred to Plymouth as a ‘tale of two cities’ with a gap in life expectancy of 12 years between the most deprived and most affluent neighbourhoods. Plymouth has significant pockets of deprivation with a number of neighbourhoods being amongst the most deprived in the country. As of 2012, there were 10,760 Plymouth children live in poverty with higher child poverty rates than both the regional and national average. The Plymouth City Council Child Poverty Needs Assessment 2012 found that many children living in poverty have an unequal start in life and will become part of a perpetual cycle where they are less likely to achieve their academic potential or secure a job as an adult. They are also more likely to experience a range of health inequalities throughout their lives.

INTRODUCTION

The following briefing outlines Plymouth City Council’s response to the relevant clauses of the Welfare Reform and Work Bill. Our key concern as a local authority is that some of the legislative changes included within the Welfare Reform and Work Bill will exacerbate the issues that Plymouth is striving hard to address as a city. Our belief is that measures contained within the Bill may lead to an increase in child poverty and that some of our most vulnerable residents could be those that are most deeply impacted upon. Local analysis shows that Plymouth will lose an estimated £60 million per year due to welfare cuts with up to 20% of our most vulnerable citizens being affected.

Plymouth City Council is a co-operative council and our ambition is to become a fair city where everyone does their bit. Our analysis shows that welfare changes contained within the Bill will unfairly impact upon some of our most vulnerable residents. Vulnerable groups such as those on low pay and single parent families will be those most affected.

SUMMARY OF MAIN POINTS

— The removal of child poverty targets and specific child poverty measures could result in a lack of national focus on the issue of child poverty.
— Suggested replacement measures will fail to account for the increasing number of working families living in poverty.
— Welfare reform changes will disproportionately impact on some of the most vulnerable people in society.

CLAUSES

Clauses 4 – 6: Changes to the Child Poverty Act 2010

We are concerned that the removal of the child poverty targets and some of the duties on local government, such as the production of a Child Poverty Needs Assessment and Strategy, will weaken the national focus on child poverty. Whilst Plymouth City Council will retain local measures and continue with its plan of action to reduce child poverty, we feel that there is a need to retain a strong focus on child poverty at a national level to effectively tackle and reduce child poverty. Without a national focus specifically on child poverty including targets, policies and timeframes, we are concerned that there will be a lack of political will on a national scale to drive forward the child poverty agenda. Allocation of resources on a local level could therefore become more difficult going forward and negatively impact upon the good work that the city is already undertaking.

We are also concerned that the lack of a specific income measure will not capture the cohort of people referred to as the ‘working poor’. We feel that the replacement of measures of income poverty with those of worklessness could mean that a significant number of families who work but are still living in poverty could be overlooked. Without a measure of working poor, it will be hard to direct policy to address this issue both nationally and locally.

The Plymouth Child Poverty Needs Assessment, published in 2012, found that working families on low incomes are becoming increasingly vulnerable to poverty and nationally, more than half of all children in poverty live in homes where at least one adult works. More than half of all children living in poverty in

388 ‘Creating the Conditions for Fairness’, Plymouth Fairness Commission, March 2013
389 Ibid
390 Plymouth City Council Child Poverty Needs Assessment 2012
391 DWP, Households below average income, 2012
392 Plymouth City Council Child Poverty Needs Assessment 2012
Plymouth (58%) live in homes where at least one adult is in work.\textsuperscript{393} Also, since the introduction of the Welfare Reform Act 2012, Plymouth has seen an increase in the proportion of children from working families living in poverty.\textsuperscript{394} There has also been a corresponding rise in the number of families in work claiming Housing Benefit.\textsuperscript{395} In Plymouth, 17,900 families are in receipt of working tax credits and 66\% of those are working families.\textsuperscript{396}

Research by Oxfam argues that for people in in-work poverty, the ability to cope is sometimes even less than for those who are not in work.\textsuperscript{397} Bearing in mind the significant number of working families living in poverty, it seems counter-intuitive to move the focus to workless households and to not have a national measure that captures those that work but are unable to sustain an acceptable standard of living.

**Proposed amendments:**

- Inclusion of an income-based measure of child poverty
- Inclusion of a measure of child poverty that is inclusive of working families in poverty
- Inclusion of a national child poverty target

**Clauses 7 – 15: Welfare Benefits**

Plymouth City Council is concerned about the impact that the welfare changes covered by the Bill, including the freezing of benefits, the reduction in the Benefit Cap and the changes to the provision of tax credits, will have on the local population. In Plymouth we have estimated the likely loss of benefit income to the city as approximately £60 million with approximately 20\% of our population being affected.

Local analysis also shows that these measures will have a detrimental impact on some of our most vulnerable residents within the city. This will not only impact upon the quality of life and wellbeing of these residents but will also adversely impact upon existing deeply entrenched inequalities and may further widen the gap between the least and most deprived neighbourhoods in the city.

Recent analysis from the Institute of Fiscal Studies (IFS)\textsuperscript{398} reports that welfare reform changes will disproportionately affect the following groups:

- Families on a low income
- Working families
- Lone parents in and out of work
- Children and young people, and families under the age of 21

This list corresponds directly with the groups that have been found to be particularly vulnerable to child poverty according to the current Plymouth City Council Child Poverty Needs Assessment\textsuperscript{399}. In particular, lone parents have been shown to be particularly vulnerable to poverty. Research from Barnardo’s shows that 40\% of children in single parent households live in poverty compared to 23\% in two parent households.\textsuperscript{400}

Removing support for those families already living in poverty or struggling on low incomes will have a detrimental effect on the children living in those families and their life chances. It could also drive levels of inequality higher and have a negative impact on community cohesion.

We would also like to echo concerns raised by the Supreme Court that reducing the Benefit Cap would have a detrimental effect on Britain’s most vulnerable children and deny them their basic rights. Lord Kerr reports findings that ‘it cannot be in the best interests of the children affected by the cap to deprive them of the means of having adequate food, clothing, warmth and housing’\textsuperscript{401}.

Local analysis has estimated the likely loss of benefit income to the city through welfare changes contained within the Bill as approximately £60 million. With 20\% of families within Plymouth being on low income and dependent on benefits, a freeze of working-age benefits will means approximately 22,500 of our most vulnerable households losing £5 a week.

**Proposed amendments:**

- Reconsider all changes to welfare provision outlined in the Bill due to the unfair impact on some of the most vulnerable groups in our society

October 2015

\textsuperscript{393} What causes child poverty?, Barnardos 2012
\textsuperscript{394} Creating the Conditions for Fairness’, Plymouth Fairness Commission, March 2013
\textsuperscript{395} https://stat-xplore.dwp.gov.uk
\textsuperscript{396} HMRC, Personal tax credits statistics, 2014
\textsuperscript{397} Poinasemy, K., When Work Won’t Pay: In-work poverty in the UK, 2011, Oxfam GB
\textsuperscript{398} Benefit changes and distributional analysis, Institute for Fiscal Studies
\textsuperscript{399} Plymouth City Council Child Poverty Needs Assessment 2012
\textsuperscript{400} What causes child poverty?, Barnardos 2012
\textsuperscript{401} https://www.youtube.com/watch?v=vvWkN5gvkjE
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Written evidence submitted by the Scottish Federation of Housing Associations (WRW 67)

1. INTRODUCTION

1.1 As the national representative body for housing associations and co-operatives in Scotland, the SFHA welcomes the opportunity to submit its concerns regarding the Welfare Reform and Work Bill to the House of Commons Public Bill Committee.

1.2 Housing associations and housing co-operatives in Scotland own and manage 46% of the country’s affordable rented housing stock. This represents 274,996 homes across Scotland, concentrated in some of the poorest communities in our country. Many are registered charities and our members have had first-hand experience of advising and supporting tenants who have for one reason or another had to seek assistance from the benefits system and the challenges tenants face in order to survive.

1.3 Housing associations and housing co-operatives are:

- Independent businesses providing and managing high quality affordable accommodation and housing related services;
- Responsible for accessing and managing public and private resources for house building and reliant on rental income to cover operating costs;
- Able to demonstrate added value through care and support, wider role and financial inclusion activities;
- Managing businesses imaginatively and inventively to benefit housing and communities through their not-for-profit ethos;
- Regulated by the independent Scottish Housing Regulator.

1.4 Our sector is extremely diverse, with organisations formed from a variety of different circumstances and in varying shapes and sizes. They range from large ex-local authority stock transfer organisations with tens of thousands of properties to small community controlled organisations owning a couple of hundred homes. Whatever their shape or form, all have seen the effect of recent welfare reforms on a significant number of their tenants.

1.5 We estimate that 61% of all rental income of all housing associations and cooperatives in Scotland currently comes from Housing Benefit (with about two thirds relating to people of working age). It is therefore vital to the financial stability and capacity of associations that this income stream is not undermined.

2. REDUCTION IN SOCIAL HOUSING RENTS

2.1 Housing is a matter devolved to Scotland under the Scotland Act 1998. The proposals for a 1% rent reduction and the introduction of “Pay to Stay” do not therefore directly impinge upon Scotland. Nevertheless, the operation of the Barnett formula, by which the Scottish block grant is currently configured, alongside proposals to change the UK fiscal framework as it may apply to Scotland via the Scotland Bill, currently making its way through Parliament, give rise to a concern that there may be consequences for Scotland as a result of the proposals. The SFHA understands that it is perhaps too early to say what they may be with any degree of certainty but accepts that, in some quarters, it may appear superficially attractive to promote rent reductions in devolved administrations also.

2.2 In the Scottish context such reductions or any related consequential ‘cuts’ would be undesirable. Housing association rents in Scotland are lower than those in England by some way; 2 bedroom and 3 bedroom properties are on average more than 26% cheaper and are among the lowest in the UK – for example the weekly rent for a 3 bedroom property in Scotland is £73 compared to £100 for a similar housing association (social rent) property in England. Yet for a family of 3 dependent on JSA a rent in excess of £53 per week would put them in breach of the benefit cap. If that family was living in private sector rented accommodation their situation would be even worse: even in the lowest Broad Rental Market Area (BRMA) in Scotland (North Lanarkshire) the Local Housing Allowance is £114 for a 3 bedroom property, so that family would have to find £61 per week from their personal allowance to cover a housing benefit shortfall. The most expensive BRMA, Aberdeen, with a LHA for £185 for a 3 bedroom property, would leave the family with a shortfall of £132 per week.

2.3 The SFHA is of the view policies that would hamstring housing associations’ abilities to address what is commonly acknowledged to be a housing crisis are to be resisted in any jurisdiction. Consequently, the SFHA would broadly agree with the case put forward by the National Housing Federation in its submission.

3. BENEFIT CAP

3.1 Where there could be a serious impact in Scotland will be the reduction in the benefit cap.

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402 Sources Scottish Housing Regulator Annual Report on Charter returns and HCA Statistical Data Return
403 Family of with 3 dependent children in receipt of JSA: JSA £114, Child Tax Credit £170, Child Benefit £48.10, totalling £332. Benefit cap weekly limit £385, leaving £53 per week for housing costs.
404 http://www.gov.scot/Topics/Built-Environment/Housing/private-rent/tenants/Local-Housing-Allowance/figures
3.2. The SFHA is concerned that the reduction of the benefit cap from £26,000 to £20,000 will impose acute hardship on affected households – even those in standard housing association accommodation which offers some of the lowest rents in the UK.

3.3 In May 2015, 769 households in Scotland were subject to the benefit cap: when the reduction is introduced those households will be £6,000 per annum worse off. All but 99 of those cases are households with dependent children; in the UK as a whole, of those cases with dependent children over 80% will have children aged 5 and under.406

3.4 The reduction of the benefit cap will catch many more families leading to a significant increase in child poverty: CPAG have estimated that the number of children in Scotland living in poverty could increase by 100,000407 between 2012 and 2020: this was before the proposed welfare changes had been taken into account.

3.5 According to the Red Book,408 the annual saving from the reduction of the benefit cap will be £100m in 2016/17, rising to £495m by 2020/21. The Institute of Fiscal Studies estimate that the saving will be a lot lower – £200m by 2020/21 after other benefit changes have been taken into account.409 It is open to question whether these savings can be achieved without causing increased expenditure in other areas thereby cost shunting rather than cost saving. The pressure on families from the lowering of the benefit cap will significantly undermine tenancy sustainment and would put exceptional strain on a family staying together, cancelling out any saving to the public purse should child care services be obliged to intervene.

4. CONCLUSION AND RECOMMENDATION

4.1. The reduction in the benefit cap is a measure that attracts popular support; it is also a measure where, arguably, the perceived benefits are outweighed by increasing expenditure elsewhere and by the human cost to families. It is therefore the recommendation of the SFHA that the cap should not be reduced.

October 2015

Written evidence submitted by Southampton City Council (WRW 68)


1. Southampton is the one of the largest cities in the South East and has huge economic potential. It was identified as the 4th highest ranked city for ‘good growth’ in the UK in 2013. However not all local people enjoy the benefits. There are huge differences in life chances, experiences and outcomes between our more affluent residents, neighbourhoods and communities and the most deprived, as well as between some areas in the city and regional or national averages.

2. Despite this – the best-paid jobs in the city are held by in-commuters. In 2014, the average gross weekly pay by residence was £487.40 per week compared to £547.00 by workplace.410 The average annual gross earnings of resident workers in Southampton was £24,913 in 2014. This is lower than for England at £27,500 and the South East at £29,903.411 There are higher unemployment rates amongst over 50s in Southampton (4.3%) compared to England and the South East (3.5% and 3% respectively).412 Benefit Sanctions for Jobseeker’s Allowance (JSA) claimants are particularly prevalent in Southampton. The local job centre is in the top three in UK for highest use of sanctions413 with 11.9 sanctions per 100 claimants in March 2014. Only Test Valley and Richmondshire have higher rates at 12% and 15.4 respectively. Nearly a quarter of children (9,830) live in poverty in the city and this figure rises to almost 40% in one of our most deprived wards.414 The proportion of working age Housing Benefit claimants has increased from 13% in April 2009 to 18% in April 2015.415 The city has a lower rate of owner occupation than the regional and national average: 49.7% compared to 67.6% for the South East and 63.3% nationally. This is linked to the high level of students we have in the city (around 47,000).

409 Andrew Hood, Benefit changes and distributional analysis, IFS presentation, 9 July 2015
411 Ibid
3. The following briefing outlines Southampton’s response to the relevant clauses of the Welfare Reform and Work Bill 2015 (2nd reading).

Key concerns include:

— The need to protect vulnerable residents as reforms are made.
— The need to understand the cumulative impact of reforms on individuals and households and the resulting pressures on residents, public and voluntary services.
— The need to give those affected clear information about what the change mean to them - how much will they gain or lose?
— The need to address barriers to work effectively.
— The impact on poverty and deprivation locally.

4. Clauses 4 – 6: Changes to the Child Poverty Act 2010. We are concerned that the removal of the child poverty targets and some of the duties on local government, such as the production of a Child Poverty Needs Assessment and Strategy, will weaken the national focus on child poverty and tackling poverty in general. We are also concerned that the lack of a specific income measure will not capture ‘in-work’ poverty which is a significant issue in area with low wage and high housing costs, like Southampton.

5. Clauses 7 – 15: Welfare Benefits. Southampton is concerned about the impact that the welfare changes covered by the Bill, including the freezing of benefits, the reduction in the Benefit Cap and the changes to the provision of tax credits, will have on the local population. We currently monitoring the local impact of welfare reforms and have concerns that:

— Claimants’ responses to welfare reform have been limited so far in terms of moving to more affordable accommodation or finding work.
— For some claimants the incentive to find work is high - for example - those affected by the Benefit Cap can become exempt if any adult in the household works 24 hours or more a week but there are still significant barriers for many of the individuals affected.
— Agencies are finding they are working increasingly with people who are in crisis but there is less provision and support available.
— Sanctions and benefit delays have had a significant impact on household budgets. Another factor is ‘waiting days’ for benefits. In October 2014, the number of ‘waiting days’ was extended for new Jobseeker Allowance (JSA) and Employment and Support Allowance(ESA) claims from 3 days to 7 days. This has also been introduced for Universal Credit (and this also includes housing costs).
— Changes to discretionary funding are creating gaps in provision and level of support available. There has been a significant increase in the number of claims for Discretionary Housing Payments (DHP) since April 2013. This fund has been used to support households affected by the Benefit Cap and has provided a respite to enable staff to work with individuals to explore longer term options. It has also been used to temporarily support those affected by the Social Sector Size Criteria/ under-occupation. The use of DHP has been effective in the short-term, however the greater challenge now is in assisting people in finding longer term, more sustainable strategies.

6. Clause 7: The Benefit Cap. As Southampton is an area of higher than average housing costs, the proposal to reduce the cap from £26,000 to £20,000 will have a significant and deep impact on the households affected and will leave some larger households having to find significant sums (up to £185.00 on a three bed property) out of their capped benefit just to fully pay their rent. This will leave less money for food, bills and other essentials, and quite possibly an increasing dependence on food banks. We judge that some larger types of housing will become completely unaffordable for capped families and they will inevitably become homeless. It is quite possible that private landlords with houses will not let to larger households on universal credit, or other non work benefits. Smaller capped families with two children will start to suffer major affordability problems, however, we believe that the 2 bedroom market might still remain viable for landlords and capped tenants.

A lower cap makes it vital that sufficient and proportionate Discretionary Housing Payment (DHP) funds are made available to local authorities. This will allow households the time they need to take action or adapt to their reduced income.

7. Clauses 9-10: Freezing of working-age benefits, including Tax Credits and Local Housing Allowances for 4 years. Welfare benefits have been uprated below inflation since the start of 2013. This has placed significant financial pressure on low income households in the city and has led to an increase in demand for advice and use of food banks in the city. Citizens Advice report a sharp increase in clients seeking advice on debt. The composition of debt is also changing, with a shift away from consumer credit issues towards problems in meeting basic household bills. The freeze will also affect some of the most vulnerable in society. 39% of Citizen’s Advice clients in Southampton have a long term condition or disability. Of Citizens Advice clients claiming the affected benefits and tax credits, nearly half have a health condition or disability and over 40 per cent have dependent children. These groups may have fewer options to increase their incomes in the workplace. The complete freeze of the coming four years will compound many of these existing pressures.
8. **Clauses 11-12: Removal of entitlement to the child element in Child Tax Credits and Universal Credit.** Tax credits and Universal Credit top up income for low income families and help to make work pay, including through support for childcare costs. This will impact on some of our most vulnerable families. Larger families and families with a disabled member (including disabled children) are more likely to be on a relative low income, so this change could have a significant impact on the incidence of child poverty. The financial benefits of work are also significantly reduced for some families - due to the cumulative impact of this change (alongside the freezing of tax credits and changes in secondary legislation to income disregards, work allowances and taper rates). It is unlikely that losses of this scale can be made up for by the new National Living Wage and is particularly relevant to working families who are low paid but paid above the National Living Wage.

9. **Clauses 13 -14 ESA /limited capability for work element.** The alignment of payment rates for those claiming Employment and Support Allowance (ESA) undertaking work-related activity and those claiming Jobseeker’s Allowance places greater importance on getting decisions on work capability right at the earliest possible opportunity. ESA is a significant driver of demand for advice. Our local CAB have helped 1376 clients with ESA related issues since March 2015. Nationally, Citizens Advice has previously highlighted concerns with the decision-making process for the Work Capability Assessment (WCA) and, although the numbers of appeals reaching tribunal stage has fallen since the introduction of mandatory reconsideration, over half of awards are still made in favour of the claimant. Nationally, almost 1 in 5 relate to challenging a decision made about their condition. A reduction by £120 per month for clients who have been assessed to require ESA because of a work-limiting health issue or disability must be balanced by better decision-making at the earliest possible stage, and appropriate, sustainable support for those who are found to have limited capability for work.

10. **Clause 16: Loans for mortgage interest.** This clause would transfer liabilities from state to individual by making the support offered on mortgage payments for homeowners claiming certain benefits repayable. While most homes are gaining value, and most homeowners will be able to repay their loan in the medium to long-term, this measure could make it harder for some homeowners on low or fixed incomes to retain their homes. Mortgage lenders have worked with vulnerable homeowners to help them manage difficult circumstances and retain their homes if at all possible; the removal of help for six months could leave vulnerable homeowners facing far greater arrears and increased risk of repossession and homelessness. Not only will struggling homeowners need to repay the support they receive with interest, but they will also be, on average, £887 further in arrears before they get any help at all.

11. **Clauses 19-22: Social Rents.** Rents in the social housing sector will be reduced by 1% per year for the next 4 years: This will have the immediate effect of reducing the council’s actual income for 4 years and over the longer term. Tenants living in social housing who have a family income of £30,000 (£40,000 in London) will be required to pay market, or near market, rate rents. This will impact on Southampton City Council as a landlord, as there will be a need to identify those families whose incomes exceed the threshold and agree the market rate.

October 2015

Written evidence submitted by Gingerbread (WRW 69)

**ABOUT GINGERBREAD**

1. Gingerbread is the leading charity working with single parent families. We campaign against poverty, disadvantage and stigma to promote fair and equal treatment and opportunity for single parents and their families. Over 600,000 single parents visited our website last year, many of them seeking the expert information and advice we provide online and through our Helpline.

2. Gingerbread’s programmes include the Marks & Start employability and work experience programme a ten year programme with Marks & Spencer that has partnered with Jobcentre Plus and a Work Programme provider. It has been a longstanding goal of Gingerbread to ensure single parents get the help and support they need in order to gain, sustain and progress in employment.

**SUMMARY**

3. The measures in the Welfare Reform and Work Bill are intended to increase employment, limit increased spending on the welfare system and ensure it pays to work. However, evidence to date shows the measures as they stand will mean single parents – including those in work – are worse off financially, and do little to tackle structural barriers to work.

**DISPROPORTIONATE IMPACT ON SINGLE PARENTS**

4. The bill seeks to limit welfare spending through a number of measures, including freezing benefit payments, cutting elements of tax credits and universal credit (UC) and limiting eligibility of future tax credit and UC payments. These measures disproportionately hit single parents, whose children are already twice as likely to be in relative poverty as those in couple parent families.
5. Single parents were also the worst affected household type by the previous wave of welfare reforms under the 2010-15 government. Our research shows that these changes left many single parent families – both in and out of work – struggling to make ends meet and risking further indebtedness (Rabindrakumar, 2013; Rabindrakumar, 2014). The measures in this bill are therefore likely to further exacerbate the financial situation of low income families, particularly single parent families, placing their immediate and future well-being at risk.

FAILURE TO TACKLE BARRIERS TO WORK

6. The bill includes measures designed to increase employment, which disproportionately affect single parents. Clause 15 places further conditions on responsible carers receiving UC with very young children to prepare or seek work in a bid to increase employment; over three-quarters of those affected are expected to be single parents (DWP, 2015c). Clauses 7-8 will reduce the benefit cap, which is again expected to particularly affect single parents – at May 2015, 64 per cent of capped households were single parent families (DWP, 2015a).

7. However, these measures ignore the evidence that:

- Single parents are already highly motivated to work (the majority are in work (ONS, 2014) and the vast majority of those not in work wish to work, study or train (Barnes & Tomaszweski, 2010))
- Effective employment support focuses on personalised support rather than further regulation (Newis, 2014b).

8. The measures do not address the structural employment barriers facing single parents’ in the lack of suitable childcare (particularly in terms of affordability, availability and flexibility), the lack of flexible and/or part-time jobs which offer pay and progression and the lack of affordable training to move into good quality – particularly sustainable – jobs.

9. Instead, these measures will leave single parents paying a financial penalty for the barriers they face to finding employment – through the benefit cap and potentially through sanctions due to conditionality requirements they cannot fulfill.

WORKING FAMILIES WILL BE WORSE OFF

10. Further, the measures to introduce fairness for working families and make work pay (eg the higher national wage for over-25s) will not make up the losses from the welfare cuts proposed (including measures outside the scope of the bill – the cuts to the tax credit income threshold and UC work allowance, and increase in tax credit taper rate – which also severely damage the financial gains from work). Indeed, single parents gain the least from these measures. Resolution Foundation found that, on average, they will keep just 25 per cent of the gross gains received from the higher over-25s minimum wage after accounting for wider cuts to state support in the Bill and regulations, compared with 49 per cent for couple parents and 65 per cent for couples without children (D’Arcy, et al., 2015).

THIS BRIEFING

11. This briefing focuses on the following aspects of the Welfare Reform and Work Bill:

- Redefining child poverty.
- Reducing the benefit cap.
- Increasing conditionality.

REDEFINING CHILD POVERTY (CLAUSES 4-6)

12. Current proposals ignore the persistent problem of in-work poverty and, in removing income from any ‘life chances’ measures, ignore the fundamental foundation of poverty and a critical factor influencing children’s outcomes. Gingerbread seeks:

- The inclusion of in-work poverty in the set of new ‘life chances’ measures.
- The retention of income-based poverty targets and poverty in the remit of the Social Mobility and Poverty Commission.

13. Clause 4: We strongly advocate for the retention of income-based poverty (or ‘life chances’) measures, as outlined in paragraph 16. Nevertheless, if the government wishes to expand poverty targets to include national measures of disadvantage, it is a glaring omission to exclude any measure of in-work poverty. National data on poverty rates for working families shows that working poverty has remained a persistent problem in the UK.

