

BW 12

Ymchwiliad i Fudd-daliadau yng Nghymru: opsiynau i'w cyflawni'n well

Inquiry into Benefits in Wales: options for better delivery

Ymateb gan: Welfare Rights Advisers Cymru

Response from: Welfare Rights Advisers Cymru

Comments from Welfare Rights Advisers Cymru (WRAC)

WRAC

1. Welfare Rights Advisers Cymru is the all-Wales body which brings together advisers working across advice organisations, local authorities, social landlords, charities, the wider third sector and other organisations across Wales.
2. As specialist advisers dealing with welfare benefits information, advice and appeals, at all levels, WRAC's members have extensive knowledge and experience of the benefits system and its impact on clients and their families.
3. WRAC responds to consultations and provides a forum for benefits experts to meet and share their expertise with each other.
4. WRAC also aims to provide a resource that can be called on for policy development and comment by government, academia and media.

Introduction

5. Unfortunately, this consultation did not come to our attention until the final day for submissions. We are unable therefore to fully respond to the Committee's invitation.
6. We would, however, be very happy to reply to any specific requests from the Committee for further evidence, either in writing or in person.
7. Our comments here are therefore limited in their scope and are largely focused on the questions that we believe raise further issues and concerns, rather than proposing solutions or concrete suggestions.

Background

8. The benefit system, across the UK, is in a mess. For most of the past decade it has been suffering the effects of three major issues:
 - Enormous cuts to the real value of benefits
 - Damaging changes to the support for the disabled and those incapable of work
 - The introduction of Universal Credit
9. £37 billion a year has been taken out of the real value of working age benefits alone. The means tested benefit system has never been generous but had been designed to provide a minimum decent standard of living. For too many people it no longer does that.
10. The changes to Employment and Support Allowance and to Personal Independence Payment, in particular, have reduced help for those in need, often the most vulnerable and most in need of support. Worse than that is the way in which the administrative and assessment processes are now clearly seen to be unfair, flawed and unjust. The extremely high success rates for appeals in these benefits, for those who succeed in hurdling the

administrative barriers in place during the process, demonstrate this. More than half the families living below the poverty line contain at least one person with a disability.

11. Universal Credit, as the Committee will know, can be rightly seen as an exemplar of the wrong way to change a working system. Whatever the flaws of the legacy benefits, which will still be with us for many years, they provided people with support from the time their needs and circumstances changed. The waiting period for Universal Credit, even when eased, still leaves people without that support. The very serious reduction in the real value of the benefit, since its original design, means that many people moving onto it suffer large financial penalties.
12. The approach of recent administrations to those in need of support seems to professionals working in the sector to be reminiscent of the harshness of the Poor Laws, with its underlying presumption that support should come with punishment. Limits of support for those in circumstances that cannot be changed, including the bedroom tax, Local Housing Allowances, the overall benefits cap and the two child limit have little credible justification. Sanctions for minor or unavoidable breaches of rules are far more severe than the actions or inactions justify.

Comments

13. The Committee may therefore expect us to welcome any proposals which might mitigate the effects of the damaging changes to the support system which have been introduced.
14. We believe that there are some ways, even with existing powers, that Welsh Government could, with relatively small expense or by using existing powers, improve the situation for benefit claimants and recipients in Wales, without devolved powers. We will briefly mention some of these after our comments on the potential for devolving some aspects of social security to Wales.
15. The Committee asked three main questions:
 - Do you think any powers over welfare benefits should be devolved to Wales?
 - In relation to Universal Credit in particular, should the Welsh Government be able to decide the frequency of payments, how payments are split between couples, or whether payments are made directly to the landlord?
 - Do you think the Welsh Government should have the power to create new benefits?
16. The second question is the easiest to answer – Yes. All of these issues are creating difficulties and hardship for claimants and also for landlords of rented properties, whether social or private.
17. Monthly payments of benefit, we are told by the government, reflect the reality of working life people receive regular earnings and must budget those across each month. The reality is that people who need the support of in-work benefits are still very commonly on weekly cycles of pay. Universal Credit is structured in such a way for these people that, even when earning the same amount of money every week, Universal Credit will vary, often dramatically, from month to month.

18. The way in which financial affairs are organised within households varies from family to family. Child Benefit has often been the only income directly going to mothers, for example, and cases of financial abuse are not uncommon. As Universal Credit brings more and more benefits into one single payment, we believe that the power to determine how that payment is shared would be welcome.
19. We know that social landlords are seeing large increases in rent arrears as their tenants move onto Universal Credit. Anecdotal evidence tells us that private landlords are increasingly reverting to the 'No DSS' rule that we had thought long gone. This may be because of the reality of the risk of increased arrears. The reasons for this may be complex and interrelated; reductions in the value of benefits, sanctions and difficulties in budgeting are amongst the factors involved. For some people direct payments of rent to landlords may be of assistance and a clearer method of asking for this will be welcome. We would caution against rent to the landlord being an absolute priority for Universal Credit payments however. Budgeting is an issue for everybody receiving benefits and, in the main, they are very good at it. That must mean flexibility to meet unexpected or large requirements remains under their control.
20. If Wales, as in Scotland and Northern Ireland, were able to exercise powers in these areas, and did so with the welfare of recipients as the priority, then we would welcome the devolution of these powers. The administrative requirements that would accompany these powers are substantial however and Welsh Government does not, currently, possess the infrastructure or experience of operating such determinations. Local authorities in Wales, through their housing benefit and council tax reduction work, do have such expertise.
21. Our support for these changes means that we are clearly in favour of devolving at least some powers over welfare benefits to Wales; answering question one.
22. The third question about the power to create new benefits is rather too open. There are few needs specific to Wales that would seem to demand a new benefit for them. There are many needs, common across the UK, where increases in current benefits, changes to the entitlement criteria for current benefits or unmet needs exist. Meeting any of these needs would be difficult. Within Wales there are many, many competing budgetary priorities and the accompanying administrative load makes this, in our opinion, too aspirational in the short term. Whether the new tax-raising powers could be used in future is, of course, worthy of further study.

Conclusion

23. We said earlier that there are existing devolved powers which could be used within the benefit system to improve the position of claimants in Wales. For example, help with childcare within the benefit system, for those in work, is available only to those using registered and approved childcare. That rule is not devolved but Welsh Government has the power to determine what is approved childcare and could, for example, move to recognising kinship care. That could have an enormous effect on the amount of money being brought in directly from Westminster via the benefits system.
24. Finally, we would emphasise the amount of unclaimed benefits in Wales. For example, about half the households entitled to Pension Credit, the main means tested benefit for older

people, do not receive it. The level of take-up for other benefits including disability benefits, housing benefits and in-work benefits are also extremely low.

25. Improving the level of take-up for these benefits in Wales does more than bring to those in financial need.
26. The way in which benefits operate in terms of the impact on the local economy is often poorly understood and not sufficiently considered. People who receive benefits spend their money a bit differently to those better off. They spend it immediately, they don't save it, they need the money now. They tend to spend it much more locally than people who are better off. They don't spend their money abroad on foreign holidays or buying exotic things across the internet, they spend it in the local economy, in the shops and the services where they live, and that means that there's an immediate local economic effect from raising or cutting benefits. That extra money from the benefits system comes directly from Westminster and falls outside normal settlements.
27. We welcome Welsh Government making increasing use of its powers to support advice and information work in Wales and would encourage the Committee to emphasise the value of the work of our members to the people and economy of Wales.