14. In-work poverty is particularly important to measure for single parents. Over a quarter (26 per cent) of children in working single parent families lived in poverty in 2013/14. Over two-thirds (68 per cent) of single parents enter the three lowest paid occupations, which tend to be the least secure and offer limited opportunities for progression (Newis, 2012). Research also shows single parents are more likely to get stuck in low pay than other workers (D’Arcy & Hurrell, 2014) and at higher risk of low pay in self-employment (Rabindrakumar, 2014). Excluding a measure of in-work poverty therefore ignores a critical factor behind single parent poverty and disadvantage, and the specific interventions which might help alleviate these trends.
Failing to Recognise Barriers to Work for Carers of Young Children

15. Clauses 5-6: Research shows that money matters to children’s outcomes (Cooper & Stewart, 2013). Removing poverty from the remit of the Social Mobility and Poverty Commission and income-based targets from the Child Poverty Act is therefore misguided and moves focus away from what makes a difference to children’s life chances. As the Resolution Foundation points out, while income may not capture the full experience or factors which correlate with poverty or disadvantage, “removing any focus on incomes makes very little sense” (Finch, 2015).

16. Furthermore, the existing poverty targets have a strong democratic mandate, having received cross-party consensus when enacted and overwhelming support in the coalition government’s recent consultation. We – alongside the End Child Poverty group – call for these measures to be retained in their current format.

Reducing the Benefit Cap (Clauses 7-8)

17. Proposals continue to fail to recognise the difficulties of balancing work and care for single parents/carers with young children, as recognised by exemptions from job-seeking requirements under income support (IS) and UC for those with children under five. They also enable the Secretary of State for Work and Pensions to review the benefit cap without independent scrutiny. Gingerbread seeks:

— An exemption from the benefit cap for responsible carers not subject to full work-related requirements under out-of-work benefits.
— A requirement for the Secretary of State, when reviewing the benefit cap level, to take account of Children’s Commissioners’ reports on the benefit cap’s impact on children's well-being.

Failing to Recognise Barriers to Work for Carers of Young Children

18. Existing job-seeking requirements under IS and under UC include exemptions for single parents (and couple parents under UC) with children under five (with different rules for those with children under two years, and those with children aged three and four), in recognition of their caring responsibilities and the difficulties of managing work with care while children are young.

19. The main ways to escape the benefit cap are to move home or to move into work of at least 16 hours. There is no recognition of the above job-seeking exemptions for those with young children in the proposed legislation. Converse to the wider benefits system, the benefit cap places unrealistic pressure on parents – particularly single parents – of very young children to move into work.

20. The failure to recognise the barriers to work for those with young children affects a significant proportion – if not the majority – of those affected by the benefit cap. Under the current benefit cap, at May 2015, 73 per cent of capped households had a youngest child under five (76 per cent of capped single parent households); 34 per cent had a youngest child aged under two or younger (34 per cent of capped single parent households (DWP, 2015a)). The impact assessment for lowering the benefit cap estimates “the majority of households affected by the policy to have children” (DWP, 2015b). Single parents are particularly affected; 56 per cent of capped households to date have been single parents (DWP, 2015a); the impact assessment for the new reform expects 59 per cent to be female single parents (DWP, 2015b).

21. As the government’s own evaluation shows, few households have been able to move into cheaper accommodation to escape the benefit cap (DWP, 2014a). The lowering of the benefit cap will make it even harder for families to move to cheaper accommodation to escape the benefit cap; as Shelter’s analysis has shown, single parent households will be unable to avoid being capped in many more local areas than before (Butler & Arnett, 2015). With even less cheaper accommodation available to avoid the cap, single parents with young children will have little option but to try to move into work.

22. However, single parents face significant structural barriers to employment which, in many cases, impedes the likelihood of finding work. As both main carers and main earners, single parents are particularly reliant on childcare to work. Without sufficient affordable and appropriate childcare it is very difficult for single parents with pre-school children to move into work and sustain employment. This is reflected in the DWP evaluation of the cap: “single parents who had found work were more likely than the still capped group to have children aged four or over, at school or nursery” (DWP, 2014b). 43 per cent of capped single parents cited the cost and availability of childcare as barriers to moving into work in the DWP’s evaluation (DWP, 2014b).

23. There is no free entitlement for childcare when a child is under two. The provision of childcare for disadvantaged two year olds is for 15 hours in term-time, which would not match the requirements of someone moving into a job of 16 hours a week throughout the year to escape the benefit cap (or the travel time to drop-off and pick up children from childcare settings). The Family and Childcare Trust has also found significant gaps in provision for young children in 136 local authorities (LAs) surveyed in England and Wales; 49 LAs had insufficient places for those who qualify for the disadvantaged two year olds offer and 32 LAs had insufficient places for three and four year olds qualifying for free childcare (Butler & Rutter, 2015).

24. As well as the practical difficulties of finding childcare, single parents face the barrier of trying to secure work of at least 16 hours to open a working tax credit (WTC) claim (or the equivalent income on the minimum wage under universal credit) that allows them to also have time with their young children. Parents entering work do not have the right to request flexible working until they have been in a job for six months, and therefore rely on advertised vacancies for flexible jobs. There is clear a lack of part-time vacancies – a snapshot
of advertised vacancies on Universal Jobmatch (the mandatory job search engine for JSA claimants) showed over 90 per cent of jobs were listed as full-time in major cities such as London, Bristol and Manchester. Of those that are advertised as part-time, some will not be suitable for single parents’ caring responsibilities (eg evenings and weekends).

25. Many single parents seeking to enter the labour market also lack access to good quality and appropriate training (see paragraph 34 for more information). Yet the government’s impact assessment for the lowering of the benefit cap assumes that those affected by the cap will have access to effective support: “There is a wide range of help and employment support currently offered and available by Jobcentre Plus” (DWP, 2015b). However, capped single parents will not have automatic access to tailored employment support or the Flexible Support Fund, because they are not required to look for work. Further, the employment support currently offered too often fails single parents’ needs (see paragraph 34).

26. Cutting the benefit entitlement further will not help to address these structural barriers to work faced by single parents. The IFS found that “the large majority of affected claimants responded neither by moving into work nor by moving house” (Emmerson & Joyce, 2014). Instead, the lower benefit cap risks pushing many children in single parent households into deeper poverty, without better employment support or appropriate job opportunities to allow single parents to balance work and childcare. Discretionary housing payments offer only temporary relief to families, and are not designed for the longer term support needed by single parents with young children.

27. Gingerbread therefore seeks to extend the protections that exist for single parents on out of work benefits to those affected by the benefit cap.

Lack of Monitoring of the Full Impact of the Cap

28. In a 2014 judicial review, three out of the five Supreme Court judges found that the benefit did not comply with the UN convention of the rights of the child (UNCRC) (Supreme Court, 2015). The impact assessment on the proposals in the bill shows limited consideration of the UNCRC (DWP, 2015b). There is little government evidence on the impact the benefit cap on children; there is also a lack of evidence of the quality or sustainability of the work that single parents are moving into as a result of the benefit cap (see more below on the risk of low pay and poor job outcomes), and the resulting impact on children.

29. The benefit cap is likely to have a significant impact on children in low income families. The government’s impact assessment shows the lowered cap will affect 224,000 children in 2016/17 and 333,000 children in 2017/18 (DWP, 2015b). Gingerbread therefore seeks an independent assessment of the impact of any future benefit cap on children’s well-being, to ensure the government’s compliance with children’s rights obligations in the implementation and review of the cap. Children’s Commissioner’s strengthened role to conduct children’s rights assessments makes them well-placed to conduct these annual reviews.

Increasing Conditionality under UC (Clause 15)

30. Proposals to impose full work-related requirements for single parents whose youngest children are aged three and four fail to address the structural barriers to work faced and risk further unfair sanctions affecting the well-being of single parents’ families. Gingerbread seeks:

— The retention of existing work-related requirements for parents with children under five.

— Any extension of work-related requirements to be delayed until the extension of free childcare for three and four year olds (to 30 hours) is embedded.

— Guidance to be included in regulations on the support provided for single parents/carers on UC to move into work and the quality of childcare needed for single parent/carers on UC to be able to take up work.

31. Over the last six years, single parents have faced increasing conditionality. In 2009 single parents whose youngest child was aged 12 and over were moved on to JSA; in 2012, single parents were required to seek work when their youngest child turned five. This bill marks a step-change in the introduction of conditionality, as single parents with pre-school children will be subject to all work-related requirements for the first time.

32. Further conditionality will only serve to entrench the ‘work-first’ approach, where single parents are pushed into any job without consideration of job quality or investing in effective support towards long-term employment. This is particularly concerning for families with very young children; being compelled to enter insecure or low-paid work with little prospect of progression will not offer the financial stability required in these critical years. The carer-child relationship and the home learning environment is particularly important in the early years (see, for example, Goodman & Gregg, 2010), and parents are best placed to decide the right balance of work and care for pre-school children. Instead of being pressurised to work, single parents should be supported to make decisions in the best interest of their children.

416 Snapshot taken on 13 August 2015.
The extension of conditionality to those with younger children will also leave these carers at risk of sanctions regarding the fulfilment work-related requirements. This is a particular concern for single parents, who already find themselves at disproportionate risk of facing an overturned sanction decision under current conditionality rules for JSA claimants (Newis, 2014b). Extending conditionality without further action on inconsistent JCP advice will risk further unfair sanctions, affecting even younger children.

Moreover, the move to extend conditionality ignores the fact that single parents are highly motivated to work – nearly two-thirds of single parents are in work (ONS, 2014) and the majority of those that don’t work want to work, train or study (Barnes & Tomaszewski, 2010) – but face structural barriers to employment. Single parents are particularly affected by a lack of unsuitable childcare; as the main carer and earner for their children, they do not have the option of ‘shift parenting’ that couple parents have. 31 per cent of single mothers would work more hours with appropriate childcare, compared with 20 per cent of couple mothers (Huskinson, et al., 2014). However, single parents looking to enter the workforce often struggle with childcare costs, particularly for those with very young children – the cost of a part-time nursery place for a child under two has increased by 33 per cent since 2010 (Rutter, 2015). And, as outlined in paragraph 19, there is a lack of childcare for young children in many areas – particularly sufficiently flexible childcare that is available around typical working hours.

As noted in paragraph 26, many single parents seeking to enter the labour market also lack access to good quality and appropriate training. This is reflected by the low-skilled level of entry for single parents’ jobs; over two-thirds (68 per cent) of single parents enter the three lowest paid occupation groups (Newis, 2012). Single parents are also more likely to be in, and get stuck in, low-paid work than other workers (D’Arcy & Hurrell, 2014). Yet, training opportunities and support for level 3 qualifications have been cut, limiting the extent to which it is possible for single parents to enhance their skills in work and increase their chances of progressing in their work (Newis, 2014a). In addition, employment support has, with the loss of single parent advisers in many Jobcentre Plus (JCP) areas and increased focus on sanctions, moved towards a ‘work-first’ approach, where single parents are pushed into any job without consideration of job quality. This lack of investment to secure sustainable employment leaves many single parents facing a ‘low pay-no pay’ cycle; over a fifth (22 per cent) of single parents who start a job leave employment within 12 months (Newis, 2012).

As outlined in paragraph 20, a lack of flexible and/or part-time work – which allows single parents to manage work and caring responsibilities more easily – also creates barriers to finding work.

SUMMARY OF RECOMMENDATIONS

To address the issues outlined above, Gingerbread calls on the committee to include amendments to the following effect:

- Clause 4: Include an in-work poverty measure within additional ‘life chances’ measures.
- Clause 5: Retain ‘child poverty’ within the remit of the Social Mobility and Child Poverty Commission.
- Clause 7: Ensure responsible carers who are exempt from full work-related requirements on out-of-work benefits are exempted from the benefit cap.
- Clause 8: Ensure the Children’s Commissioners undertakes an annual report on the impact of the benefit cap on the well-being of children.
- Clause 15:
  - Ensure current work-related requirements are maintained for carers of children aged three and four.
  - If conditionality for the parents of children aged three and four years is increased, ensure this is delayed until the extension of free provision for these children to 30 hours has been fully rolled out for six months (ie until September 2017).
  - Ensure regulations stipulate that any parents/carers with children under five years old should only be subject to work-related requirements when ‘affordable and appropriate’ childcare is in place.
  - Include JCP guidance in regulations setting out how it should support single parent claimants in meeting any work-related requirements.

October 2015

BIBLIOGRAPHY


UNISON welcomes the opportunity to respond to the Public Bill Committee’s request for input into the Welfare Reform and Work Bill. We understand that the Committee is specifically interested in relevant evidence and comments from professional representative organisations involved in delivering welfare services and invites discussion to support potential amendments to the bill.

ABOUT UNISON

1. UNISON is the UK’s largest public service trade union with 1.25 million members, 1 million of them women. Our members are people working in the public services and for private and voluntary contractors providing public services. They include frontline staff and managers working full or part time in local authorities, the NHS, the police service, colleges and schools, the electricity, gas and water industries, transport, non-departmental public bodies and the voluntary sector.

2. Whilst we have members at all pay levels across the sectors, many of our members are part time and low paid, working in traditionally low paid sectors like housing and welfare support, care, catering, school staff, security and cleaning.

SUMMARY OF UNISON’S RESPONSE

3. We would like the Bill to include the following:

   i. Reporting on Decent Work in Clause 1

   The government to have a duty to annually report on the quality and types of jobs, including a ‘Decent Work Index’ – based on the ILOs definition – alongside the annual obligatory reporting of the quantity or total numbers of jobs defined as ‘full employment’.

   Suggested amendment

   At Clause 1, page 1, line 6, at end insert

   “(1A) In this report the Secretary of State must also set out the progress that has been made toward providing decent quality jobs created and to be measured and captured through a Decent Work Index based on the ILO framework.

   Member’s explanatory statement The ILO Framework on the Measurement of Decent Work covers ten substantive elements corresponding to the four strategic pillars of the Decent Work Agenda (full and productive employment, rights at work, social protection and the promotion of social dialogue):

   (i) employment opportunities;
   (ii) adequate earnings and productive work;
   (iii) decent working time;
   (iv) combining work, family and personal life;
   (v) work that should be abolished;
   (vi) stability and security of work;
   (vii) equal opportunity and treatment in employment;
   (viii) safe work environment;
   (ix) social security; and
   (x) social dialogue, employers ‘and workers’ representation.
ii. Reporting on quality apprenticeships in Clause 2

The government to collect data, monitor and report on a variety of information to ensure the delivery of quality targeted apprenticeships in its annual report on progress against meeting its target of 3 million new apprenticeships.

Suggested amendment

Clause 2, page 1, line 16, at end insert —

“(aa) information about the uptake of apprenticeships broken down by type of employer (e.g. size, public, private or voluntary employer)

(ab) information about the uptake of apprenticeships broken down by entry routes, completion rates, part time and full time places, satisfaction rates, pay, progress into full time employment, job entry

(ac) a report by the UK Commission on Employment and Skills on the quality of apprenticeship being provided, and a review of the social dialogue partnership including employers ‘and workers (apprentices)’ representation”

Member’s explanatory statement

To specify additional information that must be included in the Secretary of State’s report progress towards meeting the apprenticeship target. Retention of the Child Poverty Act: child poverty targets and duties in Clause 6.

iii. Retention of the Child Poverty Act: child poverty targets and duties in Clause 6

Specifically, its name and the requirements on Local Authorities to have regard for it and the current measurements of poverty.

Recommendations

1. That the Bill retains the child poverty targets and duties set out in the Child Poverty Act: in Clause 6

(a) specifically, its name and the requirements on Local Authorities to have regard for it and the current measurements of poverty.

(b) include a requirement to report on income measures alongside the new life chances measures.

2. A commitment to develop a UK poverty strategy in Clause 6 that supplements the current UK Child Poverty Act measurements to address low pay and in-work family poverty and which should include:

(a) a thorough impact assessment of the recent reductions in support for low income working families in the Tax Credits – Income Thresholds and Determination of Rates – Amendment Regulations 2015. These regulations reduce the income thresholds in tax credits, increase the tax credit taper rate from 41% to 48% and reduce the income rise disregard in tax credits.

UNISONs evidence is that these will negatively impact on around 1.3 million working families with 2.4 million children in terms of an income loss of an average of £1,054 per year this reduced threshold will cost low income working families and therefore impact on work incentives.417

(b) a focus on tackling rising in-work poverty to identify drivers of in-work poverty in the labour market.

(c) a housing strategy to provide more affordable social housing for low income households and to review methods and modelling to cap private sector rents.

(d) a family childcare strategy to provide affordable universal childcare.

(e) a regional economic strategy to address UK regional economic inequality.

iv. Removal of the Benefit Cap in Clause 7

This clause should be deleted from this Bill. Any reference to the benefit cap being lowered, which would limit the amount of benefits an out-of-work family can receive, from £26,000 to £20,000, except in London, where the cap would be lowered to £23,000. This would have a negative impact on an estimated 90,000 households to be capped causing hardship and poverty.

Suggested amendment

Leave out Clause 7

v. Removal of the four – year freeze on certain social security benefits and tax credit amounts in Clause 9 and 10

The freeze would in effect reduce entitlement to range of benefit payments including JSA, tax credits, child benefits, unemployment benefits and housing benefit. Starting in April 2016 the saving would be £4bn a year (£16bn up to 2020) further increasing hardship and poverty. This will be on top of the £16bn cuts of Working Tax Credit entitlements already in place as a result of the Tax Credits – Income Thresholds and Determination of Rates – Amendment Regulations 2015.

UNISON is concerned that household debt and poverty for the low income and vulnerable groups will only rise. UNISONs Welfare service, There for You, is already seeing record debt increases reported by low income members.

Recommendations

UNISON supports amendments that would subject the four year freeze to an annual review by the Secretary of State, which takes into account inflation and the cost of household essentials, the implementation of the living wage by employers and wider national economic data to determine whether benefits and tax credits should be increased or stay the same. Safeguards against falling income and the ability to maintain the minimum income guarantee must be in place to mitigate the risk of harm to vulnerable and low income families.

vi. A limit on tax credit support to only two children per family in Clause 11 and 12

This restricts the per child element of Child Tax Credit (and the equivalent child element of Universal Credit) to two children per family. UNISON is opposed to this due to the likely discriminatory and detrimental impact it will have on certain social groups:

— children in larger families are already 1.4 times more likely to be living in poverty than families with one or two children.
— it stigmatises families with more than 2 children.
— it disproportionately affect black and ethnic minority (BME) who are more likely to live in poverty and have larger families.
— women fleeing from domestic violence may have more than 2 children and should not be penalised.
— vulnerable groups such as those with mental health issues, women suffering from rape and abusive relationships, families and children in adoption and foster care relationships and kinship family carers.

Suggested amendment

Leave out Clause 11 and 12

Recommendations

If the Government does not remove these Clauses from the Bill, we would be supportive of amendments that would exempt certain families in Clause 11 from this restriction of child tax credit. Under Universal Credit (Clause 12) the restriction is likely to deter parents from moving into work, because if they move into employment but subsequently lose their job, they will no longer be entitled to the “child element” of Universal Credit for more than the first two children whereas if they are already claiming out of work benefits they would not be hit by the reduction in support. We therefore believe the work incentive is protected through additional measures.

vii. The removal of the abolition of Employment and Support Allowance Work-Related Activity Component for people with disabilities in Clause 13

The abolition of Employment and Support Allowance Work - Related Activity Component for people with disabilities will remove £1,500 a year (approximately £30 a week) off the employment and support allowance paid to claimants who are deemed temporarily unable to work because of illness or disability.
UNISON believes that there is no link between improved employability prospects for people with disabilities and a reduction in their employment support benefit. Instead a more holistic approach to delivering employment support for people with disabilities is needed.

**Suggested amendment**

Leave out Clause 13

**Recommendation**

UNISON support amendments that provide a real focus on improving employment support and sustained work opportunities for people with disabilities. These improvements should include provisions for:

- more intensive personalised support;
- holistic management of health conditions, mental ill health and disabilities with support to re-enter the labour market;
- a commissioning process that prioritises bids that can demonstrate links to wider local services, such as health and social care services;
- funded support with the cost of workplace adaptation for employers.

viii. Universal Credit: Work Related Requirements in Clause 15

The removal of any proposed changes to welfare reforms that have not been considered for their potential negative impact on work incentives must be considered. UNISON is particularly concerned about the implications of the proposed changes in conditionality for responsible carers on Universal Credit.

This would see responsible carers with a child aged 3 or 4 being allocated to the All Work Related Requirements group and requiring them to look for, and be available for work. Whilst we recognise that the government has committed 30 hours’ free child care to working parents of three and four year olds in England it does not necessarily mean that carers would automatically be able to meet the proposed work conditionality. In particular there is concern for parents and carers of disabled children aged 3-4.

**Recommendation**

UNISON would support amendments that would commit the government to delay the conditionality proposal until the Secretary of State:

- has undertaken a full review of the sanctions regime and in work conditionality and has issued guidance on the use of sanctions in respect of families with young children.
- exempts appropriately carers with certain restrictive conditions, vulnerabilities and responsibilities making it difficult to meet the conditions for example those carers with disabled children aged 3 or 4.
- sets out what childcare will be available to parents who are looking for work and the Childcare Bill 2015 has been implemented in full and parents of three and four year olds can access appropriate childcare.
- publishes an assessment of the impact of the new requirements on parents outside England, in the context of childcare entitlement in the devolved nations.

ix. Exceptions from the mandatory 1% annual reductions in rents charged by registered providers for the next four years in Clause 21

UNISON would like to highlight that supported housing caters for a wide range of tenants with specific needs that require varying degree of support. This type of housing is already subject to very tight margins across the board; it relies on contracts for care or support services, and there are no alternative models for housing provision of this kind. Between 2011-2015 funding for housing related support was reduced by 45% on average according to the National Audit Office, at the same time as demographic changes have led to greater demand and more complex needs. It is a part of the sector that is particularly vulnerable to any reduction in its income.

The Government has previously taken steps to protect supported housing from the unintended consequences of Welfare Reform. Unfortunately, if this reduction goes ahead then many supported housing providers will no longer be able to fund the essential requirements needed to provide a safe and secure environment in a decent standard of accommodation. There is already evidence that current reductions in funding mean some supported housing projects struggle to accept the most complex and disadvantaged people. Furthermore many services will not be able to adjust to the changes to projected income on which financial decisions have been made may have to close.
Exempting specified accommodation, as with previous benefit changes, presents a straightforward solution because the definition already exists and was agreed after two years of work between the Government and charities. The definition has been in place for over a year and has worked well in protecting supported housing for the most disadvantaged.

**Suggested Amendment**

To remove supported housing which meets the definition of Specified Accommodation from the mandatory 1% annual reductions in rents charged by registered providers for the next four years.

Following Section 20, part (1)(d) insert the following wording:

“(e) — the accommodation is specified accommodation as defined in the Housing Benefit and Universal Credit (Supported Accommodation) (Amendment) Regulations 2014 (SI2014 No. 771)”

**Members explanatory statement**

Many of the supported housing projects provided to older people and to disadvantaged groups, such as homeless people, victims of domestic violence and people with learning difficulties fall within the category of specified accommodation. The amendment adds specified accommodation to the existing exceptions to the mandatory rent reduction in the Bill. Where we use the term “supported housing” elsewhere in this document it refers to residential projects which meet the legal definition of specified accommodation.

ix. **New Clause A - Support for housing costs for 18-21 year olds**

UNISON is concerned that in the Summer Budget, the Chancellor announced that under Universal Credit there will be no automatic entitlement to housing costs support. The government have been clear that vulnerable groups will be exempt, but have not yet confirmed how this would work in practice.

UNISON would like to see that any legislation is debated in full to allow for scrutiny of proposals. UNISON also would like to see the groups below exempted as we are concerned we could see a further rise in youth homelessness, as well as damaging the prospects of the young people affected finding employment or being placed with new apprenticeships.

**Suggested new Clause**

**New Clause A - Changes to age of eligible claimants of housing benefit**

(1) The Social Security Contributions and Benefits Act 1992 is amended as follows.

(2) After section 130(1) insert—

“(1A) The Secretary of State shall not make provision about eligibility for housing benefit in respect of the age of a claimant except by primary legislation.”

**Explanatory statement:** This New Clause aims to ensure that any changes to the age of eligible claimants for housing benefit must be made by primary legislation rather than regulation. The Government intends to withdraw entitlement to housing benefit from 18-21 year olds and it is understood this change would be enacted by regulation.

**New clause – Entitlement to housing costs element of Universal Credit for 18-21 year olds**

Entitlement to the housing cost element of Universal Credit shall not be restricted for those 18 to 21 year olds who fall into the following categories:

(a) Those who have previously been in work and/or already live independently.

(b) Those with a disability or mental health problem receiving the equivalent of Employment Support Allowance (ESA) or Income Support, or Disability Living Allowance (DLA) or Personal Independence Payment (PIP).

(c) Those with dependent children or pregnant women.

(d) Those who are owed a rehousing duty under:

(i) section 193 of the Housing Act 1996.

(ii) section 9 of the Homelessness etc. (Scotland) Act 2003.

(iii) section 73 of the Housing (Wales) Act 2014.

(e) Those who are homeless or at risk of homelessness who are being assisted by local authority Housing Options teams.

(f) Those who are living in statutory or voluntary sector homelessness accommodation.
Those who have formerly been homeless and have been supported by voluntary or statutory agencies into more settled accommodation.

Those who have formerly been homeless as young adults over 16 years.

Those without family or who have experienced relationship breakdown with their parents.

Care leavers and those who have been known to children’s services due to child protection concerns.

Those who cannot live with their families because the accommodation is unsuitable.

People who cannot live with their families because the neighbourhood is unsuitable.

Care leavers and those who have been known to children’s services due to child protection concerns.

Those leaving custody.

Those with good prospects of work in another location.


Member’s Explanatory statement

The second new clause would exempt 18 to 21 year olds who fall into the above categories from the removal of the housing costs element of Universal Credit. It is intended as a probing amendment to confirm the government’s intentions for exempt groups.

October 2015

Written evidence submitted by David Hall (WRW 71)

1. This is a personal submission written on behalf of myself, David Hall, providing evidence for the Welfare Reform and Work Bill (the ‘Bill’) currently going through parliament.

2. My submission focusses on Section 19 of the Bill and in particular the impact of the rent reductions in light of the Council Housing Reforms introduced in 2012 and the debt redistribution formula introduced in the Localism Act 2011. My proposed amendment is included at paragraph 33 and suggests that the Secretary of State should be required to re-open the debt settlement in light of the proposed rent reductions being enforced through the Bill and gives reasons for this. It also explores other alternatives to the current proposals in sections 34-37.

3. By way of background I am a CIPFA accountant, now self-employed, but with around 32 years’ experience working in the local authority and social housing sectors, mostly as a consultant.

4. Amongst the variety of projects I have been involved with, I worked with the DCLG on the Housing Revenue Account (HRA) Reforms and produced the original proposals on the redistribution of HRA debt as part of the HRA Review in 2008 / 2009. This eventually led to the introduction of ‘self-financing’ implemented by the last Government through the Localism Act 2011 (Chapter 3 sections 167 – 175).

5. My key area of interest in the Bill is the proposed reduction to social rents over the next 4 financial years starting in April 2016, as suggested at sections 19-22 and referred to in section 41 of the Explanatory Notes.

6. Whilst the proposal to reduce social rents by 1% in cash terms per annum will be welcomed by tenants and the reduction will have a direct impact on the overall welfare bill my main concerns are the indirect impact of the proposals, in particular on the local authority sector.

7. As highlighted in the Explanatory Notes, previous policy (from 2001) was to increase rents by RPI + 0.5% or a maximum of RPI + 0.5% + £2 towards a ‘target’ or ‘formula’ rent across both the local authority and housing association sectors, the formula having previously been defined with reference to local capital values and earnings indices. This was then changed in 2014 to CPI + 1% (and first implemented in April 2015). The new policy was planned to last for 10 years.

8. The ‘Impact Assessment of Social Rent Reductions’ published on 28 September estimated that the Bill’s proposals would make savings in housing benefit costs across both local authority and housing association sectors of around £6.0bn over the next 5 years compared with the previous policy.

9. Since the proposed rent reduction was announced in the Chancellor’s Budget of 8 July, the Homes & Communities Agency has provided guidance to the housing association sector inviting organisations to respond where they face financial difficulty.
10. Housing associations vary in size, complexity and national spread. Whilst a number have evolved organically over the last 25 years (and before) about half of housing association stock (around 1.2m dwellings) has come from local authority stock transfers. Many of these associations will have negotiated their transfer price and developed their business plans predicated on the previous policy.

11. The overall loss of rent to housing associations has been estimated in the Impact Assessment published on 28 September at around £5.2bn over the next 5 years. The response to the proposed change has been mixed. A number of housing associations (particularly the larger ones) are seeking to accommodate the increase and will work with the Government on its wider strategy for delivering more housing and creating more home ownership. Others will find it more challenging.

**IMPACT ON LOCAL AUTHORITIES**

12. Local authorities currently own around 1.6m of tenanted social housing stock spread across 164 authorities.

13. The effect of reducing rents by 1% in cash terms, depends to some extent on the assumption of inflation over the next 4 years. The Explanatory Notes suggest this will be around 12% which implies an average CPI of 1% per annum during that period.

14. Whilst the Impact Assessment published on 28 September identifies the savings in housing benefit arising from the reduction in local authority rents, it does not mention the loss of income to local authorities. Based on the same assumptions as used in the Impact Assessment for associations this could lead to a loss of around £3bn over 5 years.

15. On this basis the combined loss of rent across both sectors is around £8.2bn compared with savings of £6bn in housing benefit costs. This represents a net economic loss of around £2.2bn over 5 years with a further annual net loss thereafter of around £0.6bn.

**HRA REFORMS**

16. In April 2012, following the enactment of the Localism Act 2011, a new era of ‘self-financing’ was introduced for local authorities (see note 1).

17. As part of the self-financing settlement authorities agreed to manage an agreed level of HRA debt without further recourse to revenue subsidy.

18. The debt settlement ‘determination’ was based on a discounted cashflow formula which assumed rents would increase by RPI + 0.5% per annum. Overall HRA debt nationally increased following the settlement by around £8.5bn (or around £5,000 per dwelling) from around £18.8bn to £27.3bn.

19. If the settlement was done now based on the rent reductions in the Bill (and depending on the inflation assumptions used) the level of debt would be considerably lower – possibly around £10bn lower (ie £17.3bn instead £27.3bn). The exact number would depend on future inflation and rental growth assumptions.

**REOPENING THE HRA SETTLEMENT**

20. A key provision in the Localism Act (section 169 (2a)) enables the Secretary of State ‘from time to time make a determination that a further payment calculated in accordance with the determination must be made by the Secretary of State to the local housing authority’.

21. Subsection 3a goes on to say that the ‘Secretary of State may make a determination under this section only if there has been a change in any matter that was taken into account in making the determination relating to the settlement payment or a calculation under that determination’.

22. I would suggest that the proposed rent reduction of around 12% (as based on the Government’s own assessment) is a material ‘matter’ given that rents were a key item ‘taken into account in making the determination’ and that therefore a further payment should be applied to all authorities affected.

**FURTHER ISSUES TO BE CONSIDERED**

23. A key reason for the rent reduction as proposed in the Explanatory Notes is that increases in the social housing sector have over recent years ‘become out of kilter with private rents’. This appears to be based on the ONS experimental data which has been collected since 2011. Some ONS data has been tracked back to 2005. Whilst the percentage increase in the social sector may have been higher in recent years this may in part be because of the Government’s affordable rent product which is set at a higher level. In 2014/15 the data also appears to show that private sector rents were similar if not higher than the social sector. In cash terms private rents, particularly in London, continue to increase by more.

24. The rationale for addressing this balance now is also inconsistent with the settlement entered into in 2012 when local authorities entered into the deal in good faith with the Government assuming that Government policy would be maintained for the medium to longer term (and at the very least for 10 years based on the policy change introduced last year). Information on private sector rents was already known by the Government when the HRA settlement was being agreed.
25. As identified above the impact of reducing rents could equate to a loss of around £3bn across the local authority sector over 5 years and around £1bn per annum from year 6.

26. Reducing HRA debt would help compensate for the loss of rent income. Without this adjustment authorities will have to cut back on services. This will include reducing new build, regeneration and other investment programmes which had been commenced following the original HRA Reforms.

27. It could be argued that the effect on HRA finances should have been taken into account in the Impact Assessment. An alternative is that it should, at the very least be reflected in a ‘New Burdens Assessment’ as the net loss of new housing will not only effect the HRA but will also have an indirect impact on local authority temporary accommodation and homelessness costs which fall on the General Fund. It is not clear whether this exercise has been carried out.

FUTURE STOCK TRANSFER POLICY

28. A further knock on impact of the rent reduction is that this will impact on authorities’ ability to consider stock transfer, where they consider that appropriate and where that has the support of their tenants through a ballot. Stock transfer has been a part of Government policy since 1988. In the absence of a reduced debt settlement there will be less scope for authorities to transfer their housing to the housing association sector.

29. The combined effect of a disproportionately high level of debt (relative to rent income) combined with the additional costs of VAT (which associations have to pay) could be prohibitive to any organisation considering transfer. In the past authorities have found that transferring their housing has enabled more new homes to be built locally as well as providing other housing investment. Transfer also further enhances the existing economies of scale of the housing association sector generally.

IMPACT ON GOVERNMENT FINANCES

30. I had previously been led to understand that the original £8.5bn increase in HRA debt was neutral to Government finances (ie because the DCLG net receipt matched the increase in local authority indebtedness).

31. The reduction of the HRA debt nationally by a similar amount would therefore presumably also be neutral (or broadly offset the previous change at least). If not it would be useful for the public to be made aware how the two different transactions have been (and would be) accounted for in the public sector finances.

PROPOSED AMENDMENT

32. Given the above it would seem appropriate to require the Secretary of State to revisit the calculation used to determine each authority’s HRA debt and repay the difference arising from the change being imposed through the Bill.

33. This might include a new clause in the Bill (say a new subsection (10) in section 19 – the original subsection (10) would then become (11)). This might read something like:

‘In accordance with section 169 (2a) of the Localism Act, the Secretary of State will make a further payment in year 2016/17 calculated [in accordance with the original HRA Self Financing Determination] to all local authorities reflecting the impact of the rent reduction in subsection (1).’

AN ALTERNATIVE APPROACH

34. Another approach to the issue would be to treat local authorities differently from housing associations. At present the term ‘registered providers’ is used generically in the Bill to include both sectors. However as has been demonstrated elsewhere in this submission there remain some differences between the two sectors.

35. A key principle of the HRA Reforms was to allow authorities to have similar freedoms to housing associations but within a democratically accountable structure. The original reforms were included in the Localism Act 2011 and were seen as an important way to enable authorities to make decisions about their housing in answer to their local electorate.

36. Local authorities are also still subject to Rent Rebate Subsidy Limitation (known as the ‘Limit Rent’) whereby there is a cap on the amount of subsidy the authority receives on rent rebates up to a centrally determined rent figure. This could therefore be retained if necessary to control welfare costs and public sector finances. The Limit Rent does not apply to the housing association sector.

37. An alternative would therefore be to exclude authorities altogether from section 19 of the Bill and focus that section entirely on housing associations (or presumably ‘private registered providers’ for the purposes of the Bill).

October 2015
Note 1

A key principle of the HRA Reforms was to enable authorities to manage their HRA finances locally based on similar (although not identical) principles to the housing association sector.

The introduction of ‘self-financing’ proposals followed several years of consultation on the termination of the previous unpopular ‘HRA Subsidy’ system. Under the previous system most authorities paid a large proportion of their HRA rent income annually into a national pot held by the DCLG, most of which was then redistributed to the remaining authorities, mostly those with high levels of HRA debt.

The principle of the ‘self-financing’ settlement was to find a level of debt which each authority could manage in its HRA.

The debt settlement was based on a discounted cashflow approach which factored in future rental income less the cost of managing, maintaining and carrying out major repairs to the stock. It followed a similar approach to that used for individual housing association transfers. A key difference was that the self-financing settlement was applied to all authorities and used a formula for expenditure allowances rather than more locally determined cost estimates which are conventionally used to calculate stock transfer valuations.

The calculation of rental income used in the self-financing settlement was based on the previous rent policy of RPI + 0.5%.

The settlement resulted in the majority of authorities taking on more HRA debt with around 32 getting a reduction in their HRA debt. Overall it resulted in a net increase in HRA debt of around £8.5bn from around £18.8bn to £27.3bn. The deal also allowed headroom for authorities to borrow over and above this up to individual specified levels. The total borrowing cap nationally was around £30bn in total.

Written evidence submitted by Disability Rights UK (WRW 73)

Executive summary

Disability Rights UK presents evidence below on the financial hardship that will be the consequence of the changes proposed to the benefits system. The justification for the changes stems from a skewed view of incentives for work. We believe that correct and proper incentives to work must include: access to personalised and specialist employment support chosen by disabled people themselves; government using its procurement powers to drive accessibility and job opportunities for disabled people and enhanced legal protection to newly disabled employees to reduce the likelihood they will fall out of work. In this way we will have the real incentive of job opportunities and not the disincentive of reductions in income. We hope that the Government will one day permit an impact assessment that allows for these approaches to be contrasted and evaluated.

1. Introduction

Disability Rights UK is a pan-disability organisation of and led by disabled people. We are pleased to be taking this opportunity to present disabled people’s views and in submitting this response we have been informed by the queries and concerns expressed to us through their communication with us and in particular our advice lines.

2. Equality Impact Assessment, General Comments on Incentives

2.1 The E.I.A. takes as its starting point that the benefit system has trapped people in poverty by disincentivising work but has not questioned whether other factors are responsible such as the failure of back to work support. The Work Programme has placed a mere 29,460 disabled people into work over the four year period from June 2011 to June 2015. The specialist Work Choice programme has placed 15,710 into sustained and unsupported work over the first nineteen quarters of its operation. This means an annual average of 10,660 per year or a total of 42 per working day. These outcomes are out of a total of 191,090 attachments of disabled people to these two programmes over this period. In summary a success rate of only 6.4% of all job outcomes are being achieved by disabled people on the Work Programme and only 17.6% of starts are obtaining a job on the Work Choice programme.

2.2 The second assumption is that all the previous changes have acted to create incentives. The abolition of the linkage rules for those moving from ESA to work may be just one example of a “perverse incentive” whereby the removal of the ability to go back to a benefit may have deterred many from making the journey in the first place.

2.3 The Equality Impact Assessments often fails to understand the reason people are on Employment Support Allowance i.e. they have not been found fit for work. So why does the E.I.A. suggest that the removal of the Work Related activity Group premium could be replaced if the claimants simply did four or five hours work. A further consequence of this approach is that it makes the individual claimants responsible for any mitigation measures – surely it is for the Government to offer mitigations measures to alleviate the hardship faced by the E.I.A.’s estimate of 500,000 affected people.
Finally the EIA is highly selective in its use of data. There is no mention of the job growth forecast by the Office of Budget Responsibility or the Institute of Fiscal Studies critique of the budget and their judgement that the changes in tax credits would act as a disincentive to people coming on benefits. If the EIA takes an optimistic outlook and doesn’t look at evidence in the round or even present any evidence for either incentives or disincentives then the resulting policy will be both questionable and suspect.

**Comments on specific clauses**

3. **Full Employment Target (Clause 1-2)**

3.1 Disability Rights UK welcomes the clauses committing the Government to reporting on progress towards full employment and the apprentice target though we would wish to see the former defined in the supportive regulations to the Bill. Since disabled people are the largest demographic group not in employment we would wish to see specific mention of the Government’s ambition to halve the disability employment gap as a subset of the employment target and for this to appear in the final bill. The current debate on definitions of child poverty that have been opened by the Bill reinforce the importance of this.

3.2 Changes to child tax credit and the child element of universal credit – child tax credit to be amended to remove the family element of child tax credit for any claims which do not include a child born before 6 April 2017, and also to limit the number of children that can be included in a claim to two unless there is a prescribed exception (Clause 11). Universal credit also to be amended to limit the number of children that can be included in the claim to two, and also to remove the higher amount paid for the first child (Clause 12).

3.2.1 The *explanatory notes to the bill* outline that –

   “(ii) The changes will restrict the individual element of CTC to two children per family where specified conditions apply. A claimant will only be entitled to an individual element for a maximum of two children or qualifying young persons unless they are claiming for more than two children or qualifying young persons who were born before 6 April 2017. New births after that date will not qualify for the individual element.

   (iii) The changes will, however, ensure that any disabled or severely disabled child born or qualifying young person born on or after 6 April 2017 will qualify for the additional individual element regardless of the changes referred to in (ii) above. This is achieved by the creation of a new disability element, which through changes to secondary legislation is intended to reflect additional individual element currently payable for disabled and severely disabled children (for 2015-16, £3,140 and £4,415). This will be paid for all disabled children or qualifying young persons”.

3.2.2 The effect of (iii) above is wholly inadequate as the ‘standard child element’ (£2,780 for 2015-16) will not be paid for any third of more disabled child.

3.2.3 Straightforwardly, the child disability additions within child tax credit are in place to recognise the additional costs of a disabled child. Research shows that families with disabled children are more likely to be living in poverty than other families and that it costs three times as much to raise a disabled child.

3.2.4 Clause 11 (and Clause 12 in relation to universal credit) means that low paid parents of a disabled child will lose out on child tax credit of over £50 per week at current rates.


   In terms of adults, the only way to identify disabled people benefiting from tax credits is via the number being paid the disabled worker element. The total number of families benefiting from tax credits (both WTC and CTC) for 2013/2014 was 4.53 million – see page 1. While the above figure is in ‘millions’ the following figures are in the ‘thousands’. This means that, at least under the qualifying criteria for tax credits disability related elements, claims by disabled people are few in number in comparison to those form non-disabled people. Page 2 of the stats explains the qualifying criteria for all the ‘disability elements’. The total number of families where the disabled worker element was in payment was only 116 thousand – page 22. Of these 37,000 were getting WTC and CTC and 72,000 WTC only – see page 22. The total number of families where the severely disabled adult element was in payment was only 31,000 – page 22. Of these, 13,000 thousand were in receipt of both WTC and CTC and 13,000 WTC only – see page 22. The number of families benefiting from the disabled child element was 149,000 – see page 23. The number of families benefiting from the severely disabled child element was 62,000 – see page 23.

3.2.6 DR UK submits that both clauses be removed on the grounds that help be given to all low paid working families regardless of size or make-up because the extra costs of supporting a disabled child can affect the capacity of parents to support non-disabled children within a family.
3.3 Benefit cap – reduction of the benefit cap to £23,000 per year (£15,410 for single people) in Greater London and £20,000 per year (£13,400 for single people) outside Greater London (Clause 7).

3.3.1 It is commonly thought that disabled people are exempt from the benefit cap.

3.3.2 However, disabled people are exempt from the benefit cap only insofar as they receive a certain benefit. For example, you are exempt from the cap if you or anyone in your household (a partner or dependent child) is getting attendance allowance, disability living allowance (DLA), personal independence payment (PIP) or the employment and support allowance support component.

3.3.3 However, if you are receiving ESA and are in the work related activity group you are not exempt from the benefit cap.

3.3.4 While DLA does exempt someone from the benefit cap, DLA itself is being replaced by PIP. The DWP has estimated a 2015/2016 caseload of 1.7 million people receiving PIP, whereas without introducing the new benefit it would expect the number of DLA claimants in 2015/2016 to be 2.2 million.

3.3.5 Both the above mean that the reduction in the benefit cap threshold will lead to more disabled people having their benefit capped.

3.3.6 Research by the disability charity Scope has estimated that disabled people spend on average, £550 a month on disability-related expenditure. Welfare payments aimed at alleviating these costs – Disability Living Allowance (DLA), Personal Independence Payment (PIP) and Attendance Allowance (AA) – fall far short of meeting them. In 2015/16, the average award of DLA or PIP will be around £360 a month.

3.3.7 We believe the Government should urgently reassess the impact of the cap on disabled people and their families before any further reduction is made to the cap.

3.4 Clause 13 amends the Welfare Reform Act 2007 to remove provision for the payment of the ESA Work-Related Activity Component, in both contributory and income-related ESA. Income-related ESA is to be replaced by Universal Credit. Clause 14 abolishes the corresponding Limited Capability for Work element in Universal Credit.

3.4.1 DR UK submits that both these clauses be removed from the Bill.

We submit that –

— the rationale for the changes has no evidential base;
— the changes will lead to more disabled people living in poverty; and
— changes are needed instead to disabled people’s employment support.

Their effect would mean that ESA for claimants in the Work-Related Activity Group (WRAG) would be reduced to Jobseeker’s Allowance [JSA] rates for new claims from April 2017 – currently £73.10 per week for people aged 25 and over. The Work-Related Activity Component is worth around £30 per week and its removal would amount to a substantial drop of over £1,500 a year under current rules [around 40%].

3.4.2 The rationale for the changes has no evidential base.

These measures were announced by the Chancellor in his 2015 Budget.

In his Budget speech the Chancellor referred to the “perverse incentive” whereby ESA claimants in the WRAG received more money than claimants of Jobseeker’s Allowance.

3.4.3 Aligning ESA rates for those in the WRAG with JSA while providing “new funding for additional support to help claimants return to work” would “ensure the right incentives and support are in place for those closer to the labour market to help them make this transition when they are ready.”

3.4.4 In addition, the DWP’s Welfare Reform and Work Bill: Impact Assessment makes clear that –

“This measure is intended to provide the right incentives and support to enable those who have limited capability, but who have some potential for work to move closer to the labour market and when they are ready, back into work. Aligning the rate of benefit paid to new claims for Employment and Support Allowance and Universal Credit with limited capability for work with the standard rate paid to claimants who are fully capable of work from April 2017 will remove the financial incentives that could otherwise discourage claimants from taking steps back to work.”

3.4.5 However, there is no evidential basis for the belief that the Work-Related Activity Component has or will act as a barrier to disabled people gaining employment.

3.4.6 If Clauses 13 and 14 are enacted, new ESA claimants from April 2017 will be uniformly financially penalised with no justification – in effect sanctioned.
3.4.7 In respect of ESA claimants, the latest DWP statistical release shows that in the period from 3 December 2012 – when the new ESA sanctions regime was introduced – to 31 March 2015, the total number of adverse sanction decisions was 66,846.

3.4.8 According to DWP statistics supplied in response to a freedom of information request almost 60% of the ESA claimants sanctioned between October 2013 and September 2014 had mental health problems. Similarly, more than 60% of the ESA claimants sanctioned in Scotland between December 2012 and August 2014 had “mental and behavioural disorders”.

3.4.9 However, the DWP has no evidence that the new ESA sanction regime has given those whose ESA was significantly reduced a greater incentive to remain in touch with the job market or move into work.

3.4.10 In its 24 March 2015 report, Benefit sanctions policy beyond the Oakley Review, The Work and Pensions Committee called for a full independent review of the benefit sanction scheme –

3.4.11 “There is evidence that more ‘active’ unemployment benefit policies are more effective than the alternatives; but evidence on the specific part played by financial sanctions in successful active regimes is very limited and far from clear-cut.

3.4.12 DWP should increase the evidence base through a series of evaluations. In particular, it should test the efficacy and impacts of the longer minimum sanction periods which were introduced under the Welfare Reform Act 2012, and investigate whether the application of a longer sanction makes it more, or less, likely that the claimant moves into employment.”

3.4.13 Again, in its 21 July 2015 report, Universal Credit: priorities for action the Social Security Advisory Committee concluded that –

“Successive administrations have strengthened the regime of penalising compliance failures with withdrawal of, or reductions in, benefit payments. SSAC, amongst others, has raised concerns about the increased use of sanctions, not because we believe that they are necessarily ineffective, but because we do not know for certain that they are effective, at least in terms of getting people into good quality jobs. We believe that the sanctions regime needs to be tested. The Department is committed to evaluating their effectiveness and we think further changes in the system should be deferred until a firm evidence base to underpin the policy has been established.”

3.4.14 In his major 24 August speech on work, health and disability, the Secretary of State for Work and Pensions Iain Duncan Smith maintained that the gap between the employment rate of disabled and non-disabled people “isn’t because of a lack of aspiration on the part of those receiving benefits….in fact, the majority want to work or stay in work.”

3.4.15 Instead the gap exists because of two factors –

“First, some employers are reluctant to employ people with disabilities.

Second, the poor quality of support they receive leads to many sick and disabled people languishing in a life without work, when work is actually possible for them.”

3.4.16 Again, in going on to explain why ESA needed to be reformed, the Secretary of State stressed the need to change the work capability assessment so that it “focussed on what a claimant can do and the support they’ll need – and not just on what they can’t do.”

3.4.17 Surely if the level of ESA paid to the WRAG group of claimants itself was a currently “perverse incentive” to them becoming employed – such that it requires a 40% reduction – then the Secretary of State would have also highlighted this?

3.4.18 Instead he said the opposite – that those on ESA do not “lack aspiration” and “in fact, the majority want to work or stay in work.”

The changes will lead to more disabled people living in poverty

3.4.19 The proposed 40% cut to ESA will hit households with a disabled person hard – a third of whom are living below the poverty line.

3.4.20 The latest annual Family Resources Survey, which is funded by the DWP show that after housing costs are taken into account – the percentage of people living in households where at least one member was disabled who were in “absolute poverty” rose from 27% in 2012-13 to 30% in 2013-14. And they show that the number of people in “disabled households” who were living in absolute poverty rose by 300,000 in that one year. The Family Resources survey results also show that the proportion of disabled people living in relative poverty – those who are poor in comparison with the general population – increased in 2013-14 by two percentage points (about 300,000 people), while relative poverty among non-disabled people stayed roughly at the same level.

3.4.21 The proposed 40% cut must also be seen in the context of other cuts and freezes to support for disabled people, their families and carers such as the bedroom tax, personal independence payment, council tax support and social care.
3.4.22 Disabled people being supported by ESA receive a higher rate than those on JSA because they face additional barriers as a result of their illness or disability, and typically take longer to move into work.

3.4.23 It is unreasonable and unrealistic to expect disabled people to survive on £73.10 a week for two or more years.

3.4.24 Making higher social security payments to disabled people who are not readily able to gain employment as opposed to those who are has been a major plank of the welfare state for over 40 years.

3.4.25 Richard Berthoud in a 1998 report, Disability benefits: A review of the issues and options for reform set out why benefits had been paid at a higher rate than for those who were unemployed:

“The primary reason historically, was that those who have to live for a long time on social security could not be expected to survive on the very low level of income available as a temporary measure for short-term claimants.

3.4.26 Pensioners will be pensioners for the rest of their lives. Those who become incapable of work before pensionable age can also expect a long period on benefit (depending on the nature of their condition). Unemployed people can expect (or are at least expected) to return to work after a relatively short period – as indeed the great majority of them do.

3.4.27 This is reflected in another major difference between the treatment of disabled people/pensioners and unemployed people: the former receive non-means-tested insurance payments for life; the latter have only six months’ entitlement to contributory benefit, before having to submit to a family means test.”

3.4.28 Research by the disability charity Scope has estimated that disabled people spend on average, £550 a month on disability-related expenditure. Welfare payments aimed at alleviating these costs – Disability Living Allowance (DLA), Personal Independence Payment (PIP) and Attendance Allowance (AA) – fall far short of meeting them. In 2015/16, the average award of DLA or PIP will be around £360 a month.

3.4.29 Even with the addition of the Work Related Activity Component a shortfall of around £60 a month exists.

Changes are needed instead to disabled people’s employment support

3.4.30 According to the DWP’s Office for Disability Issues, disabled people are now more likely to be employed than they were in 2002, but disabled people remain significantly less likely to be in employment than non-disabled people.

3.4.31 In 2012, 46.3% of working-age disabled people are in employment compared to 76.4% of working-age non-disabled people. There is therefore a 30.1 percentage point gap between disabled and non-disabled people, representing over 2 million people.

3.4.32 The August 2015 Office for National Statistics (ONS) figures show a rise of 225,000 in the number of disabled people in work, compared with the same period last year. This is very welcome news.

3.4.33 However, the ONS statistics also show that the number of unemployed disabled people had also risen, from 399,000 in October to December 2014, to 401,000 the following quarter, and now to 423,000 in April to June 2015.

3.4.34 In addition, there has been a large rise in the last quarter in the number of sick and disabled people described as “economically inactive” – those not in work and neither seeking nor available to work – from 3,313,000 to 3,399,000, an increase of 2.6% in just three months.

3.4.35 The DWP’s Quarterly Work Programme National Statistics to Mar 2015 show that just 8.7% of new ESA claimants who joined the Work Programme in March 2014 year had a ‘job outcome’ by March this year. In addition only 13,000 of 162,000 mentally ill participants since 2011 have found work – just 8%.

3.4.36 While it is clear that the Work Programme is still failing disabled people, neither Ministers nor Work programme Providers has previously suggested that any cause of this is the “perverse incentive” of the work related activity component.

3.4.37 Instead of reducing the ESA of some disabled people by 40% priority needs to be given to improving their employment support.

3.4.38 In preparation of our 2013 report Taking Control of Employment Support DR UK asked over 500 disabled people for their experiences and views of employment support and also analysed research evidence.
We found that:

— there is a huge appetite for a personalised service and personalised disability employment budget support. 78% of respondents would like to know more about the resources available for their support, and types of support available. 74% would like to decide how the money on their employment support is spent;

— most respondents had not had support from the Work Programme. Support to get and keep work came most commonly from family (44%), friends (35%) or a disability organisation (33%). 63% said the support they had received did not help them get a job; and

— disabled people want to be involved in shaping and directing their support. Successful employers positively embrace people with potential and the desire to learn and develop. Working together, we believe successful employers and disabled people are best placed to work out the support each requires to achieve these goals.

3.4.39 Furthermore the suggestion that the additional £30 acts to disincentivise people from moving toward work is highly questionable. Many within ESA WRAG are managing a fluctuating condition, coping with pain and fatigue or recovering from illness. While some may take steps towards work related activity at some point (and indeed they are sanctioned if they do not) others may actually experience a deterioration in their condition.

3.4.40 Cutting this benefit to the bare minimum, thereby causing debt and stress, is unlikely to help disabled people seek work effectively and would contradict the Government’s aim to halve the disability employment gap as set out in the Conservative manifesto.

3.5 **Freezing of certain benefits and tax credits for four tax years - provision for rates of specified benefits and tax credits to be frozen for four years from April 2016 (Clause 9 and Clause 10).**

3.5.1 We welcome the exemption of Disability Living Allowance and Personal Independence Payments from the four year freeze.

3.5.2 However these clauses would freeze a number of other key benefits that many disabled people receive – jobseekers allowance, housing benefit (HB) and universal credit (UC).

3.5.3 In addition specific elements focused on disabled people such as the basic rate and work related components of ESA, HB and the limited capability work component of UC are subject to the freeze.

3.5.4 We believe this does not meet the spirit of the Conservative Party manifesto commitment which stated (p28) – ‘We will freeze working age benefits for two years from April 2016, with exemptions for disability and pensioner benefits – as at present’

3.6 **Personalised and specialist support**

3.6.1 Disability Rights UK welcomes this clause but cautions that the prime contracting – sub contracting method of contracting is failing to deliver personalised and specialist support and that a review of this is required with an outcome that would allow for disabled people themselves to be able to have a personal budget and contract themselves for effective employment support. We have responded to the consultation on future contracting of the Work Programme with specific suggestions of how this could be implemented.

*October 2015*

**Written evidence submitted by Knowsley Council (WRW 74)**

1. **Knowsley – Local Profile**

Knowsley is one of six metropolitan districts in the Liverpool City Region, and covers an area of 33 square miles. The 2011 Census estimates the population of Knowsley to be around 146,000 in 61,300 households. Over the last 10 years the population has fallen by 3% but the rate of decline has slowed compared to previous decades.

Overall, the Borough faces a number of challenges to the health and wellbeing and socio-economic circumstances of residents, with high levels of deprivation compared to regional and national averages. Worklessness is also amongst the highest in England and there are particularly high levels of limiting lifelong illness and poor health outcomes amongst the 55 plus population.

The Welfare Reform and Work Bill has far reaching implications for Knowsley and as such the Council wish to respond to the request for evidence from the Public Bills Committee on Welfare and Work Bill 2015.

Overall, Knowsley is concerned that a number of the changes in the Bill will further disadvantage our most vulnerable residents. We have provided local analysis to evidence the potential impact and where applicable suggest amendments to the Bill.
2. **Summary of Proposed Amendments to the Bill**

**Social Mobility: Clause 4 to 6**
- Inclusion of an income-based measure of child poverty.
- Inclusion of a measure of child poverty that is inclusive of working families in poverty.
- Inclusion of a national child poverty target.
- Inclusion of the duty to produce a national child poverty strategy.
- Social Mobility and Child Poverty commission to maintain child poverty functions.
- Inclusion of a local duty for local authorities and named partners to co-operate to tackle child poverty in a manner that best fits local arrangements.

**Welfare benefits: Clause 7 to 16**
- Reconsider the proposed changes due to the harmful impact it will have on the most vulnerable group’s ability to meet essential day to day costs.

**Social housing rents: Clause 19**
- Wider consultation is required on the impact this would have on the housing market.

3. **Detail of Main Points and Local Analysis**

3.1 **Social Mobility: Clause 4 to 6**

We are concerned with the provisions in the Bill to repeal the majority of the Child Poverty Act. Child poverty and deprivation is a significant issue in Knowsley that has a strong influence on the way we deliver services. As of 2013, there were 10,205 (28.9%) children living in poverty in Knowsley, which is the 9th highest rate in the country. The scale of the challenge we face in Knowsley is further shown by the recently published Indices of Deprivation in which Knowsley has moved from the fifth, to second most deprived borough in the country over the last five years.418

Growing up in poverty can affect every area of a child’s development and future life chances. We know that the most disadvantaged children are less likely to achieve their academic potential, secure employment and gain a sense of future financial security. They are more likely to suffer from poor health, live in poor quality housing and unsafe environments.

Child poverty is a multifaceted phenomenon and we agree that a more rounded way of measuring poverty should be developed – taking greater account of causal (multi-dimensional) risk factors. Whilst we welcome that the Government will report annually on worklessness and educational attainment, on their own they do not represent actual measures of child poverty.

Poverty is fundamentally determined by inadequate resources, and an income based measure is an essential element of any national child poverty measurement. The existing measure is an internationally recognised measure of child poverty, and is the product of extensive historical, academic and rigorous development. Replacement of this measure must only be made if there is an adequate income based replacement. A measurement of worklessness on its own does not fulfil this, and places too strong an emphasis on ‘out-of-work’ poverty.

We are particularly concerned that the proposed new measure’s focus on worklessness fails to capture the increasing prevalence of ‘in-work’ poverty being experienced by many working families across the country. DWP figures shows that sixty-four per cent of children currently in poverty are in working households (compared with 55 per cent in 2009/10).419 This means that the proposed arrangements would see two thirds of all children experiencing poverty going ‘under the radar’. This is particularly concerning in light of the proposed cuts to tax credits and benefits for working families. The Institute for Fiscal Studies have calculated that the average net loss to a working family who receive tax credits or benefits will be £550 per year, even when taking into account the new National Living Wage.420 Average earnings amongst our residents are already £2,200 per year lower than the national average421 and reductions in tax credits will undoubtedly have a major impact on the incomes of working families.

We are concerned that removing the Government’s specific child poverty targets and duty to publish a national child poverty strategy reduces national leadership and accountability to improve children’s life chances. This is very much a backward step. Removing a clear timescale for eradicating child poverty brings a risk that allocation of resources at a local level could become more difficult, and create difficulties in prioritising child poverty locally. This is particularly relevant in light of continuously diminishing local funding and resources, and persistent levels of deprivation and need amongst our most vulnerable residents.

Without a sufficient national focus on child poverty there is high risk that political will to continue onwards to tackle child poverty will become lost. This could have a severe impact on the local distribution of resources and on the good work already carried out in Knowsley and many other local authority areas.

Whilst we will continue to prioritise child poverty locally and have strong partnership arrangements in place to deliver out local child poverty plans, the duty to co-operate provides a valuable impetus in encouraging partner organisations to develop collaborative approaches to tackling child poverty. The duty helps to develop co-ordinated local approaches and embeds child poverty priorities in related local service delivery plans. Removal of this duty would see a reduction in the local focus on child poverty in competition with other competing priorities. Therefore we would like to see a duty maintained for local authorities and named partners to co-operate in a means they see fit to co-ordinate action to reduce child poverty.

We oppose the removal of child poverty functions of the Social Mobility and Child Poverty Commission which has provided a valuable source of independent research and expertise on how economic conditions and policy decisions is affecting child poverty across the country. Removing the functions implies a lack of serious commitment from Government to tackle child poverty.

**PROPOSED AMENDMENTS**

- Inclusion of an income- based measure of child poverty.
- Inclusion of a measure of child poverty that is inclusive of working families in poverty.
- Inclusion of a national child poverty target.
- Inclusion of the duty to produce a national child poverty strategy.
- Social Mobility and Child Poverty commission to maintain child poverty functions.
- Inclusion of a local duty for local authorities and named partners to co-operate to tackle child poverty in a manner that best fits local arrangements.

3.2 Welfare benefits: Clause 7 to 16

Knowsley Council opposes clauses 7 to 16 and calls upon parliament to reconsider the proposed changes due to the harmful impact it will have on the most vulnerable group’s ability to meet essential day to day costs. The proposed welfare reforms will also have a disproportinate impact on the most deprived areas, adding increased pressure on public services in these areas. The most sustainable method to reduce welfare spending is to address labour, childcare and housing issues. However, the reforms do little to address these issues or the reasons why people claim benefits, such as long-term sickness or lack of skills.

Welfare reforms implemented since 2010, prior to these proposed changes, have already removed an estimated £75 million per annum\(^\text{422}\) out of the local Knowsley economy and have placed significant financial strain on individuals and families on a low income. This equates to an average loss of £800 per adult per annum. Further reductions will have a significant detrimental impact on some of our most vulnerable residents within Knowsley.

The benefit cap affects residents who are unable to work, for example lone parents and those suffering long-term health problems, and who therefore face many barriers in accessing work. These families will have no other choice but to cut back on essentials such as food or heating. Families who have already been capped and who face yet another reduction via this Bill may have already exhausted this option and are likely to be evicted as they will not be able to pay their rent. Ultimately, they will present as homeless which will cost the public purse more in the long-run to address. Families will become dependent on the local authority and charities for support, in particular through Discretionary Housing Payments, Local Welfare Assistance schemes and Foodbanks. However, ongoing cuts in central Government funding is placing immense pressure on the Council’s budget and its ability to continue to provide discretionary financial assistance to those affected by welfare reforms at a time when demand for such support has increased and will continue to do so.

The freeze of welfare benefits and tax credits payments for four tax year will put families who are on a low income under extreme financial strain. The Institute for Fiscal Studies (IFS) estimate that 13 million families will lose £260 a year on average because of the freeze, which is a significant amount for low income families under financial pressure. This pressure has been exasperated by the previous years’ below inflation increases, therefore the IFS estimate a total real cut of 8% between 2013 and 2020.

Knowsley has already seen an increase in demand on discretionary financial support services as a consequence. With inflation set to increase over this same period, vulnerable families will again have to reduce spending on essential items, such as food and heating.

Removal of entitlement to the child element in Child Tax Credits and Universal Credit for the third and subsequent children born after April 2017 will lead to loss of income for low income working families.

\(^{422}\) Sheffield Hallum University.
Joseph Roundtree Foundation evidence suggests that disabled people are likely to be out of work for longer than those living without a disability. Therefore, changes to Employment and Support Allowance work-related activity component and Universal Credit limited capability for work element would have a serious impact upon the living standards and life chances of those disabled people identified for work related activity.

The changes to support for mortgage interest would make it harder for some homeowners on low or fixed incomes to retain their homes and therefore increase risk of repossession and homelessness.

PROPOSED AMENDMENT

— Reconsider the proposed changes due to the harmful impact it will have on the most vulnerable group’s ability to meet essential day to day costs.

3.3 Social Housing rents: Clause 19

Knowsley recognises that the 1 per cent reduction would help working families that are not in receipt of housing benefit. However, the year on year reduction in social rents could have a significant impact on the rental income of Housing Associations. This in turn will have impacts on a the business operations of Housing Associations, including their cash flow models, their business plans, their credit profiles and their ability to raise finance. This in turn will impact on their ability to honour existing commitments and in particular to plan and deliver new build affordable homes. The Office for Budget Responsibility estimates that 14,000 fewer affordable homes could be built as a result of the changes, with the National Housing Federation estimating a higher figure of 27,000 fewer affordable homes being built.

Coupled with other measures announced following the general election, the budget and the Conservative party conference, this new policy direction could add to major financial difficulties for Housing Associations, and it particular impact on the delivery of new affordable homes. This is a particularly important issue in Knowsley where housing affordability remains a significant challenge for many of our residents, and where demand for social housing outstrips supply.

PROPOSED AMENDMENT

— Wider consultation is required on the impact this would have on the housing market.

October 2015

Written evidence submitted by Bournemouth Churches Housing Association (BCHA) (WRW 75)

1. Executive Summary

— This submission provides an overview of the impact the new welfare reforms and rent controls will have on Bournemouth Churches Housing Association (BCHA), a smaller registered provider servicing the local community.

— This evidence also supports the amendment and briefing provided by Homeless Link and the National Housing Federation, to remove supported housing which meets the definition of Specified Accommodation from the mandatory 1% annual reductions in rents charged by registered providers for the next four years.

2. Background

2.1 BCHA is a housing and social care provider, helping homeless and vulnerable people access the right housing, health, learning and work opportunities. BCHA has a diverse range of approximately 2000 dwellings across the South West. Of these 2000, over half are rooms or shared facilities and only 822 are owned.

2.2 Founded in 1968, BCHA supports over 10,000 people every year to take control of their own lives and equipping them to find a way forward. A significant proportion of the people they support have suffered domestic violence, human trafficking, have mental health issues or drug and alcohol addictions. The company’s vision is to ‘create lasting solutions to homelessness, unemployment and social exclusion in the local communities’.

2.3 Key achievements in 2014:

— 392 people moved on from BCHA supported accommodation to live independently.

— 890 people achieved a qualification, entered into employment or started volunteering through the learning and work programmes.

— The BCHA leaving hospital discharge service helped over 4,918 vulnerable patients experience a safe and timely discharge.

— 15,596 prisoners accessed prison services through RECOOP, a BCHA subsidiary business.

— Over 800 people accessed tenancy support through community based floating support services.
2.4 Group turnover for the year ending 31 March 2015 was £24.2M. 48% of the income came from rents charged to residents, and 44% from various revenue contracts to support the people BCHA houses or works with.

3. **INTRODUCTION**

3.1 The welfare system plays an essential part when it comes to preventing and tackling homelessness.

3.2 Putting the work BCHA delivers into context, research by Homeless Link (2013) estimated that each homeless person represents a cost of £26,000 per year to the public purse.

3.3 Therefore, services that prevent homelessness and help a transition away from this situation will likely result in a saving to the public fund. However, Government proposals for the new rent reduction schemes, will mean that BCHA as a provider of housing and support services, will suffer a huge loss of revenue (currently estimated at £300,000 in the first year and up to £3.2million over the five year period) making the support services they deliver hard to maintain.

3.4 In addition to the impact on BCHA as a company, the individuals they support are also suffering. If someone has lost their job, benefits can prevent them ending up on the streets. Whilst looking for work, benefits provide an income to help people survive. If someone is unable to work, the welfare system can help cover the basic necessities of living.

4. **YOUNG PEOPLE**

4.1 BCHA support hundreds of young people every year with housing, learning and work programmes. With the proposed removal of benefits for young people BCHA is concerned that providers won’t be able to support young people until there is a commitment that housing costs will be met. This situation can only lead to more people being held in B&Bs or an increase in young people’s homelessness and sofa surfing. BCHA is already aware of an escalation in the use of B&Bs and in one Local Authority it has been reported that it currently has 40 young people in B&Bs. This is unacceptable and the knock on effects and additional costs for health and wellbeing is high. A B&B is an expensive and short term solution.

4.2 This situation will be further exacerbated by the potential removal of Housing Benefits from young people. Further problems will be caused in moving young people onto independent living if not eligible for Housing Benefits, with an overall impact of preventing the system from working. Homeless Link reported that over the past five years there has been a 37% increase in the cost of renting a home privately, this is more than twice as fast as income and they further report that termination of private tenancies accounts for 29% of households becoming homeless.

5. **BENEFIT CAP**

5.1 BCHA is a large provider of single persons’ accommodation; the biggest risks identified were the JSA sanctions (particularly for young people and those with mental health issues) and the requirement for working age claimants to pay a proportion of Council Tax. Both will severely impact on the ability of residents to pay their rent and result in more evictions.

5.2 BCHA is also seeing a rise in challenges and delays with Housing Benefit agreeing service charges. This can also result in potential evictions and closures of services.

6. **BACK TO WORK**

6.1 BCHA believes and supports proposals already submitted from the National Housing Federation that Housing Associations are well placed to support people in social housing into sustainable employment, forming part of the longer term solution to meet the Government aims.

6.2 One of the main strategic priorities for BCHA is getting people back to work which echo’s the aims of the new Government. Even though BCHA are a small organisation, in 2014 they supported over 890 people achieve a qualification, enter into employment or volunteer through the BCHA social enterprise.

6.3 BCHA has strong relationships with their residents, understand the local areas they operate in and have already established many strong relationships and partnerships to support employment opportunities for residents.

7. **SUMMARY**

7.1 BCHA supports the overall aims the Government want to accomplish in helping to achieve a more sustainable welfare system and increase employment. BCHA welcomes the opportunity to provide oral evidence to the committee for any further investigations.

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423 [http://homeless.org.uk/sites/default/files/site-downloads/Value%20of%20the%20homeless%20sector.pdf](http://homeless.org.uk/sites/default/files/site-downloads/Value%20of%20the%20homeless%20sector.pdf)

424 Homeless Link Publication ‘Let’s make the Difference—A manifesto to end homelessness’ 2014.
7.2 In summary:
— The information provided to date on Housing benefits for young people has been too broad. BCHA requests that clarification is provided urgently, in order to fully understand and report back on the impacts this will have on customers.
— Clarify whether exempt status in relation to Universal Credit will remain into the medium term.
— Provide further details on the proposals to limit or end benefit entitlement to the under 25’s.
— Look at providing direct contracts to Housing Associations for employment schemes.
— Provide detail on what housing stock the 1% rent reductions will apply to in order to avoid having to look at closing specialist or supported housing services that support vulnerable customers.
— Support the proposal from Homeless Link and the National Housing Federation for social rent, services charges (fixed and variable) to be excluded.

October 2015

Written evidence submitted by DisabledViewUk (WRW 76)

INTRODUCTION
Our group established four month ago out of discussion between 30 Disabled People and Caregivers. We were raising concerns with regards to the common problems we are facing in all aspect of life at present.

In these four months DisabledViewUk has now grown to over 1700 members and counting to date.

We are proactive in supporting Disabled People, Caregivers and welcome all positive Advocates to our group.

We have had members come to us at:
— Crisis point
— Suicidal
— Facing Homelessness and other housing issues
— Care Provision
— Care issues
— Sanctions
— Not being in recite of the right allowance
— Given the wrong award
— Placed into the wrong group for ESA

We are supporting our members in navigating a complex system, which we feel needs to be reformed.

We are supporting members in their appeals who are needing urgent support with applications due to time factors. Also there is a long waiting times to see other benefits advisor.

I’m sure there are many more issues we have not covered that have already been raised by other Groups/Organization/Charities and Non-Government Bodies who are supporting Disabled People and Caregivers at the grass roots level.

We are requesting and proposing that the Committee take in account all the issues raised when considering this Bill at present.

There has been a lot of uncertainty which has arisen due to the current reforms.

We have given assurance in Media and from the Government that Vulnerable People will be protected and supported.

Despite this Disabled People and Caregivers are being failed at present.

We propose that this needs to be addressed before any further changes in law should occur as a matter of urgency.

We feel due to current failings a full review needs to be launched.

We are proposing for this Committee if possible start this process of review or appoint a Committee to take forth this task.

That findings of the said review could then be considered and consulted upon, before any further amendments in this Act is passed in Law.

We would propose the coming together of all Political Parties, Groups and Charities to make the positive reform possible that is required for all.
Our members are generally fearful of the current reform proposed in this Bill at present due to fundamental failings:

— Processing Documentation, Waiting times, Time Scale given in applications.
— Medical examinations.

We have also firsthand seen inaccuracy in DWP Medical Report, which have effectuated the award levels, there for care provision and care support that the applicant should receive.

There are countless failings with regards to lack of service, requesting a member travel distances even when its known that this would worsen or aggravate pain for applicant. Not mention the mental distress of currently having to be reassess for life long Disability or Chronic illness. Our member feel they are facing enough and we feel that this needs to be taken into account and changed.

With Members being misplace into the wrong awards, on top of waiting times both within the NHS, Local Authority Care. Disabled People and Caregiver throughout the UK are in fact being failed at present and being left in more vulnerable state than prior to this reform and the launch of PIP.

This also compacted by the closure of ILF.

We propose the Failings of PIP need to be addressed for certain Disability Conditions and Mental Health Disability that amendments in policy are required before it should be further rolled out.

From the proposed review we could then look at what amendments are required moving forward in positive way from here.

We feel the committee needs to look more in-depth and seek personal accounts of the errors that have occurred. Ensuring these problems are logged in Parliament for further debate to prevent such situation from ever occurring again.

Our long term organization goal is the establishment of the Independent Disability Commission.

We purpose that this could enable and encompass the views of all creating a positive policy for those who really are vulnerable through no fault of their own.

We are seeking the Commission to consist of Disabled People, Caregivers, Charities, National Government, Local Government Bodies, Employment Sectors, Health Sector, NHS, wellbeing and Social Care Agencies within the UK.

Our group oppose the bill the in a whole on the following grounds:

That not enough consideration or deliberation has taken place at a grass route level and the implications of this not being done, will have long and profound negative effect on Disabled people, Caregivers and their families.

We oppose classifying Disabled People/Caregiver families in the Troubled Families Program.

We find this unacceptable on many levels, as many Disabled Parents who have Children are outstanding Parents who care and support their children.

They show their Children that no matter what happens in life or what is thrown at you, you can with the right support carry on. Installing true Human strength in the face of adversity and promoting self-worth into their own Children.

That Children of our members are excelling in Education and not failing as is stated in many of reports. Children who are Adults now of many of our Members have in fact became productive and constructive members of society.

Some Disability are genetic sadly and yes some Families may have multiple Disabled members in their Family. We object to this being a reason for any family to be placed in The Family Troubled Program.

A family that requires support to enable equality and prevent issue of isolation should not be stigmatized. We do not consider this as a failing of the family but a failing in Social Mobility of many Disabled People in Society.

Given the Right chances and support Disabled People and Caregiver would only strengthen the UK Society as a whole.

We object to being classified with Addiction Issues, as being a Disabled Person or Caregiver is not a matter choice.

We also feel The Troubled Families Program name itself is counterproductive and should be reconsider at this stage.

We request Disabled People/Caregivers Families are removed from this classification.

If it is require to provide additional care/resources. We would support and purpose a consolation exercise to take place to enable a new classification.
We propose that further consolation takes place diligently throughout the UK to enable all issues to be taken into account.

We propose a National Disability and Care Givers Day, to raise awareness of positive programs that are established to support equality for Disabled People and Care givers.

We would also propose that number of Disabled People supported back into work, long-term are given stunnable permeant employment. Not into Workfare, or Zero hours contracts.

We would welcome allocation of a percentage of Apprenticeships for Disabled Young People and also retraining for newly Disabled People.

That it is insured that investment is made in infrastructure to enable greater social mobility for all Disabled People and Caregivers.

There is a larger underlying issue that has not been addressed. That is the provision of suitable housing for Disabled People and Caregivers. This could make the difference between enabling a Disabled Person or Caregiver back into sustainable employment or not.

We propose that investment is made into infrastructure throughout society with regards to providing reasonable access to public services for all.

We would welcome all feedback from the committee and hope that our proposal will be genuinely supported as a positive way forward to ensure the best outcome.

October 2015

Written evidence submitted by Framework Housing Association (WRW 77)

WHO IS THIS SUBMISSION FROM?

This submission to the Public Bill Committee is by Framework Housing Association. Framework is a specialist provider of emergency and specialist housing, support, treatment, training and employment services for homeless, vulnerable and excluded people.

WHAT IS IT ABOUT?

It refers to clauses 19 and 20 of the Welfare Reform and Work Bill. Clause 19 includes a proposal to change the existing formula by which social housing rents are calculated. Clause 20 lists some exceptions to this. At present they do not include supported housing. Framework urges your support for an amendment (No. 109) that will add supported housing to the list of exceptions.

THE FINANCIAL SITUATION AND VIABILITY OF SUPPORTED HOUSING

The financial position of supported housing is fundamentally different to that of mainstream affordable housing. Its primary cost drivers are size and staffing levels (as opposed to capital cost and grant rates). This makes it a low margin operation—so a relatively small income reduction can throw service into financial difficulty.

In recent years the onward transmission of local authority budget reductions has had a disproportionate impact on supported housing, especially for groups of people to whom LAs consider they have no statutory obligations.

HOW HAVE SERVICES SURVIVED TO DATE?

Some services have already closed as a consequence of the above. Others hang by a thread. Providers have sustained them by repeatedly cutting costs and trying where possible to cushion the impact on service users. Income from rent and service charges (currently rising by CPI + 1% per annum) has become the mainstay of their budgets and forward plans. The balance has become so precarious that these services and their providers are unable to withstand another big hit.

WHAT ARE COMMITTEE MEMBERS BEING ASKED TO DO?

Members of the Public Bill Committee are urged to support Amendment 109 to the Welfare Reform and Work Bill. This would exempt ‘specified accommodation’ (as defined in the Housing Benefit and Universal Credit Regulations 2014) from the change in the rent formula. The need for this to happen is hard to overstate—supported housing is a cost-effective alternative to more institutionalised forms of provision for vulnerable people (such as hospitals, care homes and prisons) that are more expensive to the public purse.

There is an alternative proposal to exempt ‘specialised’ supported accommodation (as defined elsewhere) from the changes. We stress to the Committee’s members that this narrower definition is confused, difficult to interpret and inadequate in scope.
Welfare Reform and Work Bill: Written evidence 251

WHY IS ‘SPECIALISED SUPPORTED ACCOMMODATION’ INADEQUATE TO DEFINE THE EXEMPTION?

There is no particular relationship between the small group of supported housing schemes that might be covered by the ‘specialised’ definition and any government policy direction; nor are these schemes more vulnerable than the others. It is most if not all of the sector that is at risk. The exemption of ‘specified’ accommodation is a solution but the use of the ‘specialised’ definition is not.

LONG AND SHORT-TERM SOLUTIONS

What is ultimately needed is a new model for the commissioning and funding of supported housing. This will take time to develop and implement, but we understand that consultants have been engaged by DWP and DCLG to begin scoping the task. In the meantime the services that we and similar specialists deliver across the country are in desperate need of some stability. Amendment 109 will afford this and we ask the members of the Public Bill Committee to support it.

October 2015

ABOUT SOVEREIGN

1. Sovereign Housing Association owns and manages 37,825 homes for more than 88,000 residents in the south and south west of England.

2. The majority of our stock (71%) is social rent; 9% is housing for older people, 3% is Affordable Rent and 3% is private rent. The balance comprises more than 4,000 shared ownership homes.

3. Since 2011 we have developed 3,500 new homes across all tenures—more than 2,100 of which were built without funding from the government’s affordable homes programmes. We were the ninth largest developing HA in 2014/15.

4. We hold the top ratings from the Homes and Communities Agency for viability and governance, as well as having some of the highest ratings in the sector from Moody’s (A1) and Standard & Poor’s (AA).

5. This year we embarked on a sector-leading strategy, re-asserting our purpose to provide truly affordable housing and support residents’ aspirations. We aim to build around 1,000 homes a year, across a range of tenures, but to achieve this without converting vacant social rent homes to the more expensive tenures. This investment is enabled by our cash surpluses together with private funding (borrowings currently total £1.1bn).

6. Last year we invested £3.1m in resident and community initiatives. One initiative, our self-funded employment and training service, supported 113 residents into sustainable employment and helped a further 413 through work related activities.

OUR RESPONSE

7. We welcome the opportunity to respond to the Public Bill Committee’s request for comment and suggested amendments to the Welfare Reform and Work Bill. This response is specifically focused on the reduction in social housing rents and the benefit cap threshold.

8. We assert that the reduction in social housing rents will reduce our capacity to contribute to the government’s priority of delivering the new homes that are so badly needed.

9. At the same time, we recommend that the overall household benefit cap for the south east should be set in line with the proposed level for London, reflecting the similarity in social housing costs.

RENT REDUCTION

10. The reduction in social housing rents, proposed in the Bill, will substantially reduce our income, reduce the value of our assets and limit our borrowing and development capacity. Although we remain fully committed to developing new homes, the rent reduction will undoubtedly reduce our ability to do so.

11. We would like to support the comments and suggested amendments made by the National Housing Federation (NHF) with regard to the reduction in social rents.

12. The NHF highlights that the sudden reversal of the government’s ten-year commitment to rent setting has damaged both the sector’s and lender’s confidence in government’s support for the sector and will impact our ability to deliver much needed new homes.

13. Due to the reduction in social housing rents, and other policy changes announced in the summer Budget, our development strategy is currently under review while we model the combined impact on our business plan. We are planning substantial reductions in operating costs, including cuts to the added-value services developed with our local authority partners. Despite these cost savings, we will see a reduction in our ability to provide new homes, and our core programme is likely to reduce by 600 units over the next four years.
14. In practical terms we are concerned that the Bill may not receive Royal Assent in the appropriate time to provide the required notice of rent levels to our residents. Providing us with more autonomy over the phasing of the reductions would allow us to manage this risk more effectively.

15. At Sovereign we have a number of households whose rent remains significantly below target rent levels, and we support the suggested amendment that housing associations should be permitted to continue to up-rate these rents to target levels.

Reduction of the Benefit Cap Threshold

16. Our major concern is the reduction to the overall household benefit cap introduced in the Bill. We believe that this will mean considerable hardship for many of our residents, but we recognise that this was a Manifesto pledge that the government is duty bound to implement.

17. However we would challenge the subsequent decision to reduce the benefit cap from £26k to £20k outside London, and £23k in London. While the previous household benefit cap level was linked to median incomes, it is not clear how the £23k and £20k figures have been decided; what analysis they are based on; or what the potential levels could be in the future.

18. The impact that this change in legislation will have on Sovereign’s residents is of real concern, with the number affected likely to rise to approximately 2,426 households, containing 6,301 children. Our 2 parent, 2 children families affected by the £20k cap will lose an average of £60 per week of their welfare benefits.

19. We are very concerned about the disproportionate impact the £20k cap level has in the south east of England, which is the highest cost area outside the capital. Recent research commissioned from the London School of Economics, on behalf of a number of housing associations operating in the south east, found that households in the region were worse off under the £20k cap compared to households in London under the £23k cap.

20. Their analysis based on the average rents in London and the south east, showed that a household paying a social rent in the south east will be more than £40.89 a week worse off than the same size household in London.

21. This disparity is due to the fact that the £23k cap applying in London is £53.38 per week higher than the £20k cap in the south east. However, the average three-bed social housing rent in London is only £12.49 per week more than the same sized property in the south east. This means that the family in the south east would be disadvantaged at the rate of £40.89 per week.

22. As this analysis is based on an average rent figure in the south east the disparity is likely to be greater in in the most expensive areas in the region such as Oxfordshire and Surrey.

23. As currently proposed, the benefit cap does not sufficiently account for the similarity in housing costs in London and the south east. We therefore suggest that the benefit cap in the south east should be set in-line with London, at £23k.

October 2015

Written evidence submitted by Camden Council (WRW 79)

1. Summary

1.1 There is unprecedented demand for housing in Camden which makes it a very expensive borough to live in for both working and workless households. It is already challenging for the Council to secure affordable housing for homeless households and this will be exacerbated by a number of aspects of the bill. We are concerned that households on benefits will face unprecedented hardship in Camden despite efforts to seek employment. In particular:

1.2 Clause 7 and 8: severing the link between median earnings and lowering of the benefit cap will result in large parts of London becoming unaffordable to those with two or more children.

1.3 Clause 9 and 10: the proposed freeze on working age benefits will negatively impact on the poorest households in the borough, making them even poorer.

1.4 Clause 12: Changes in tax credits limiting entitlement to two children will lead to hardship for working parents.

1.5 Clause 19: provides the mechanism for limiting increases to social housing rents announced in the budget which will set back much needed improvements to council homes and will inhibit the ability for local Registered Social Landlords to secure financing for development of new homes in the borough.

2. Context

2.1 The London Borough of Camden includes some of the wealthiest and the most deprived neighbourhoods in London. Housing costs are extremely high and it has one of London’s largest social housing stocks with a third of the population living in social rented accommodation. 32% of dwellings in Camden are private rent, significantly higher than for all of London.
2.2 The cost of housing in Camden is amongst the highest for all local authority areas in the country. In June 2014, the average (mean) house price in Camden was £659,310 – 4.4 times the average price for England & Wales and 1.7 times the average price for London.

2.3 Those in the private rented sector in Camden also face some of the highest rents in the country, ranking in the top 5, after Kensington & Chelsea, Westminster and the City. For a two bed flat in Camden renters currently pay an average (mean) £1,933 a month – 1.3 times the average rate for London and 3 times the national average.\(^{425}\)

2.4 A quarter of all households in the borough claim Housing Benefit. 19, 667 are of working age (12,600 households claim working and/or child tax credits in Camden (DWP, 2013).

2.5 We appreciate the Government’s intention to reduce the overall benefit bill but we are concerned that in the long run the measures will put more households at risk of homelessness in Camden.

3. CLAUSES 7 AND 8

3.1 Camden is an inner London borough where there is huge demand for accommodation and the average rent for a two bedroomed flat is £460pw whereas the Local Housing Allowance (LHA) is £302pw.

3.2 Bucking the trend of increasing homelessness in London, Camden has managed to sustain low levels of statutory homelessness applications with a strategy of preventing homelessness through placements of households in the private rented sector.

3.3 With the LHA caps and the existing benefit cap the procurement of private rented accommodation has become increasingly difficult. The lowering of the total benefit cap will further negatively impact our ability to procure accommodation for homeless households. Already 64% of homeless placements since January 2013 are outside of Camden but within London. Breaking the link with average earnings and reducing the cap will make it almost impossible to place families in London and it will become even harder to place small families in less expensive areas. Currently 49% of capped households in Camden are single parents.

3.4 We are concerned that where we have discharged our homelessness duty in the private sector we may see a return of these applicants seeking assistance from Camden. We will have no alternative but to place them in temporary accommodation at greater cost to the Council. Finding ‘suitable’ affordable accommodation for discharge of duty that is not subject to challenge will become more difficult. Larger families with three or more children will find even social housing rents for four bedroomed accommodation becoming unaffordable. We anticipate that any family on benefits with more than 2 children is going to find it difficult to afford living in Camden.

3.5 The reduction in the single person cap will make it difficult to find a shared room in the private rented sector in Camden that is affordable.

3.6 We welcome the increase in Discretionary Housing Payments (DHP) to assist with this situation, but the resources are finite and we expect an increase in demand for DHP with a lowering of the cap.

4. CLAUSES 9 AND 10

4.1 The intention of the LHA reforms in the last parliament was to exert downward pressure on rents. However in Camden we have seen private rents increase and median monthly rents have seen greater increases than smaller properties – a 3 bedroomed property rent has increased by 16% over the period September 2012 to March 2015 (Valuation Office Agency 2011-15).

4.2 Because rents are exceptionally high in Camden, households on benefits (40% of working age claimants are working) already struggle to secure accommodation that falls below the LHA. Since 2011 we have seen a decline of LHA claimants in Camden, the greatest decline in the private sector where rents are above the LHA cap. The freezing of certain working age benefits, including LHA, will increase the difference between LHA rates and actual rents which will make many areas of Camden unavailable for both working and workless families.

5. CLAUSE 12

5.1 The impact of the freezing of working age benefits will be compounded by the limitation of tax credits to the first two children as well as the reduction in the threshold and steeper tapers brought in as a result of the 2015 Budget. The loss in household income will not be offset by the new ‘National Living Wage’ according to the recent analysis by the Institute for Fiscal Studies. Together these measures will have the greatest detrimental impact on households with the lowest incomes in the borough and we anticipate that the pressure on support and welfare services will increase.

6. CLAUSE 19

6.1 We appreciate the Government’s intention to reduce housing benefit expenditure but reducing social rents could have a significant impact on the standard of accommodation that we are able to offer to some of the most vulnerable and disadvantaged members of society. The self financing agreements signed with councils just three years ago held the prospect of moving away forever from the problems associated with historic neglect of estate infrastructure. Camden’s initial estimates suggest that £69 million HRA funding will potentially be

\(^{425}\) Valuation Office Agency, May 2014.
lost compared with the assumption in our existing Business Plan which will mean a set back to expenditure on major works and planned maintenance, all of which intended to make much needed improvements to our housing estates. Our local registered landlords have expressed concerns that the reduction in rental income is going to affect their ability to raise financing for the development of new homes in the borough.

7. Conclusion

7.1 Camden is supportive of the principle of encouraging people back into work and works closely with the local JCP to support and assist residents to become work ready and move into employment. However we are concerned that the freezing of certain working age benefits will see the lowest income households will get poorer and together with the lowering of the total benefit cap will only see households on benefits forced to move from Camden and London and greater levels of homelessness.

October 2015

Written evidence submitted by Your Housing Group,
Devonshires Business Advisory Services (DBAS) (WRW 80)

Your Housing Group

1. Your Housing Group (YHG) is a Registered Provider of social housing and supported housing based at Warrington. Your Housing Group was formed on 2nd April 2012 following the merger of Harvest Housing Group and Arena Housing Group.

2. This merger has created a new Group with a combined stock of around 34,000 properties across the North-West, Yorkshire and the Midlands and has a projected annual turnover of approximately £150 million per year.

3. YHG through its subsidiaries is a sub-contractor and investor in five Housing PFI schemes, of which three are HRA schemes and two are non-HRA schemes. The proposed rental reduction has the potential to impact on the viability of all the Housing PFI schemes in terms of the contractual obligations for payments under the long-term agreements for the funding of the projects over 25 years.

The proposed exemption for PFI’s from the social housing rent reduction within the Draft Bill

4. This submission is to address the issue in relation to rental income on the PFI schemes for extra care housing through Non-HRA PFI, relating to clauses 19 to 22 of the draft Bill.

5. We note from all previous documentation on rent policy, and within the draft Bill, there may be exemptions for arrangements that have existing funding arrangements that cannot be changed such as PFI. We would propose that there is a specific exemption in relation to social housing provided within non-HRA Housing PFI schemes.

6. A DWP Brief on 28th September 2015 supports the possibility of this exemption:

“Exceptions and exemptions to the policy change

There will be a number of exceptions from the rent reduction requirements including low cost home ownership and shared ownership, and where there is a mortgagee in possession or the successors in title. This mirrors the current policy and is designed to prevent adverse impact on the valuation of existing social housing stock for security purposes.

Further exceptions will be set out in regulations. This may include the types of accommodation and tenants that are currently exempted from the Rent Standard will continue to be exempted—these include specialist supported housing, temporary social housing, PFI accommodation, student accommodation, Intermediate Rent accommodation, care homes and nursing homes.

The Regulator of Social Housing will have the power to grant a full or partial exemption to a private registered provider, where it considers that complying would jeopardise the financial viability of that provider and with agreement from DCLG Secretary of State. Statutory guidance will set out the circumstances in which a waiver will be considered.”

The reason for the proposed exemption

7. The funding obligations within the contractual arrangements of the non-HRA PFI support an exemption. In the context of non-HRA housing PFI schemes the rent collected is a ‘third party’ income to the financial model collected and retained by the Registered Provider (RP) under a sub-contract to the Special Purpose Vehicle (SPV) that contracts with the Council. The Registered Provider makes a fixed payment up to the SPV on a monthly basis in consideration of the assets—the Construction Services Agreement (CSA) Payment. This payment is the agreed structure for all non-HRA PFI’s and is tax efficient. The starting CSA Payment is set during development of the model as ratio to starting rent, but from thereon in is a fixed payment made from the RP to the SPV regardless of the level of rent collected and is indexed at CPI + 1% for the Contract Period.
8. During negotiations on the PFIs, the rental policy change was traditionally a Council retained risk. However, there was a push from the HCA PFI team for the later Housing PFI schemes for the Contractor to take the specific change in law risks in relation to rent policy change. In either case without an exemption additional funds would be need for the shortfall from the RP or the Council to keep the funding solution and the SPV whole. The private sector SPV and its investors’ returns would not be impacted by any reduction in rental income at the RP level.

9. YHG had undertaken sensitivities in relation to taking the rent risk, and undertook rigorous testing of scenarios. However, the decision and sensitivities were based on the government’s agreement for the 10 years of CPI +1% to be applied to social housing that at the time was intended to give stability to the sector. It is therefore reasonable that YHG could not have foreseen within that sensitivity testing the potential within that period for a rent reduction for the first four years that would impact upon the entire income stream for the full 25 year contract period.

10. Should the rent reduction of 1% per annum be applied to the extra care housing within the two non-HRA PFI schemes within YHG, the RP would be facing a potential of up to £20m shortfall between the rental income received and the payments due to be made to the SPV through the Construction Services Agreement Payment over the life of the two contracts. This would materially exceed any prudent risk allowed for within the sub-contract arrangements, and therefore would put the RP in a difficult position funding the PFI from Social Housing income as regards the Regulatory Framework. It places the RP in an invidious position of either breaching it contractual commitment under the PFI or breaching certain provisions of the Regulatory Framework that applies to RPs.

11. Further, part of the project is funded by a bullet payment identified as a Residual Value only repaid at the end of the Contract Period. This made the project more affordable for the Council procurers. However, there is a risk that there may be consequences on the valuations required each year by the funders in relation to the PFI assets cover ratio for the residual value sum as this is a value based on an EU-VSH calculation. EU-VSH is impacted by future rental cashflows. As such the RP is at risk of the potential need to pledge non-PFI properties as security as a result of this rent policy reduction applying. In turn, this would also put the RP in a difficult position regarding the Regulatory Framework as is directly contrary to the objectives of the Regulatory Framework to protect social housing assets.

12. In the context of the briefing note from DWP it notes the need to consider an exemption where there is a mortgagee in possession. Whilst the mortgagee is not in possession, there are mortgagee in possession clauses as a standard requirement by the funders within the funding agreements on all the non-HRA PFI’s. Therefore this should be noted in relation to the need for an exemption for all non-HRA Housing PFI accommodation.

SUMMARY

13. Historically there have been exemptions for PFI schemes in relation to rental policy application, as well as for supported housing schemes for the elderly. We believe that a specific exemption under the Bill should be provided for non-HRA housing PFI schemes on the grounds of the existence of a Mortgagee in possession clause for the funding agreements and the contractual funding obligations that make the rent reduction application not financially nor regulatory viable.

October 2015

Written evidence submitted by Citizens Advice Scotland (WRW 81)

1. Citizens Advice Scotland (CAS), our 61 member Citizen Advice Bureaux (CAB), the Citizen Advice consumer helpline, and the Extra Help Unit, form Scotland’s largest independent advice network. Advice provided by our service is free, independent, confidential, impartial and available to everyone. Our self-help website Adviceguide provides information on rights and helps people solve their problems.

2. In 2014-15 the Citizens Advice Service network helped over 323,000 clients in Scotland alone and dealt with over one million advice issues. With support from the network clients had financial gains of over £124 million and the Scottish zone of our self-help website Adviceguide received approximately 5.4 million unique page views.

SUMMARY

3. Citizens Advice Scotland recommends that the Bill is amended to remove Sections 7 to 15 (Welfare benefits) and Sections 16 to 18 (Loans for mortgage interest). We are extremely concerned that the proposals would have a detrimental impact on CAB clients who have already been negatively affected by changes to the social security system in the last Parliament. These negative consequences include a rise in rent arrears; pressure on homeless services; and an increase in the number of people who are unable to make ends meet, who accrue priority debt or who require a referral to a food bank.
Benefit Cap (Sections 7 and 8)

4. The Bill proposes lowering the existing household Benefit Cap from £26,000 to £20,000 per year for families, and £18,200 to £13,400 for single people.

5. According to the latest figures from May 2015, only 769 households in Scotland were subject to the Benefit Cap and who had their Housing Benefit reduced by the equivalent amount—in Scotland up to £250 per week.426

6. However, given the large reduction of the Cap, we can expect this number to increase significantly, and CAS would expect an increase in advice given in this area, because of the reduction in support from the social security system. The precise numbers who will be affected at the moment in Scotland are uncertain, but we can say for certain that unless their circumstances change, 769 households in Scotland will be worse off by £6,000 per year—a significant reduction.

7. Beyond that, the only estimates the Department for Work and Pensions (DWP) have produced estimate that 92,000 households in Great Britain will be affected by the reduced Benefit Cap.427 Given that around 9.6% of Housing Benefit claims are made in Scotland,428 and that part of the rationale for a higher Cap in London is to ‘even out’ the effects of the Benefit Cap, that would equate to roughly 8,500 to 9,000 households affected by the reduction.

8. The groups most likely to be affected at the moment are larger families and lone parents, as well as the children who live in the households. At the moment 60% of capped households had between one and four children and 35% had five or more children. 64% of capped households constituted a lone parent with children.429 This is mainly a combination need for large houses with high rents, as well as claiming children’s benefits which are not exempted from the cap.

9. From the Government’s Impact Assessment, it is forecast that 64% of those affected by the lowering of the Cap will be single women, compared with 18% being single men, and the majority will be aged 25–44. However, it does not give a regional breakdown, nor full details of the groups of claimants that will be most affected. This makes it very difficult for local authorities and voluntary organisations to prepare to support individuals and families affected, and makes the Government’s ambition of provoking behavioural change difficult, as most claimants will currently be unaware they will be affected and cannot plan accordingly.

10. From evaluation of the Benefit Cap’s effects to date,430 very few people moved to cheaper accommodation to avoid it. With some of the larger families affected, their options can often be somewhat limited in that regard. Neither was there a great deal of evidence that it caused a significant number of people to move into work. For lone parents with large families, their options can also be limited.

11. Most often, people hit by the Benefit Cap just absorbed the loss, so we may see more of that if this section of the Bill. We can expect to see further pressures on Discretionary Housing Payments, and large families, lone parents and children being entitled to less support, although with the scale of the reduction, it is possible that other groups will be drawn in. Given that Housing Benefit is reduced, CAS is concerned that we may see a rise in rent arrears and pressures on homeless services as a result.

12. CAS recommends that the Bill is amended to remove Sections 7 and 8.

Freeze of Certain Benefits And Tax Credits for Four Tax Years (Sections 9 and 10)

13. The Bill proposes a freeze in the value of working-age benefits and tax credits for four years. This follows on from previous changes to the way benefits are uprated, including a switch from being uprated by inflation as measured by the Retail Prices Index to the Consumer Prices Index, then being capped at a 1% uprating, lower than inflation, since 2013.

14. The effects of previous changes have been subtle, but can have a significant impact on the ability of benefits to provide for basic essentials for claimants. Sheffield Hallam University calculates that the estimated loss of the 1% uprating policy to the Scottish economy was £230 million per year or £65 for every working age adult in Scotland.431

15. If these Sections remain in the Bill, we can expect the impact to be even more severe over the next four years, particularly if there is any significant rise in inflation before 2020, which could lead to a rapid increase in benefit claimants being unable to afford to pay for essentials. CAS is concerned that this may increase the number of CAB clients who are unable to make ends meet, who accrue priority debt or require a referral to a food bank.

16. CAS recommends that the Bill is amended to remove Sections 9 and 10.

17. The Bill proposes a number of changes to tax credits, which will reduce the support available to low-earning in-work families. They will limit tax credit support to the first two children only; and remove the family element from tax credits, currently worth £545 per year from April 2017. This is in addition to regulations already passed by Parliament\textsuperscript{432} which will reduce the income threshold for tax credits; and increase the rate at which tax credits are withdrawn (the ‘taper rate’) from April 2016.

18. The sum total of this would be a substantial cut to the income of low-earning families, which make up a significant share of Scotland’s population. As at April 2015 there were 349,900 households in Scotland in receipt of tax credits, around 14% of all households in Scotland.\textsuperscript{433}

19. Whilst estimates from a range of sources vary, they all concur that the scale of the cut on families that receive tax credit support will be substantial. The House of Commons Library briefing on the changes calculates an average loss across all in-work families in the region of £1,300 in 2016-17, although this will be higher for a number of families.\textsuperscript{434}

20. The Scottish Parliament Information Centre calculates that 197,200 families in Scotland will be affected by the changes, with UNISON producing a similar estimate which also forecasts the losses as being up to £3,000 per year.\textsuperscript{435}

21. According to calculations by the GMB union, 80% of in-work families in receipt of tax credits face a minimum cut of £23.72 per week, a substantial amount when the average tax credit recipient in Scotland receives £113.46 per week.\textsuperscript{436}

22. The summer Budget also brought increases to the personal tax allowance and introduction of a new higher National Minimum Wage rate, but according to analysis from the Institute of Fiscal Studies this would only make up for 26% of the tax credit losses on average, a net loss of around £550 per year.\textsuperscript{437} The Joseph Rowntree Foundation calculates that a range of in-work household types would fall short of the minimum income standard in 2020, despite rises in the National Minimum Wage.\textsuperscript{438}

23. The Resolution Foundation estimates the cumulative effect of the changes announced in the summer Budget will result in an extra 200,000 children across the UK being dropped into poverty in 2016, the majority from in-work households.\textsuperscript{439}

24. In April 2012, the eligibility rules for Working Tax Credit and Child Tax Credit changed, negatively impacting on tens of thousands of Scottish families.\textsuperscript{440} By April 2014, the number of in work families in Scotland receiving in work tax credit support had reduced by 97,300 compared to two years previously (a reduction of 27% in the number of families).\textsuperscript{441} As a result of these changes, and others to come, the contribution of state support to family incomes has declined and will decline further. Citizens advice bureaux have advised clients who have lost their entitlement to tax credits and subsequently fallen into financial difficulties.

— An East of Scotland CAB reports of a client who wanted to know how to access a food bank as she and her partner simply could not make ends meet, The client had fallen into financial difficulties following the change in the rules for Working Tax Credit. The bureau referred the client to a local church for a food parcel. The client is going to try to increase her employment hours in order to receive tax credits again.

\textsuperscript{432} Tax Credits (Income Thresholds and Determination of Rates) (Amendment) Regulations 2015
\textsuperscript{434} Tax Credit changes from April 2016—House of Commons Library, September 2015 http://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7300
\textsuperscript{435} Government’s tax credit snatch and grab will hit more than 2.7m working households across the UK—UNISON, October 2015 https://www.unison.org.uk/news/press-release/2015/10/governments-tax-credit-snatch-and-grab-will-hit-more-than-2-7m-working-households-across-the-uk/
\textsuperscript{436} GMB Congress call on Government to rule out cuts to £113.46 average weekly tax credits for 250,300 in-work families in Scotland—GMB union, June 2015 http://www.gmb.org.uk/assets/media/documents/pressreleases/workingfamilytaxcongress2015/SCOWFTTC.pdf
\textsuperscript{437} An assessment of the potential compensation provided by the new ‘National Living Wage’ for the personal tax and benefit measures announced for implementation in the current parliament—Institute for Fiscal Studies, September 2015 http://www.ifs.org.uk/publications/7975
\textsuperscript{440} Up to that date, families were eligible for Child Tax Credits if their income was below £41,300. This changed to £32,000 for families with two children and £26,000 for lone parents. Families were also able to claim Working Tax Credit if they were responsible for at least one child and worked at least 16 hours per week, but this was increased to 24 hours per week (with one parent having to work at least 16 hours).
25. Citizens Advice Scotland have been increasingly concerned by the high level of in-work poverty in Scotland, and the increasing number of CAB clients who are struggling to pay for essentials despite being in work. Common problems have included low pay, childcare costs and availability as well as lack of support from the in-work benefits system.

26. CAS is concerned that these changes risk undermining one of the positive features of the introduction of Universal Credit and the Government’s ambitions to ‘make work pay’. Most importantly, we are concerned that the worrying rise in CAB clients who are in work but struggling to pay for essentials will increase.

27. CAS recommends that the Bill is amended to remove Sections 11 and 12.

**Universal Credit: Work-related Requirements (Sections 13 and 14)**

28. The Bill proposes to reduce the value of the Work Related Activity Group (WRAG) component of Employment and Support Allowance (ESA) to the same rate as Jobseeker’s Allowance (JSA). Currently work-related activity ESA is £29.05 per week higher per week than JSA. as unlike JSA claimants they are not expected to be ready to start a job and are more likely to be long-term unemployed. However, CAS has also been concerned about cases related to the Work Related Activity Group (WRAG) for some time where CAB clients have been inappropriately placed in the WRAG, as it is clear they are not capable of carrying out work-related activity, such as attending training programmes or CV workshops.

29. ESA claimants—those that undergo a Work Capability Assessment and are found unfit for work—are placed into one of two groups: the ‘Support Group’ for people who are not currently capable of any sort of work-related activity, and the WRAG for people who are not currently able to work but are deemed to be capable of work-related activity, such as attending training programmes or CV workshops.

30. CAS is concerned about the proposals in the Bill for a number of reasons. Firstly, people in the WRAG are suffering from ill-health or disability. They have greater needs and may incur additional costs as a result, as unlike JSA claimants they are not expected to be ready to start a job and are more likely to be long-term unemployed. However, CAS has also been concerned about cases related to the Work Related Activity Group (WRAG) for some time where CAB clients have been inappropriately placed in the WRAG, as it is clear they are not capable of carrying out work-related activity and should really be in the Support Group.

31. These claimants, who can be extremely vulnerable, are often sanctioned and lose part of their entitlement for long periods of time, which has a damaging effect in itself. However, this change would mean that if they are unable to complete the mandatory work-related activity and are sanctioned they lose all of their income rather than just a portion. Citizens Advice Scotland is already concerned about the cases where loss of income from benefit claimants has made their health deteriorate and we are concerned that this move will worsen that.

32. CAS recommends that the Bill is amended to remove Sections 13 and 14.
34. This however assumes that childcare is both available when parents need it, and is affordable. CAS has previously reported of CAB clients who have had to give up work because of a lack of suitable childcare that they can afford.445 The costs of childcare in Scotland can vary considerably between local authorities with part-time nursery care in the most expensive local authority being £3,341 per year more than in the neighbouring local authority.446 In many places, particularly rural areas, there is no suitable childcare available.

— A West of Scotland CAB reports of a client who is a single parent with a two year old child. She is keen to return to work and has been offered a job. Whilst her childcare costs would partially be met by tax credits, she would be unable to take on the job as there are no childcare facilities in the local area, she is unable to drive and there is a lack of regular public transport.

35. CAS is concerned that without significant improvements parents will be unable to take up job offers due to a lack of available or affordable childcare and would be at risk of a benefit sanction. This is particularly the case for lone parents.

36. CAS recommends that the Bill is amended to remove Section 15.

Loans for Mortgage Interest (Sections 16 to 18)

37. The Bill proposes changing the current Support for Mortgage Interest (SMI) scheme into a loan rather than a payment from April 2018.

38. At present, citizens advice bureaux in Scotland do not see a great deal of cases relating to the SMI scheme, but CAS would be concerned that this would increasingly become a problem if the system were changed, as people who are already in mortgage arrears would accrue even more debt. This would lead to the risk of repossessions and serious multiple debt being increased, and would restrict the support available to prevent homelessness.

39. CAS recommends that the Bill is amended to remove Sections 16 to 18.

Written evidence submitted by Liverpool City Council (WRW 82)

1. About Liverpool City Council

1.1 Liverpool City Council is the fourth most deprived local authority area in England according to the latest available data from the Office of National Statistics (ONS). Prior to this the City was rated the most deprived local authority in 2010, 2007 and 2004.

1.2 16.9% of Liverpool’s population is workless and child poverty levels in the city are the 4th highest amongst core cities in England, and significantly above the national rate. 32.5% of Liverpool children are officially classed as living in poverty, increasing to 58.6% within the Liverpool Princes Park ward. Around 76,200 Liverpool households receive either Housing Benefit (HB) or Council Tax Support (CTS).

1.3 Liverpool’s Benefits Service is the second largest benefits service in England and is one of the first points of call for residents impacted by the welfare reform changes.

1.4 Austerity measures and reductions in Government funding of around 58% in real terms since 2010/11 have had a major impact on the City and its residents.

2. Executive Summary

2.1 Liverpool City Council would like to thank the House of Commons Public Bill Committee for the opportunity to provide feedback on the Welfare Reform and Work Bill.

2.2 The main purpose of this report is to provide Liverpool’s perspective on the significant changes to benefits and tax credits contained in the Bill. It highlights the potential impact on Liverpool citizens and services provided by the City Council.

2.3 The report also includes changes announced in the Government’s Summer Budget that are not contained in the Bill. These include removal of housing costs support for 18 to 21 year olds and tax credit changes coming into force in 2016.

2.4 The executive summary is based on the findings detailed in this report and focuses on the following changes:

— Definition of child poverty.
— Social Mobility and Child Poverty Commission.
— Changes to the Benefit Cap.

2.5 Set out below is a summary of Liverpool City Council’s findings in respect of the Welfare Reform and Work Bill.

**Definition of Child Poverty**

2.6 The Bill proposes to redefine child poverty and abolish the existing four indicators based on family income and reframe child poverty in relation to behaviour, (such as unemployment, addiction and family breakdown). There is a concern that the new definition fails to capture the true extent of child poverty.

2.7 The new definition also does not seem to take into account the impact of housing costs on low income families.

2.8 The focus of the new definition would seem to exclude working families and will downplay the recent growth of working poverty at a time when changes to Housing Benefit and Tax Credits will penalise many working households and reduce their income and bring many families into working poverty. This is of particular concern to a Council with such a high child poverty rate of 32.5%.

2.9 The ‘Getting By’ report (2015) identifies the impact of in-work poverty in Liverpool.

2.10 In addition to this the Bill proposes to remove most duties and provisions set out in the Child Poverty Act 2010 in particular four targets for child poverty which were to be met by 2020-21.

2.11 The removal of these duties to eradicate child poverty and the associated material targets will clearly make measurement of progress more difficult.

2.12 It is important that we have a true picture of the extent of poverty in the UK and a clear focus on the structural and financial causes of poverty, as well as supporting families and addressing barriers to work.

2.13 The Bill also introduces a new duty for the Secretary of State to report annually on “life chances”: children living in workless households and educational attainment at age 16. It would useful if this was linked to specific outcomes for children and young people and reported upon annually.

**Social Mobility and Child Poverty Commission**

2.14 The name and remit of the Social Mobility and Child Poverty Commission is changed so that it becomes the Social Mobility Commission. There is concern that this indicates a change of thinking and that the impetus of the Commission changes from addressing poverty and inequality to one of promoting social mobility.

**Changes to the Benefit Cap**

2.15 The Bill will reduce the ‘benefit cap’ from £26,000 to £20,000 for those families living outside London and removes the requirement for the level of the cap to be set by reference to estimated average earnings.

2.16 It is estimated that this proposed change will increase the number of claimants affected in Liverpool six fold. The household makeup affected will also change from predominantly large households with four or more children (86% of current cases) to smaller households. Under the proposed changes the largest group affected will be households with three children at 68% of cases affected.

2.17 There is concern that changes to the cap will lead to increased rent arrears and potential homelessness. As a Council we have a statutory duty to support any customers who are evicted as a result of rent arrears arising from the Benefit Cap.

2.18 To help the Council plan for these changes we require details of the exact implementation date of the reduced benefit cap and data on the families affected and confirmation of funding for Discretionary Housing Payments in 2016/2017.

2.19 The budget pressures faced by the Council mean that its ability to continue to ‘top up’ DHP to protect vulnerable households from national welfare reforms will become more limited. The Council would suggest that additional grounds of vulnerability could be developed to exempt households from the benefit cap and the ‘under-occupation penalty’. For example households requiring adaptations or with specific employment, educational or health needs associated with their current home.

**Removal of Housing Support from under 21’s**

2.20 In the Summer Budget the Government has stated that housing costs in Universal Credit will not be automatically met for people aged under age 21 from 2017. This change is not mentioned in the Bill.
2.21 Living at home for many vulnerable young people is simply not an option and it is important that these young people are protected by society to remove the risk of homelessness.

2.22 The definition of ‘vulnerable’ has not yet been confirmed by Government but it may include people with disabilities, care leavers and others. It is important that the definition of vulnerable captures all the reasons why young people may need support with their housing costs.

2.23 Although not included in the Bill there is an opportunity here for the committee to discuss the definition of vulnerability and insert reference to them in the Bill.

Reductions in Tax Credits

2.24 The Bill limits the amount of support provided by Child Tax Credits (CTC) to a maximum of two children from 6 April 2017 and households starting a family after April 2017 their tax credit entitlement will no longer increase to include the Family Element.

2.25 In addition to the changes mentioned above additional changes to Tax Credits are coming into force in April 2016. This include a reduction in earnings disregards for customers in receipt of Working Tax Credits and an increase in the tapers applied to Working Tax Credits which will increase the rate at which benefit is withdrawn. These changes will have an adverse effect on the working poor.

2.26 These changes go hand in hand with the changes contained in the Bill and it is only looking at the two together can the full ramifications of the changes coming into force on working age households be identified. The committee provides an opportunity to debate both set of changes and insert reference to them in the Bill.

Other reductions in Housing Benefit

2.27 Although not referenced in the Bill it is important to note that Housing Benefit (HB) claimants face additional changes. These include the removal of the family premium for new claims from April 2016 and the removal of allowances for any more than two children for new claims from April 2017.

2.28 Backdating of Housing Benefit claims will be restricted to a maximum of four weeks from April 2016. The current maximum period for backdating is six months for working age customers and three months for customers of pensionable age.

Four year freeze of working age benefits including Tax Credits

2.29 The Government has decided that a four-year freeze will be applied to working age benefits including Income Support, Child Benefit, Job Seekers Allowance, Tax Credits, Housing Benefit (including Local Housing Allowance (LHA) rates for private tenants) and the main components of Employment Support Allowance. Pensions, disability and carers benefits are not affected by the freeze. Disability related elements of frozen benefits will be uprated.

2.30 This change will affect all working age benefit and tax credit claimants in the city, including around 48,500 households currently claiming HB/CTS. It is likely to represent a significant real terms cut. The government estimates that the saving will equate to £4BN per annum by 2020/2021.

2.31 There is a potential that these change could create hardship and poverty for the claimants affected. Freezing LHA rates could place households at risk of rent arrears and homelessness.

Expanded Discretionary Housing Payment fund

2.32 In the Summer Budget the Government indicated that it will continue to provide additional funds for Discretionary Housing Payments (DHP). Nationally £800M per annum has been set aside for the next 5 years, averaging £160M per year. This represents an increase in DHP funds from the current national funding of £125M for 2015/2016.

2.33 In Liverpool 92% of existing DHP is already being used to address previous welfare reforms—in the main the ‘under-occupation penalty’.

2.34 The extra funding represents a very small fraction of the new losses that will be incurred as a result of the various changes; for example, additional benefit reductions consequential from the benefit cap alone are estimated by DWP at £1.67BN nationally over the same period.

2.35 The Council is waiting to hear about its funding for 2016/17.

3. Liverpool’s Perspective

3.1 A main aim of Liverpool City Council is to provide support and assistance to those residents facing hardship and poverty. As mentioned at the start of the report 16.9% of Liverpool’s population is workless and child poverty levels in the city are the 4th highest amongst core cities in England, and significantly above the national rate. 32.5% of Liverpool children are officially classed as living in poverty, increasing to 58.6% within the Liverpool Princes Park ward.
3.2 Tackling poverty is a key aim of Liverpool’s elected mayor, through his Fairness Commission he has set up an action group whose focus is to identify and provide support and assistance to those facing hardship. A ‘poverty tracker’ report is reviewed on a quarterly basis to help the council develop its family and child poverty strategy. Its data provides an in-depth analysis of the factors and trends that directly indicate poverty within the city, including food bank use, impact of welfare reform changes, debt and homelessness.

3.3 A recent ‘poverty tracker’ report highlighted that over a three month period a total of 4,636 people were fed by the Trussell Trust foodbanks in Liverpool, 1,669 (36%) of these were children.

3.4 The Council’s Liverpool Citizens Support Scheme (LCSS) provides help to vulnerable people in short term crisis to meet the needs for food and essential items or to maintain their independence in the community. Over the last six months the scheme provided support to a total of 2,663 LCSS applications (29.52%) were received from households with children with a total of 5,040 children affected.

**Definition of Child Poverty**

3.5 The Bill proposes to redefine child poverty and abolish the existing four indicators based on family income, although one of the targets also looks at children experiencing material deprivation and reframe child poverty in relation to behaviour, (such as unemployment, addiction and family breakdown). The Council has concerns that this new definition fails to capture the true extent of child poverty.

3.6 The new definition also does not seem to take into account the impact of housing costs on low income families.

3.7 The focus of the new definition would seem to exclude working families and will downplay the recent growth of working poverty at a time when changes to Housing Benefit and Tax Credits will penalise many working households and reduce their income and bring many families into working poverty. This is of particular concern to a Council with such a high child poverty rate of 32.5%.

3.8 The ‘Getting By’ report (2015) identifies the impact of in-work poverty in Liverpool. The report charts the depth of poverty amongst 30 working families. The report sets out how working people earning below the Living Wage have been driven into inescapable debt, forced to use food banks to feed their families and are suffering anxiety, and sometimes depression, as a direct result of their financial stresses.

3.9 In addition to this the Bill proposes to remove most duties and provisions set out in the Child Poverty Act 2010 in particular four targets for child poverty which were to be met by 2020-21.

3.10 The removal of these duties to eradicate child poverty and the associated material targets will clearly make measurement of progress more difficult.

3.11 It is important that we have a true picture of the extent of poverty in the UK and a clear focus on the structural and financial causes of poverty, as well as supporting families and addressing barriers to work.

3.12 The Bill introduces a new duty for the Secretary of State to report annually on “life chances”: children living in workless households and educational attainment at age 16. It would useful if this was linked to specific outcomes for children and young people and reported upon annually.

**Social Mobility and Child Poverty Commission**

3.13 The name and remit of the Social Mobility and Child Poverty Commission is changed so that it becomes the Social Mobility Commission. There is concern that this indicates a change of thinking and that the impetus of the Commission changes from addressing poverty and inequality to one of promoting social mobility.

**Changes to the Benefit Cap**

3.14 The Benefit Cap applies to working age claimants. Some households are exempt depending on the types of benefits the household receives these included Working Tax Credits, Disability Living Allowance/ Personal Independence Payments, ESA including the support component and Armed Forces Compensation Scheme. There is no exemption on the grounds of vulnerability.

3.15 Clause 7–8 of the Bill will reduce the ‘Benefit Cap’ from £26,000 to £20,000 for those families living outside London (£23,000 in London). The Bill also removes the requirement for the level of the cap to be set by reference to estimated average earnings which appears to be a punitive change by the Government and a move against the principles of the original policy.

3.16 The implementation date for this change has not yet been confirmed but is anticipated to be during 2016.

3.17 The new proposal will see a six fold increase in claimants affected by the cap in Liverpool. Under the current scheme in Liverpool 86% of households affected are families with four or more children. Under the proposed changes the size of households affected shifts to smaller households the largest group affected being households with three children (68%).

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3.18 Some indicative preliminary analysis by the Councils Benefits Service has indicated that up to around 1,950 Liverpool households (including 6,600 children) may now be within scope of the Benefit Cap. In some of these cases exemptions may apply so this figure is likely to be a worst case scenario. It should be noted that this figure includes around 130 families already affected by the cap.

3.19 The table below shows the average reduction in Housing Benefit which is estimated currently.

**Table 1**

<table>
<thead>
<tr>
<th>Number of Children in Household</th>
<th>Number of Families</th>
<th>Average Reduction in Housing Benefit (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>75</td>
<td>24</td>
</tr>
<tr>
<td>3</td>
<td>1,320</td>
<td>42</td>
</tr>
<tr>
<td>4</td>
<td>393</td>
<td>105</td>
</tr>
<tr>
<td>5 or more</td>
<td>157</td>
<td>105</td>
</tr>
</tbody>
</table>

3.20 Current indicative scoping shows weekly losses of benefit ranging from under £10 to over £50. Based on the current indicative data, around 850 families will lose £50 per week or more.

3.21 The Government requires Councils to leave those who lose all entitlement as result of the Benefit Cap with a minimum of 0.50p per week Housing Benefit. This enables these customers to apply for a DHP. The DHP fund is therefore likely to see an increase in applications from customers affected by the Benefit Cap when there is already significant increased demand on the fund.

3.22 Currently all cases where a customer is identified as affected by the benefit cap are offered advice via the Councils Housing Options and Benefit Maximisation services.

3.23 The City Council continues to work with landlords in the city in relation to what can be done to help support tenants at risk of eviction due to rent arrears.

3.24 In addition to this the Council has developed a Benefit Cap Advice Model to help provide advice and support to customers affected by the cap. Households affected by the cap may need advice and support to establish:

(a) Are there employment opportunities to get off benefits or avoid the cap;
(b) Are they correctly affected or could they claim a benefit to become exempt (a benefit check);
(c) If they cannot be exempted what options for cheaper accommodation exist.
(d) How can they maintain a secure home for the family in the face of potential arrears developing.
(e) Is any financial assistance available via a Discretionary Housing Payment (funds are very limited).

3.25 As a Council we have a statutory duty to support any customers who are evicted as a result of rent arrears arising from the Benefit Cap in the context of reduced resources being available to the Council. This may lead to families being placed in temporary accommodation.

3.26 To help the Council plan for these changes we require details of the exact implementation date of the reduced benefit cap and data on the families affected and confirmation of funding for Discretionary Housing Payments in 2016/2017.

**Removal of Housing Support from under 21’s**

3.27 In the Summer Budget the Government has stated that housing costs in Universal Credit will not be automatically met for people aged under age 21 from 2017. This change is not mentioned in the Bill.

3.28 The Government has stated that there will be exemptions, including:

- ‘Vulnerable young people’.
- People with dependent children.
- Those who may not be able to return home to live with their parents.
- People living independently and in work for 6 months prior to making a claim.

3.29 Living at home for many vulnerable young people is simply not an option and it is important that these young people are protected by society to remove the risk of homelessness. Some young people may be unable to live with their parents because of relationship breakdowns but this may be difficult to prove.

3.30 The definition of ‘vulnerable’ has not yet been confirmed by Government but it may include people with disabilities, care leavers and others. It is important that the definition of vulnerable captures all the reasons why young people may need support with their housing costs.
3.31 The current number of Liverpool households under 21 claiming HB is around 580, of which:

— 561 are single.
— 227 have dependent children.
— 61 are in receipt of Disability Living Allowance or Personal Independence Payment.

3.32 The Council's data suggests that if the measure were implemented immediately around 300 customers could see HB withdrawn. The number of Universal Credit claimants potentially affected is not known. The measure, which is being implemented from 2017, will in the main affect Universal Credit at that point. It is currently not known if and how help with housing costs might be withdrawn from existing claimants and if any transitional protection will be provided.

3.33 The Council will be determining the nature of any package of advice and support to young people potentially excluded from help with housing costs from April 2017. This will be undertaken when the Government provides more information in relation to the changes and will take account of the reduced resources available to the Council.

3.34 Although not included in the Bill there is an opportunity here for the committee to discuss the definition of vulnerability and insert reference to them in the Bill.

Reductions in Child Tax Credits

3.35 Clause 11 of the Bill limits the amount of support provided by Child Tax Credits (CTC) to a maximum of two children from 6 April 2017. This will affect new claims and additional children in existing claims from 2017. This currently equates to a “real term” loss of £2,780 per annum for any third or subsequent child born after 6 April 2017.

3.36 In addition to this for households starting a family after April 2017 their tax credit entitlement will no longer increase to include a Family Element currently £545 per annum. As these reductions will be applied to new claims it is difficult for the Council to scope the impact this change will have in Liverpool.

3.37 The Council has no immediate powers to ameliorate the impact of reductions in Tax Credits other than making amendments to its own scheme of Council Tax Support. However it will undertake further analysis of the economic impact of the reductions in income both at the level of individual families.

3.38 In addition to the changes mentioned above additional changes to Tax Credits are coming into force in April 2016. This include a reduction in earnings disregards for customers in receipt of Working Tax Credits (WTC) and an increase in the tapers applied to Working Tax Credits which will increase the rate at which benefit is withdrawn. Preliminary scoping by the Council’s Benefits Service shows that a family may typically lose at least £23.65 per week. These changes will have a detrimental effect on the working poor.

3.39 Data held by the Council’s Benefits Service shows around 8,300 families claiming Housing Benefit and Council Tax Support (CTS) who also receive WTC. DWP data shows around 16,900 families claiming WTC within the five Liverpool parliamentary constituencies, including 28,500 children.

3.40 Nationally the Government has estimated that the first phase of reductions will save over £3bn per annum by 2017/2018. This compares to £315m for the removal of entitlement for additional children; however by 2021 this element is estimated to save £1.365bn per annum.

3.41 These changes are due to be discussed by the Government later this year. However, these changes go hand in hand with the Tax Credit changes contained in the Bill and it is only by looking at the two together can you identify the full ramifications of the changes coming into force on working age households. Ministers have an opportunity via this committee to bring both set of changes together in the debate of this Bill.

Other reductions in Housing Benefit

3.42 Housing Benefit will be affected by a number of other reductions including removal of the family premium for new claims from April 2016, and the removal of allowances for any more than two children for new claims from April 2017.

3.43 The freeze in LHA rates will result in HB being restricted to current rates in the private rented sector. The Government has also announced that social landlords will be required to reduce rents by 1% per annum for four years from 2016.

3.44 Backdating of Housing Benefit claims will be restricted to a maximum of 4 weeks from April 2016. The current maximum period for backdating is 6 months for working age customers and 3 months for customers of pensionable age. The Benefits Service already encourages all customers to make a claim as soon as possible and will need to consider how to further emphasise this message to customers.
Freeze of working age benefits including Tax Credits

3.45 Clauses 9–10 of the Bill proposes a four-year freeze will be applied to working age benefits including Income Support, Child Benefit, Job Seekers Allowance, Tax Credits, Housing Benefit (including Local Housing Allowance (LHA) rates for private tenants) and the main components of Employment Support Allowance. Pensions, disability and carers benefits are not affected by the freeze. Disability related elements of frozen benefits will be uprated.

3.46 This change will affect all working age benefit and tax credit claimants in the city, including around 48,500 households currently claiming HB/CTS. It is likely to represent a significant real terms cut. The government estimates that the saving will equate to £4bn per annum by 2020/2021.

3.47 There is a potential that these change could create hardship and poverty for the claimants affected. Freezing LHA rates could place households at risk of rent arrears and homelessness and may lead to customers reliant on benefit becoming increasingly excluded from the private rented market.

Expanded Discretionary Housing Payment fund

3.48 Discretionary Housing Payments (DHP) provide additional support to claimants where there is a shortfall in Housing Benefit or Universal Credit and provides a vital safety net for claimants affected by welfare reform. In most cases DHP can only provide a temporary opportunity for customers to seek alternative accommodation however for particularly vulnerable customers (including those with adaptations to their homes) it can be a permanent requirement.

3.49 During the Summer Budget the Government indicated that it will continue to provide additional funds for Discretionary Housing Payments (DHP). Nationally £800m per annum has been set aside for the next five years, averaging £160m per year. This represents an increase in DHP funds from the current national funding of £125m for 2015/2016.

3.50 As demand for DHP is currently high and is expected to increase substantially as a result of further welfare reforms (in particular the benefit cap) the fund is likely to come under increasing strain.

3.51 In recent years the Government has increased funding and the City Council has topped up the fund with additional budget. The additional demand for DHP is directly attributable to welfare reforms. The Government has frequently indicated that a safety net exists for vulnerable people at local level via DHP.

3.52 In Liverpool 92% of existing DHP is already being used to address previous welfare reforms—in the main the ‘under-occupation penalty’.

3.53 The table below indicates the proposed increased Government DHP national funding as additional benefit reductions take effect. The level of increase represents a very small amount relative to the savings which the Government intends to achieve.

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<td>PROPOSED DHP NATIONAL FUND INCREASE</td>
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3.54 The national allocation of DHP funding for 2015/2016 is currently £125m of which Liverpool’s allocation is £1.72m.

3.55 In 2014/2015 £2.246m DHP expenditure in Liverpool was supported by £2.056m in DWP funding. In 2014/2015 the City Council made around 8,140 DHP awards. Of these awards around 94% were directly attributable to welfare reform, and 82% to the ‘under-occupation penalty’.

3.56 In 2015/2016 provision has been made for up to £2.558m in DHP expenditure including £0.837m funding from the authority at a time of reduced resources being available. As at 17 August 2015 £1.131m of that fund has already been committed to awards, due to continuing high levels of claims from vulnerable customers.

3.57 The extra funding represents a very small fraction of the new losses that will be incurred as a result of the various changes; for example, additional benefit reductions consequential from the benefit cap alone are estimated by DWP at £1.67bn nationally over the same period.

3.58 The budget pressures faced by the Council mean that its ability to continue to ‘top up’ DHP to protect vulnerable households from national welfare reforms will become more limited. The Council would suggest that additional grounds of vulnerability could be developed to exempt households from the benefit cap and the ‘under-occupation penalty’. For example households requiring adaptations or with specific employment, educational or health needs associated with their current home.

October 2015
Further written evidence submitted by the Children’s Society (WRW 83)

The limitation of the child element of Child Tax Credit and of Universal Credit to two children—Clauses 11 and 12

The Welfare Reform and Work Bill introduces a two child limit on receipt of the child element of tax credits for children born after 5 April 2017 and the child element of Universal Credit for families making a new claim (whether or not the child is born before April 2017). Based on the current profile of tax credit claimants, the Government estimate that by 2020/21, 640,000 families will lose support as a direct result of this limit while around 3 million children will be affected overall because their families will receive significantly lower levels of support. The Children’s Society has a number of concerns with regard to the impact of these reforms on all children living in poverty including those in low income working families. This briefing covers clauses 11 and 12.

The impact on children and families

The Government expects that the limiting of the child element of Child Tax Credit and of Universal Credit to the first two children will ‘encourage parents to reflect carefully on their readiness to support an additional child’. By 2020/21 the savings as a result of limiting support through tax credits and universal credit to two children will be £1.365bn, and of removing the family element in child tax credit and child element of universal credit will be £675m. The Government’s own impact assessment has shown that if households continue to make the same choices about whether to have a family and family size as they currently do, approximately 3.7m households will have a lower rate of payment as a result of the two measures together, 640,000 affected by the two child limit.

The restriction of the child element of Child Tax Credit will mean that each family with three or more children in receipt of tax credits will lose up to £2,780 for each additional child per year. In addition to the two child limit, the family element of tax credits is to be removed. This is a single payment made per family worth £545 per year.

In total this means that a family with three children will lose £3,325 (£64 per week) from their maximum child tax credit entitlement as a result of these measures. Major further cuts that have been announced to in-work benefits (such as the four year freeze on working age benefits) will come on top of this.

The most recent Households Below Average Income (HBAI) statistics from the Department for Work and Pensions show that children from larger families with three or more children are more likely to be in relative low income before housing costs, than children from smaller families—22% compared to 16% for one-child families.

HBAI figures also showed that 62% of children in poverty were in families where at least one parent is in work, and we are concerned that these measures will only make matters worse for these families.

“[Mum] is working every day. She is doing loads of hours so that we can do something nice. I feel a bit lonely sometimes as I am here on my own...”

Quote by a young person from the Children’s Commission on Poverty.

Impact of financial insecurity on children

Lack of financial resources and the experience of material deprivation have a significant impact on children’s lives. Our research with children shows that, far from being unaware of the family finances, children are extremely anxious about the adequacy of income coming into their homes and whether there is enough for them and their family’s needs.

Poverty in childhood brings a lack of basic items that others take for granted like food, towels, bedding and clothing. From our work we know that families living on low income struggle to meet their basic needs, to feed and clothe their children, to heat their homes and, in some cases, to repay debt. For example, The Children’s Society and StepChange report The Debt Trap showed that families in problem debt are engaged in a ‘juggling act’, caught between making payments on debts, buying essentials or cutting back.

Children in poor families can also lack important childhood possessions, like toys, bicycles and games, and when items such as these break, they can stay broken and are not replaced. In effect, poverty means that children are unable to participate fully in school and social activities with their peers.

“There are trips in Year 7 and Year 9 you have to go on, if you don’t you are in isolation”

Quote by two young people from the Children’s Commission on Poverty.

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449 Ibid. pg 1.
450 Ibid. pg 6.
Families making a new claim under Universal Credit

The current proposals as set out in Clause 12 of the Bill will mean that families with children born before April 2017 making a new claim under Universal Credit do not receive the same protections as those available to claimants of tax credits, and may have their child additions within Universal Credit limited to two children.

The Government has stressed that the limit on benefits beyond the first two children is a ‘behaviour related’ measure aimed at “encouraging parents to reflect carefully on their readiness to support an additional child could have a positive effect on overall family stability”. However, if the limit on support is applied to those families who already have a certain family structure in place when they make a new claim under Universal Credit, it cannot affect behaviour, and will simply punish families who are making a new claim for benefits for decisions that they have already made prior to the policy change.

This measure would have the effect of reducing support for children and families facing serious challenges in their lives such as families with disabled children, kinship carers, families who have experienced bereavement, domestic violence, parental illness or disability, loss of employment, family breakdown or other unforeseen and unplanned life events. In the next section, we have outlined some particularly vulnerable groups of families that we believe are likely to be negatively affected by the provisions under the Bill as currently drafted.

Vulnerable Families:

Families with disabled parents or children

The two child limit for child tax credit will also affect disabled children. The disability premium (the disabled and severely disabled child elements in child tax credits) and an amount for each disabled child in universal credit will be protected regardless of the number of children in a family. However, the child element in child tax credits and universal credit will only be paid in respect of two children in a family, even where the third child is disabled.

Furthermore, the child disability element (for children other than those on the high rate care component of Disability Living Allowance) has already been effectively halved within Universal Credit, meaning that for families with disabled children.

In total the potential loss is extremely large. Currently a family with a disabled third child would receive a maximum Child Tax Credit entitlement of £5,920 (a child element of £2,780, plus a disabled child element of £3,140). Following the reduction of the disability component and the introduction of the two child limit, a new Universal Credit claimant would have a maximum annual entitlement of just £1,513—little more than a quarter of their current entitlement in the tax credit system.

The Children’s Society’s research shows that four in ten disabled children are living in poverty once you take into account the extra costs these families face as a result of disability. This is due to the difficulties disabled adults and parents with a disabled child can face in entering and sustaining employment and the additional costs involved with raising a disabled child or supporting a disabled adult. The proposed changes will place an additional strain on the income of these families.

Parent affected by disability

“I needed support from benefits when my life abruptly changed after an accident at home while doing repairs. I sustained a burst fracture of the lumbar spine and needed surgery and stabilization with metal rods. As someone who hardly missed a day off work in 17 years I suddenly found myself with an acquired disability and not a clue where to turn to. I’ve had to fight very hard for Disability Living Allowance and the stresses and strains of being out of work, and depression led to the break-up of my 15 year marriage. With kids involved, this added more stresses and I tried to take my own life. Without the help of benefits, I don’t think I would be here to tell the tale.”

Bereaved Families

Families with three or more children who are making a claim for tax credits as a result of having been bereaved of a parent will be unable to get adequate support for all the children within the family. It is common for families dealing with the death of a parent to have to make a claim for additional support—either as a result of the loss of an earner, or because they have to give up work or reduce their hours to care for their children.

If a parent claims Universal Credit for the first time following the death of their partner, they would be treated as a new claimant. As a result, they would be affected by the two child limit, even if their children were born before April 2017.

The case study below illustrates the importance of the welfare safety net for families following unforeseen life events such as the death of a parent:

Teenager’s family in need of support after father’s death

“My dad died when I was 15. He had been our only income, since my mum had no qualifications and had quit work to look after me and my sister. This support let me and my sister finish our schooling and gave my mum some peace of mind during our grief. It made sure that she could find work that fulfilled her and made good use of her skill-set. It meant that I could be the first in my family to attend university, instead of having to quit school and find a job to help support my family.”

Kinship carers and private foster carers

Kinship carers and private foster carers are vital support networks for children and parents when sudden life events—such as parental illness, disability, domestic violence and other issues—make parents unable to care for their children temporarily or permanently. Kinship carers, for example, support an estimated 200,000 children across the UK while an estimated 15,000 to 20,000 children are thought to be in private fostering arrangements.

Supporting children in these circumstances incurs significant costs. Unlike adopters, kinship or private foster carers are not entitled to a period of paid leave for the children to settle in, despite the children having suffered similar difficulties in some cases. A recent survey by Family Rights Group found that of the kinship carers who responded to the survey, almost half (49%) have had to give up work permanently to care for the kin child thus becoming reliant on benefits, and a further 18% had to give up work temporarily. The survey also found that 22% of carers’ households had three or more children that they cared for, suggesting that a significant proportion of carers will be affected by this policy.

This policy may act as a disincentive for kinship carers or private foster carers from taking on caring responsibilities for other children if the two child limit on benefits would mean that they are no longer able to get additional support through Universal Credit. This could then have the effect of adding further pressure on local authorities if children need to be taken into care. A recent report by the National Audit Office highlighted that the average annual spend on a foster place for a child ranges between £29,000 and £33,000, while the average annual spend on a residential place for a child is between £131,000 and £135,000.

Families fleeing domestic violence

As with other vulnerable families, those fleeing domestic violence are particularly likely to face difficulties under the policy to limit support to the first two children as new claimants under Universal Credit. As currently drafted the provision under Clauses 11 & 12 would mean that parents without an alternative income and more than two children who are facing domestic violence may not be able get support for all of their children as a new claimant under Universal Credit, or if their children are born after April 2017.

As with bereaved parents, parents fleeing domestic violence may be particularly likely to need to make a claim for support, especially where the abusive partner was the main earner in the household. For this reason, limiting the child element to two children of this policy will likely make it harder for some parents to flee abusive relationships.

Family experiencing breakdown

Families with more than two children who experience a family breakdown and as a result need to make a new claim under Universal Credit would also be negatively impacted by Clause 12 as currently drafted. This case study highlights the case of a single working mother with three children who would be negatively affected by this provision:

Case study—Working mum and children facing family breakdown

“I’ve worked all my life and I never thought I would need benefits as I was very motivated and proactive in seeking work. When my first marriage broke down, I became a single parent … Never in my wildest dreams did I think that I would end up claiming income support and other benefits to survive. However after the birth of my third child all was not well with him and he was diagnosed with autism, and my marriage broke down. You never know how your life will change, one day you are able to provide for your family independently and the next there is no other option but benefits.”

458 Ibid.
459 Kinship carers are grandparents, older siblings and other relatives and friends who step in to care for children. This figure is taken from the joint evidence presented on behalf of The Children’s Society and other NGOs submitted by Family Rights Group: http://www.publications.parliament.uk/pa/cm201516/cmpublic/welfarereform/memo/wrw61.htm
Welfare Reform and Work Bill: Written evidence

STEP FAMILIES AND COHABITING FAMILIES

The provision under Clause 12 as currently drafted could also have the perverse outcomes of preventing step families from joining households given that larger families would get no support beyond the third child and would therefore remain separated (for example two lone parents with two children each).

RECOMMENDATIONS

— We would urge the Government to remove Clauses 11 and 12 which limit the payment of the child element of tax credits and Universal Credit to the first two children.
— At the very least, the Government should make sure that families with more than two children making a new claim under Universal Credit are not unfairly disadvantaged by the proposed changes, particularly families with disabled children, kinship carers, private foster carers, families who have experienced bereavement, domestic violence, parental illness or disability, loss of employment, family breakdown or other unforeseen and unplanned life events.

The Government should also ensure that families making a claim for Universal Credit are treated in the same way as Child Tax Credit claimants, and not face an additional rule which means children born before April 2017 may still be considered for the purposes of the two child limit.

ABOUT THE CHILDREN’S SOCIETY

The Children’s Society is a leading charity committed to improving the lives of some of the most disadvantaged children and young people across the country working through our research, campaigns and direct services. Our direct work with vulnerable groups—such as disabled children, children at risk exploitation, children in or leaving care, refugee, migrant and trafficked children—means that we can place the voices of children at the centre of our work.

October 2015

Written evidence submitted by Councillor Chris Penberthy, Cabinet Member for Co-operatives and Housing, Plymouth City Council (WRW 84)

Councillor Chris Penberthy (Labour and Co-operative, St Peter and the Waterfront) is Plymouth City Council’s Cabinet Member for Co-operatives and Housing. His portfolio includes lead responsibility for housing; child poverty; financial inclusion and welfare; and social enterprise development and support.

Chris has spent most of his working life in charities including as Chief Executive of Volunteer Development England. He was awarded a fellowship of the Royal Society of Arts in recognition of his contribution to the voluntary and community sector.

Chris has held a variety of trusteeships and directorships in charities and social enterprises. He currently holds the Chair of Plymouth Fairtrade Network and Millfields Inspired and is on the Boards of the Millfields Community Economic Development Trust CIC, Plymouth Energy Community and Plymouth Municipal Charities.

1. INTRODUCTION

1.1 This evidence submission outlines our response to the Welfare Reform and Work Bill. Our key concern is that the proposed legislation will significantly hold back our ambitious plans to build 22,700 new homes by 2031.

1.2 Plymouth, despite a number of significant improvements and robust plans for growth, have some key challenges including low productivity, poor connectivity within the region and beyond and an over-dependency on public sector jobs. The city remains a relatively low wage economy with over 20% of the city’s households earning less than £16,000 and over half earning less than £20,000.464 Over 29% of adults in Plymouth have problem debt, one of the highest levels in the country and the highest in the South West.465

1.3 The city also faces significant challenges in terms of poor health outcomes and health inequalities. For example, the Plymouth Fairness Commission referred to Plymouth as a ‘tale of two cities’ with a gap in life expectancy of 12 years between the most deprived and most affluent neighbourhoods. Plymouth has significant pockets of deprivation with a number of neighbourhoods being amongst the most deprived in the country.466 As of 2012, there were 10,760 Plymouth children live in poverty with higher child poverty rates than both the regional and national average.467

465 Ibid.
466 Plymouth City Council Child Poverty Needs Assessment 2012.
1.4 In Plymouth, we have estimated the likely loss of benefit income to the city as approx. £60 million and about 20% of our population will be affected. We expect working families, young people and lone parents will be more likely to see reductions in benefit income via tax credit and housing benefit changes.

1.5 We have identified welfare reform as a strategic risk to achieving our citywide objectives of making our city a fairer place to live where an outstanding quality of life is achieved by all as they will potentially impact on increased levels of:

- homelessness and rough sleeping;
- child poverty;
- indebtedness;
- pressure on front line services including, housing options and social care.

2. SUMMARY OF KEY CONCERNS

- Reducing social housing rents by 1% a year will hamper our need to deliver additional social housing in the city; Further impeded by announcements to extend the right to buy which will place pressure on already over-stretched social housing stock.
- The reduced benefit cap will force families into more expensive accommodation and result in poor outcomes for children.
- The largest number of households affected by welfare reforms in Plymouth, with the greatest loss of income in the city, will be due to changes in tax credits. We are concerned that this will impact most heavily on working families.

3. CLAUSE 19 SOCIAL HOUSING RENTS

3.1 The number of households on Plymouth’s housing waiting list is 13,049 households, a rise since 2012/13 when there were 10,263 households on the waiting list and gives a rate of 124 per 1,000 households. This is significantly higher than the national rate in 2013/14 of 60.8 per 1,000 households.

3.2 The number of households on Plymouth’s housing waiting list in high priority bands A-C is 3194 a rise since 2012/13 of 13%.

3.3 We are concerned about the impact of a 1% reduction in social rents on our city’s ambitious growth agenda. The Office for Budget Responsibility has warned the policy could lead to at least 14,000 fewer new homes being built and the National Federation of Housing Associations says 27,000 fewer.

3.4 We have been contacted by Registered Providers (RP) who have said that this will dramatically impact on future affordable housing delivery. Local RP partners are pulling their development plans back to the drawing board as they consider impacts of this on development viability and capacity. This is at a time when partners have been stepping up to meet the challenge of increasing affordable housing in the city.

3.5 One of our partners has estimated this could remove as much as £20m from their Business Plan. This will have a significant impact on their current and future development capacity and ambitions. Their business plan had been based on the 2014 Governments 10 year rent settlement.

3.6 We have some of the lowest social rents in the country; Plymouth Community Homes is the 3rd lowest in the country. This already demonstrates a significant saving to the taxpayer in terms of housing benefit levels. This measure seems to unfairly penalise those RPs providing notably lower rents.

3.7 Despite Plymouth having some of the lowest rents in the country, RPs are becoming increasing risk adverse about potential tenants. This means some of our most financially excluded residents are unable to secure tenancies.

3.8 We are concerned about the ability and capacity of our partners to continue with further phases of regeneration in some of our most deprived wards. This risks widening our cities health inequalities and hinders community cohesion.

3.9 We feel it is important to acknowledge the wider announcements that compound these problems:

- Extending the right to buy to RSLs depleting already overstretched social housing in the city (13,049 households in Plymouth are waiting for social housing). Our partners tell us that at the moment the level of receipt generated from a RTB sale requires on average 2.5 sales to provide the funds to build one new home.
- Higher earners paying market rents. In Plymouth this could mean social tenants paying an additional £250pcm. We believe this is a disincentive to finding work, taking additional hours and aspiring to wage progression.
3.10 We would welcome the opportunity to have further input/consultation on these measures as more details become available.

3.11 We propose:

*An exemption to the 1% reduction in social rents for:*

- RP's with rents lower than target rents.
- Small and new RP's that don't have adequate reserves.

4. Clause 7–8 Benefit Cap

4.1 The Government expects more than 330,000 children from low-income families to be impacted and that 59% of those impacted will be lone parents. This means 1,300 children in low income families in Plymouth to be affected.

4.2 In April 2013, the DWP indicated that 150 households in Plymouth would be affected by the existing benefit cap of £26,000. A reduction of £6,000 to the overall cap is likely to result in much greater numbers in the city being affected.

4.3 Plymouth Community Homes estimate that 600 of their tenants could be affected. We believe that this could reach 1,000 households citywide most likely to affect out of work households with 3 or more children.

4.4 Larger families are already struggling to secure tenancies with Registered Social Landlords as they prepare for the cap reduction and set strict affordability criteria to mitigate potential rent arrears. We are concerned that these families will be pushed into more expensive, sub-standard private rented accommodation where they are likely to struggle to pay rent. We fear that the most vulnerable of our society will no longer be able to acquire the more affordable and secure social housing.

4.5 This measure risks statutory homeless provision becoming the ‘norm’ with families having limited or no housing options. This means children in vulnerable households receiving poor health and education outcomes.

4.6 We propose:

- The Secretary of State to continue to review each year rather than once in each Parliament.
- Local Authorities receive additional hardship funding to mitigate the impacts.

5. Clause 11 Reducing Tax Credit Support

5.1 The Government has identified that lone parents, women and ethnic minority households are more likely to be impacted.

5.2 In Plymouth, 17,900 families are in receipt of child tax credits and of these 66% are working families. Based on IFS analysis, these families are likely to lose an average of £1,000 annually.

5.3 There are over 22,000 children within these working families in Plymouth. They could see increased levels of child poverty but sit of the new social mobility measurement.

5.4 We are concerned that this measure will be a disincentive to working more hours or for those in receipt of child tax credits to find work and therefore could increase unemployment levels in the city.

5.5 We propose:

- Reconsider all changes to tax credit support outlined in the Bill due to the unfair impact on working families and lone parents.

6. Additional Impacts on 18–21 Year Olds Announced in the Summer Budget

6.1 Young people not ‘earning or learning’ could lose between £86–£162 a week for rent.

6.2 In May 2015, DWP estimate the number of 18-21 year olds claiming JSA in Plymouth was 469; these young people may no longer be entitled to housing benefit.

6.3 Specialist housing organisations, such as the Foyer, may no longer be able to provide support and accommodation for single, young homeless. This could result in vulnerable under-21s no longer being able to access supported accommodation and pressure might be put on the Local Authority to provide this support.

6.4 These changes have the potential to increase in levels of homelessness for young people leading to increased sofa surfing and rough sleeping with the attendant concerns about safeguarding and sexual exploitation.
6.5 If implemented there will be additional pressure on children social care budgets as Housing Benefit is recovered against some in-house and independent fostering placement costs.

6.6 Vulnerable young people are often NEETS and are least likely to secure employment to access housing benefit.

6.7 We propose:

— The full implications of the Summer Budget on this Bill are considered as part of the debate.
— The Equalities Impact Assessment for this Bill is updated to explicitly include the implications of the Summer Budget.
— Young people identified as vulnerable or who are resident in accommodation provided by specialist housing organisations are exempt from any changes to Housing Benefit.

October 2015

Written evidence submitted by the Equality and Human Rights Commission (EHRC) (WRW 85)

The Equality and Human Rights Commission is pleased to respond to the Public Bill Committee’s request for written evidence. We welcome the policy aim of the Welfare Reform and Work Bill which is to encourage and help more people to work (where they can, and are able to), and acknowledge the Government’s commitment to reduce the deficit and reform the welfare system. However, we have some concerns that some of the Bill’s clauses could exacerbate existing inequalities.

SUMMARY OF KEY POINTS

The scope of the Bill is broad, and the Commission has decided to focus its written evidence on the following areas:

1. Assessing equality and human rights impact

The Commission is concerned that the impact assessments and human rights memorandum which accompany the Bill do not fully assess the impact on equality and human rights. This may make it difficult for parliamentarians to properly consider the implications of the measures in the Bill.

2. Reporting

We welcome the Conservative Party’s manifesto commitment to halving the disability employment gap and encourage the Government to use the Bill to measure progress against this commendable aim.

3. Social Mobility

We welcome measures that aim to reduce child poverty and the Bill’s proposals to use indicators that take into account causal risks that contribute to the perpetuation of poverty. However, we consider that measures of relative and absolute income poverty as well as measures of material deprivation, as set out in the Child Poverty Act 2010, are necessary to give a clear picture of child poverty in the UK, and should be included in any new set of measures.

4. Welfare Benefits

The Bill has significant relevance to the UK’s legal obligations under national and international human rights enactments. The Commission recommends that some of the measures in the Bill relating to welfare benefit reform are reviewed in the context of the Government’s international obligations under the UN treaties that it has ratified.

This applies in particular to the proposals to lower the benefit cap, impose a four year freeze on certain benefits, Child Benefit rates and child tax credits, and the proposal to lower the level of Employment Support Allowance (ESA) available to future claimants placed in the Work-Related Activity Group (WRAG) to that of Job Seekers Allowance.

5. Loans for mortgage interest

The Bill proposes to replace the Support for Mortgage Interest Scheme with interest bearing loans. Currently, of the 156,000 recipients of this scheme, 33% are in receipt of Employment Support Allowance. We are concerned that requiring ESA claimants to pay interest and administrative fees on top of loan payments, when they have already been assessed as unwell and unable to work, will cause undue hardship and anxiety.

6. Devolved context

Parliament is considering major changes to reserved welfare powers at the same time as it considers significant devolution of legislative and executive competence on welfare to the devolved institutions in Scotland in the Scotland Bill. We encourage the Government to maintain a close dialogue with its Scottish and Welsh counterparts to ensure that equality and human rights considerations are addressed consistently across Britain.
THE COMMISSION’S ANALYSIS

1. Assessing equality and human rights impact

Domestic context:

1.1 Section 149 of the Equality Act 2010 requires those carrying out public functions, including Government departments and Ministers of the Crown, to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations. This is an ongoing duty which applies throughout the policy-making process, from the development of options and draft proposals through to legislation and implementation.

1.2 There are six impact assessments which accompany the Bill and cover a number of the proposals. Assessments need to include sufficient detail and analysis to demonstrate that draft proposals have been adequately considered for their potential impact on equality. The Commission is concerned that these assessments do not examine equality impact in the depth required by section 149 and are therefore unlikely to help Parliamentarians fully understand and debate the different provisions contained within the Bill. This may limit Parliamentarians’ ability to consider alternative options and possible mitigation where required.

1.3 The Commission is in correspondence with the Secretary of State to ensure that the assessments of equality impact are sufficiently rigorous to support proper scrutiny of the Bill in the context of the Government’s equality and human rights legal obligations.

International context:

1.4 The Bill also has significant relevance to the UK’s legal obligations under national and international human rights enactments. Recently (and since we wrote to the Secretary of State) the DWP produced a human rights memorandum to assess compatibility of the Bill with the European Convention on Human Rights. The memorandum also addresses the Bill’s impact on the implementation of the UK’s international human rights obligations.

1.5 The Commission’s analysis of the memorandum suggests it could be strengthened in a number of ways. One example is the Government’s position that “refocusing government action from tackling the symptoms of child poverty (low income) to tackling the root causes of poverty (worklessness, poor educational attainment)” would “make a real and lasting difference to children’s lives” and therefore demonstrate compliance with Article 3 of the UNCRC. In SG v Secretary of State for Work and Pensions, three of the five Supreme Court judges raised serious concerns as to whether the decision to lower the household benefit cap had been taken on the basis of an adequate consideration of the best interests of the child. As Lady Hale stated, the Government’s argument “misunderstand[s] what article 3(1) of the UNCRC requires. It requires that first consideration be given to the best interests, not only of children in general, but also of the particular child or children directly affected by the decision in question. It cannot possibly be in the best interests of the children affected by the cap to deprive them of the means to provide them with adequate food, clothing, warmth and housing, the basic necessities of life. It is not enough that children in general, now or in the future, may benefit by a shift in welfare culture if these are also the consequences. Insofar as the Secretary of State relies upon this as an answer to article 3(1), he has misdirected himself.”

1.6 A proper consideration of the best interests of the child, as required by Article 3(1) of the CRC is therefore necessary, and a failure to complete such as assessment could leave aspects of the Bill vulnerable to legal challenge in the future. If a case is brought in which the claimant directly affected is a child and not his or her parent, as in the SG case, then Article 3(1) of the CRC could be considered by the Court to interpret the UK Government’s duties under the Human Rights Act 1998.

1.7 in a Written Statement to Parliament on 6 December 2010, the Minister of State for Children and Families made:

“a clear commitment that the Government will give due consideration to the UNCRC articles when making new policy and legislation. In doing so, we will always consider the UN Committee on the Rights of the Child’s recommendations but recognise that, like other state signatories, the UK Government and the UN Committee may at times disagree on what compliance with certain articles entails.”

This commitment is repeated in the Cabinet Office Guide to Making Legislation (July 2013, para 11.30).

1.8 This position has not yet been translated into law. The Joint Committee on Human Rights, in its scrutiny of the Welfare Reform Bill in 2012, regretted that the Government had failed to carry out any detailed analysis of the compatibility of the Bill with the UNCRC (Session 2010-2012, 21st Report, Legislative Scrutiny: Welfare Reform Bill, para 1.35).
1.9 The Commission notes and commends actions of the Government to mitigate the impact of the Bill on women’s rights under the Convention on the Elimination of Discrimination against Women (CEDAW), with a focus on improving access to the labour market and increasing free childcare provision. However, in the Commission’s view these steps do not fully address the prohibition on discrimination against women in economic and social life.473

1.10 Similarly, the UK’s obligations under the International Covenant on Economic, Social and Cultural Rights (ICESCR) are not limited to the right to work. Addressing poverty and the right to an adequate standard of living cannot be achieved by improving access to work alone. Fulfilment of the right to social security should form an integral part of poverty reduction strategies, and in order to fulfil its obligations under ICESCR, policy adjustments in times of economic crisis must be demonstrated to be temporary, necessary and proportionate, non-discriminatory and must not undercut a core minimum level of protection.474 The level of analysis in the DWP’s impact assessment and human rights memorandum is not sufficient to demonstrate that this requirement has been met.

1.11 It would also be helpful if the Government could explain how the Bill’s proposals align with the UN Convention on the Rights of People with Disabilities (CRPD), in particular Article 27 (work and employment) and Article 28 (adequate standard of living and social protection). As with ICESCR (above), an effective approach requires joined-up policy, in order to move individuals off benefits and into work, involving measures such as positive action, incentives, access to training and removing the barriers to access to work for disabled people.

1.12 The Commission’s shadow reports on the UK’s performance against the UN CRC476 and the ICESCR477 highlight concerns about the impact of social security reforms on disabled people, and whether there is still sufficient support available to enable participation in education, training or employment. Our reports also flag concerns about the proposed changes in the measurement of child poverty and the impact of benefit caps on women and children.

1.13 The Welfare Reform and Work Bill and the steps that have been taken to understand its equality and human rights implications will be important considerations for the UN Committees on the Rights of the Child and on Economic, Social and Cultural Rights (CESCR). These committees are currently meeting to consider their lists of issues on the UK’s performance.

2. Reporting

2.1. Clause 1 of the Bill puts a duty on the Secretary of State to report on the Government’s progress towards full employment.

2.2 In 2009, the Committee on Economic, Social and Cultural Rights (CESCR) recommended the UK “reinforce its measures aimed at ensuring that persons with disabilities, including those with learning disabilities, have equal opportunities for productive and gainful employment, equal pay for work of equal value, and provide them with improved, expanded and equal opportunities to gain the necessary qualifications, in line with its general comment no. 5 (1994) on persons with disabilities.” In 2013, the CEDAW Committee expressed “concern at high unemployment rates amongst women with disabilities and recommended that “the State Party…create greater opportunities for women with disabilities to gain access to employment.”

2.3 Only half of disabled people in Britain are in work compared to four-fifths of non-disabled people. Between 2008 and 2013 the unemployment rate for disabled people increased by 3.2 per cent compared to an increase of 1.8 per cent for non-disabled people.

2.4 During the general election campaign, the Conservative Party made a commitment to halving the disability employment gap478. We endorse and support this goal, and encourage the Government to expand this new duty to include measurement and reporting on progress towards closing the disability employment gap.

3. Social Mobility

3.1 Clause 6 of the Bill proposes the repeal of the Child Poverty Act 2010 (CPA).

474 The right to social security is the right to access and maintain benefits, whether in cash or in kind, without discrimination in order to secure protection, inter alia, from (a) lack of work-related income caused by sickness, disability, maternity, employment injury, unemployment, old age, or death of a family member; (b) unaffordable access to health care; (c) insufficient family support, particularly for children and adult dependents.—Committee on the Economic, Social and Cultural Rights, General Comment 19.
478 EHRC, Socio-economic rights in the UK, Forthcoming.
479 https://www.conservatives.com/manifesto Page 19
3.2 We welcome measures that aim to reduce child poverty and the Bill’s proposals to use indicators that take into account causal risks that contribute to the perpetuation of poverty. However, we consider that measures of relative and absolute income poverty, as well as measures of material deprivation, as set out in the CPA, are necessary to give a clear picture of child poverty in the UK, and should be included in any new set of measures.

3.3 The Commission is concerned that the changes to these measurements highlight the emphasis of the UK Government’s strategy on work as a route out of poverty, but do not address concerns as to whether conditions of work are just and favourable, in line with Article 7 ICESCR.

3.4 We agree with the assessment of the Social Mobility and Child Poverty Commission that the key issue is ‘less how child poverty is measured and more how it is tackled’.481 While relative and absolute child poverty and the proportion of children living in low income and material deprivation have seen some reduction between 2007/08 and 2013/14, the proportion of children living in poverty by these measures continues to be some way from the targets set in the CPA.482 Also, after housing cost figures are used, relative child poverty levels remain comparatively higher and absolute child poverty levels have actually increased in the same period.482

3.5 Using indicators that comprehensively capture child poverty, including measures of relative and absolute income poverty, will also assist in the Government’s compliance with the s149 of the Equality Act which requires ongoing assessment of equality impact.

4. Welfare Benefits

4.1 Clauses 7 to 15 propose a number of changes to benefits which are likely to impact on children, women and disabled people.

4.2 Clause 7 proposes to lower the cap on the total amount of benefit that a household can receive. The original cap on total household benefits was introduced as part of the Welfare Reform Act 2012 and has been in place since the end of September 2013. The cap is calculated by adding together all the included benefits to which an individual, their partner, and any children for whom they are responsible are entitled and takes into account Severe Disablement Allowance and the Work Related Activity component of ESA. Claimants in the Support Group for ESA payments and those who receive DLA/PIP payments are exempt from the cap.

4.3 The impact on children of lowering the household benefit cap

4.3.1 We recommend the Government specifically reviews the Bill in the context of its international obligations under the CRC. While capped households may be more likely to go into work than uncapped households, 35% of the respondents to a survey conducted by the DWP reported that they spent less on household essentials as a result of the household benefit cap.483 This raises concerns as to whether a further reduction in the benefit cap would prevent a greater number of households from meeting their basic needs, which would run contrary to the UK Government’s duty to use its available resources to progressively realise the right to an adequate standard of living, as set out by the UN Committee on Economic Social and Cultural Rights.484 It would also present a risk that Article 27 of the CRC on children’s right to an adequate standard of living will not be implemented.

4.4 The impact on women of lowering the household benefit cap

4.4.1 DWP have recently reported that 58,700 households have experienced a reduction in their housing benefits as a result of the cap since its introduction and that 63% of capped households constituted a single parent with one or more child dependants.485 After the first year of implementation, the DWP stated that 95% of capped households contained children and 61% of capped households were single females.486

4.4.2 The changes in behaviour demonstrated by those respondents who reduce expenditure on household essentials, are exacerbated by the fact that around two-thirds of respondents affected by the benefit cap experience considerable barriers to employment, including costs of childcare, health and caring responsibilities.487

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4.4.3 The DWP emphasises efforts to increase female participation in the labour market and the increases in childcare support provided by the Government. While these changes are welcome, they may not fully mitigate the potential adverse impact that the further reduction of the household benefit cap may have on women. The Commission has raised concerns about low pay in the home care and cleaning sectors, in which the workforce is predominantly female. In addition to this, the gender pay gap stood at 19.1% when part-time workers are taken into account.

4.4.4 With regards to the proposed increased provision of free childcare for 3–4 year olds, concerns have recently been raised that “some providers are threatening to leave the scheme through under-funding” which will lead to a lack of availability or suitable, flexible childcare provision that will meet the requirements of working parents.

4.4.5 We recommend the Government specifically reviews the Bill in the context of its international obligations under ICESCR and the other UN treaties that it has ratified.

4.5 Clauses 9 and 10 propose a four year freeze on certain social security benefits, Child Benefit rates and tax credit elements.

4.5.1 The Commission is pleased to see that “Extra costs” disability benefits including Attendance Allowance, DLA/PIP, the ESA Support Component and the corresponding Universal Credit Limited Capability for Work-Related Activity are not part of the freeze. The Child Tax Credit disabled or severely disabled child element and the disabled and severely disabled elements of Working Tax Credit are also not included. However, the main rates of ESA and the ESA Work Related Activity component will be frozen as will the lower rate disabled child addition in Universal Credit.

4.5.2 In the context of discharging its legal duty under section 149 of the Equality Act, we recommend that the Government reconsider its decision to freeze the main rates of ESA, the ESA Work Related Activity component and the lower rate disabled child addition in Universal Credit. This will help lessen adverse impact on some disabled people, disabled children, other children and their families.

4.6 The Commission is also concerned that Clauses 11 and 12 which propose changes to child tax credit and to the child element of Universal Credit may impact on the living standards of poor families with more than two children. This approach could raise concerns about the UK Government’s implementation of Articles 3, 26 and 27 of the CRC, and Articles 2, 3 and 9 of ICESCR. We are currently assessing the proposals in detail and will closely monitor the debate on these Clauses.

4.7 The Commission is also particularly concerned about Clause 13 which proposes to lower the level of Employment Support Allowance (ESA) available to future claimants placed in the Work-Related Activity Group (WRAG) to that of Job Seekers Allowance. This means a cut of nearly £30 per week.

4.7.1 ESA is the main benefit for people who are unable to work because of illness or disability and replaced incapacity benefits for new claims in October 2008.

4.7.2 The Bill proposes changes in the benefits provided to ESA claimants who are assessed as belonging to the WRAG, currently around 490,000 people. From April 2017, they will only receive the same in benefit payments as those on Job Seekers Allowance, which is the main benefit for non-disabled people who are out of work. There will be additional support measures to help them move into work, but no additional financial support. The majority of those affected are in families where someone describes themselves as disabled.

4.7.3 In November 2014, nearly half of the 490,000 ESA claimants in Britain placed in the WRAG, were suffering from mental and behavioural conditions (a further 529,000 ESA claimants were in the assessment phase). The number of ESA claimants in the WRAG is expected to increase to 537,000 by 2019-20.


4.9 EHRC, Socio-economic rights in the UK, p. 57


4.13 The Work Capability Assessment was introduced by the Welfare Reform Act 2007.

4.7.4 The Work Capability Assessment (WCA) is the test used by the DWP to determine whether claimants should be placed in the ‘Support Group’, or the WRAG. There is some evidence that disabled people are being assessed incorrectly as being fit for work and this may be a particular problem for those with mental health problems. According to figures provided by DWP, around 40 per cent of WCA are challenged, and of these challenges, between 33 to 47 per cent result in decisions being overturned.

5. Loans for mortgage interest

5.1 Clause 16 of the Bill proposes replacing the Support for Mortgage Interest (SMI) Scheme with interest bearing loans, which will be repaid upon the sale of the property, or when claimants return to work. Payments accrue interest at a rate tied to the Office for Budget Responsibility’s forecast of gilts. The proposals also include increasing the waiting period for mortgage interest help from 13 to 39 weeks.

5.1.1 The Support for Mortgage Interest (SMI) scheme is a benefit and provides help with mortgage interest payments to claimants of certain means-tested benefits, including income-related ESA. There are currently around 167,000 SMI recipients in Britain of whom 56,000 are disabled people claiming ESA (33 per cent).

5.1.2 We are concerned that requiring ESA claimants to pay interest and administrative fees on top of loan payments, when they have already been assessed as unwell and unable to work, will cause undue hardship and anxiety. We recommend that the Government excludes ESA claimants from Clause 16.

6. Devolved Context

6.1 The Bill should also be read against the significant shifts in legislative and executive competence in respect of welfare contained in the Scotland Bill, which has provisions to devolve responsibility for most disability, industrial injury and carers’ benefits (e.g. PIP and Attendance Allowance), as well as conferring powers to make concessionary top-up payments to reserved benefits, and powers to vary the timings and eligibility criteria for Universal Credit payments. It also allows for discretionary housing payments and new powers in relation to employment schemes for the long-term unemployed and other groups, such as disabled people.

6.2 Parliament is therefore considering major changes to reserved welfare powers at the same time as it considers significant devolution of legislative and executive competence on welfare to the devolved institutions in Scotland. The Scottish Ministers are subject to separate, distinctive regulation under the PSEdS, and have demonstrated willingness under existing powers to take steps to mitigate the impact of current welfare changes, such as the creation of the Scottish Welfare Fund, or the commitment to maintain a Scottish Independent Living Fund, following the closure of the UK ILF.

6.3 We encourage the Government to continue dialogue with Scottish and Welsh colleagues to ensure that the intricate detail of devolved welfare powers is worked out thoroughly and consistently, and addresses our domestic and international equality and human rights obligations.

7. Conclusion

In addition to the recommendations on specific Clauses outlined above, the Commission is concerned that the Government has not provided sufficient evidence and analysis to demonstrate the equality and human rights impact of the Bill’s provisions. We seek assurance from the Government that they will reassess the provisions outlined above. This will assist Parliamentarians to fulfil their vital role in scrutinising and challenging the legislation, so that domestic and international equality and human rights obligations are met, existing inequalities are addressed and resolved and Government policy can be successfully implemented.

ABOUT THE EQUALITY AND HUMAN RIGHT COMMISSION

The Equality and Human Rights Commission is a statutory body established under the Equality Act 2006. It operates independently to encourage equality and diversity, eliminate unlawful discrimination, and protect and promote human rights. It contributes to making and keeping Britain a fair society in which everyone, regardless of background, has an equal opportunity to fulfil their potential. The Commission enforces equality legislation on age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. It encourages compliance with the Human Rights Act 1998 and is accredited by the UN as an ‘A status’ National Human Rights Institution.

Find out more about the Commission’s work at: www.equalityhumanrights.com

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497 See, for example R (MM & DM) v Secretary of State for Work and Pensions [2013] EWCA Civ.1565.
1. Introduction

We are writing on behalf of the Scottish Campaign on Welfare Reform (SCoWR), a broad and diverse coalition of over 40 Scottish charities, faith groups and trade unions who share deep concerns about the current direction of social security policy. Individual members of SCoWR have already made written submissions and briefed MPs on proposed amendments to the Welfare Reform and Work Bill but we wish to collectively highlight shared principles we urge the Committee to consider when considering the Bill.

Drawing on our experience working with tens of thousands of individuals and families across Scotland we have collectively agreed a set of five key principles for a new approach to social security. We have set these out in the SCoWR Manifesto.

In summary these principles are that:

— benefits should be set at a level where no one is left in poverty and all have sufficient income to lead a dignified life.
— respect for human rights and dignity must the cornerstone of a new approach to social security.
— the social security system should be simplified—by for example increasing the proportion of non-means tested benefits and rolling back punitive and costly conditionality and sanctions.
— investment should be made in the support needed to enable everyone to participate fully in society.
— welfare benefits should work for Scotland—for example devolution of welfare powers to Scotland should be in line with the principles above and areas of reserved social security must take account of the different legislative housing, childcare, education, social care and training landscape in Scotland.

SCoWR members believe the current Welfare Reform and Work Bill fails on almost every count to follow these principles, as do the further cuts to tax credits proposed in the recent Budget, and we remain hugely concerned by the UK governments approach to social security and its impact on households across Scotland.

We are now writing to urge the Committee to consider the principles set out in the SCoWR Manifesto as you consider the Welfare Reform and Work Bill in order that the Bill might promote a more positive approach to social security.

Main submission

1.1 The value of basic benefits already falls well below internationally agreed definitions of poverty. Despite this, huge cuts to the welfare budget are plunging many into even deeper poverty and reinforcing inequality.

Radical restructuring is creating a system which is leaving more people without access to any support at all, whilst those who may qualify must engage with a system which lacks compassion and fails to treat them with dignity and respect.

1.2 The UK government’s approach to simplifying welfare is undermined by increasing conditionality, means testing, and the erosion of a rights based approach to entitlement. The increasing characterisation of benefit claimants as undeserving—‘skivers’ enjoying an overly generous system or worse, actively defrauding the system at the expense of hard working taxpayers; ignores the evidence about the reality of people’s lives. This rhetoric is used to justify cuts and harsher conditionality. Many lone parents (the majority of whom are women), for example, are required to engage in stressful work seeking activities despite inadequate childcare provision. Disabled people are forced to seek work in a competitive labour market where little is done to combat discrimination or aid accessibility. When, despite their best efforts, many fail to jump through these impossible hoops, they are sanctioned and have their benefits cut off entirely.

1.3 While individuals are blamed for not being in paid work, the real barriers to employment such as the lack of jobs, lack of affordable and suitable childcare, employer discrimination and our low wage economy are not tackled effectively. At the same time an immense amount of unpaid work in caring for children, for ill and disabled friends and relatives (most often done by women) or socially worthwhile volunteering goes unrecognised and unrewarded.

1.4 The need for a new approach to social security has never been more pressing and we are campaigning for the following key reforms:

— Increase benefit rates to a level where no one is left in poverty and all have sufficient income to lead a dignified life.
— Make respect for human rights and dignity the cornerstone of a new approach to welfare.
— Radically simplify the welfare system.
— Invest in the support needed to enable everyone to participate fully in society.
— Make welfare benefits work for Scotland.

2. **What would these key reforms mean in practice?**

2.1 *Increase benefit rates to a level where no one is left in poverty and all have sufficient income to lead a dignified life*  
   - Levels of basic benefits should be increased with the aim of lifting all out of poverty in the short term and in the longer term matching Minimum Income Standards (MIS), calculated by the Joseph Rowntree Foundation. MIS are based on what members of the public think is the minimum that is currently required to enable people to meet their needs and live with dignity.  
   - Those who are ill or disabled should get additional help to cover the extra costs incurred through ill health or disability.  
   - Help with housing costs must reflect the real costs of housing to the claimant.  
   - Provide better financial and other support for unpaid carers.

2.2 *Make respect for human rights and dignity the cornerstone of a new approach to welfare*  
   - Redesign the delivery of benefit and job seeking services and make them accountable at a local level to service users.  
   - Put services users’ needs—rather than profits—first, with the aim of ensuring that all claimants are treated with dignity and receive an excellent service.  
   - Ensure that the design and delivery of social security takes into account the need to incorporate measures which tackle the discrimination, social exclusion and higher risk of being in poverty experienced by many sections of society.  
   - Redesign ill-health and disability benefits putting the claimant’s needs at the heart of the process, with "fit for work" and disability assessments the responsibility of those best placed to have a full understanding of the person’s health and disability.

2.3 *Radically simplify the welfare system*  
   - Ensure that entitlement to benefit is based on equality of access and entitlement regardless of where someone lives. Non-means-tested support is simpler, easier to administer and does not suffer the stigma often attached to means-tested support. Increase the proportion of non means tested financial support by:  
     - Reinstating universal child benefit.  
     - Ensuring that a state pension is sufficient to enable all pensioners to live in dignity.  
     - End age discrimination by extending entitlement to adequate disability benefit to older people.  
   - Ensure that entitlement to benefits has straightforward conditions which are based on people’s circumstances and needs. Roll back punitive conditionality and sanctions which are ineffective, complex, costly and stigmatising.

2.4 *Invest in the support needed to enable everyone to participate fully in society*  
   - Make employment in benefit and job seeking support services more fulfilling and better rewarded.  
   - Give guaranteed access to a well-resourced wide range of not for profit employment services which prioritise sustainable outcomes for people.  
   - Ensure that those who are unable to work or have caring responsibilities get the support they need to engage in society fully (including, if appropriate, taking steps towards moving into paid employment) and are not required to engage in inappropriate work seeking activities.  
   - Invest in free or affordable, accessible, high quality childcare focused on the wellbeing of the child, as a right for all parents and carers enabling them to engage fully in society.  
   - Make childcare available to those in paid work, further education and training as well as carers and volunteers in recognition of the importance of education and unpaid caring work in society.

2.5 *Make welfare benefits work for Scotland*  
   - In Scotland, ensure that those areas of welfare which are devolved to Scotland are developed in line with the principles above.  
   - At a UK level, ensure that all welfare reform takes account of the different legislative framework in Scotland so that it is integrated with Scottish housing, childcare, education, social care, training and other key devolved areas of responsibility.  
   - In the longer term, and whatever the constitutional settlement, ensure that principles set out here underpin a new approach to social security wherever powers lie.
3. Conclusion

The fact that in a rich country like ours there are people who cannot afford to feed and clothe themselves properly or pay their bills is simply not acceptable, nor is it necessary, even during an economic crisis. In fact, when more and more people find themselves out of work or struggling on below poverty wages, adequate social security benefits are more important than ever. Of course, the proposals outlined above would require a sizable investment. However, this would lead to significant savings in the longer term, slashing the costs of poverty to society and removing barriers to paid employment. Costs would also be substantially offset by the administrative savings generated by a radical simplification of the current system. In addition, insuring against the risks of ill health, disability or unemployment is something which everyone benefits from. We should all, as a society, take collective responsibility for this, ensuring that costs are met in an equitable way through a fairer taxation system. Other European countries support a much more generous welfare system and there is no reason why we cannot afford to do likewise. This will benefit everyone—not just those on low income—a more equal society is one where everyone is happier and healthier and communities flourish.

The Scottish Campaign on Welfare Reform was set up in 2006 and is a coalition of key third sector organisations, faith groups, trade unions and individuals from across Scotland, working together to campaign for a fairer social security system.

SCoWR Members include:

- Bipolar Scotland
- Blackwood Housing Association
- Capability Scotland
- Child Poverty Action Group in Scotland
- Children 1st
- Children in Scotland
- Church Action on Poverty
- Energy Action Scotland
- Engender
- Glasgow Council for the Voluntary Sector
- Glasgow Disability Alliance
- Glasgow Homelessness Network
- Hillcrest Housing Association
- HIV Scotland
- Homeless Action Scotland
- Inclusion Scotland
- National Autistic Society Scotland
- One Parent Families Scotland
- Oxfam
- National Society for the Prevention of Cruelty to Children
- Public and Commercial Services Union Scotland
- Quarrriers
- Save the Children
- Scotland’s Commissioner for Children and Young People
- Scottish Association for Mental Health
- Scottish Drugs Forum
- Scottish Federation of Housing Associations
- Scottish Homelessness and Employability Network
- Scottish Poverty Information Unit
- Scottish Trade Union Congress
- Scottish Women’s Aid
- Scottish Women’s Convention
- Scottish Council for Voluntary Organisations
- Sense Scotland
- Shelter Scotland
- Terence Higgins Trust Scotland
- The Action Group
- The Stroke Association
- The Iona Community
- The Poverty Alliance
- Turning Point Scotland
- and other committed individuals.

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