

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

### Inquiry into Benefits in Wales: options for better delivery

Ymateb gan: Yr Ymddiriedolaeth Trussell

Response from: The Trussell Trust

1. The Trussell Trust is an anti-poverty charity which supports a nationwide network of food banks and whose mission is to end hunger and poverty in the UK. Together our network provides emergency food and support to people locked in poverty, and campaigns for change to end the need for food banks in the UK. The Trussell Trust has been operating in Wales for 10 years, and there are 37 Trussell Trust food banks delivering volunteer-led support through 110 centres.
2. In Wales between 1<sup>st</sup> April 2018 and 30<sup>th</sup> September 2018, 48,571 three day emergency food supplies were provided to people in crisis by food banks in The Trussell Trust network. This was a 13% rise compared to the same time period the previous year.

#### Summary:

- The benefits system should lift people out of poverty – however, too often, it can lock people in and leave them needing a food bank's help. The devolution of welfare benefits provides an opportunity for the Welsh Government to build a more compassionate and dignified system.
- The devolution of welfare benefits in Scotland offers positive examples of how Wales could improve benefits delivery – in particular: the reshaping of the principles of benefits delivery with rights and dignity at its heart; the commitment to a well-resourced ring-fenced crisis fund; and the creation of new benefits which give payment top-ups to some people on low incomes.
- An effective programme of devolved welfare benefits requires adequate funding from Westminster, both for administering the transition and for any additional benefit payments created through devolution.
- We propose six key principles which the Welsh Government should use to lead the devolution of welfare benefits: dignity; valuing lived experience; income maximisation; learning and evolving; strengthening statutory local support; and investing to save.

#### Arguments for and against the devolution of welfare benefits

3. The benefits system can and should lift people out of poverty – however in its current form it can lock people into poverty and leave them needing a food bank's help. A wide-ranging project from the University of Oxford found that households referred to food banks are generally in receipt of working-age benefits, either: to supplement low pay; due to being unable to work; or while looking for work<sup>1</sup>. The most common reasons for food bank

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<sup>1</sup>Loopstra et al, 'Financial insecurity, food insecurity, and disability: The profile of people receiving emergency food assistance from The Trussell Trust Foodbank Network in Britain', 2017, University of Oxford and Kings College London, available at: [https://www.trusselltrust.org/wp-content/uploads/sites/2/2017/07/OU\\_Report\\_final\\_01\\_08\\_online2.pdf](https://www.trusselltrust.org/wp-content/uploads/sites/2/2017/07/OU_Report_final_01_08_online2.pdf)

referrals include issues with benefit payments – either due to benefit changes or delays or due to benefits not covering the cost of living<sup>2</sup>.

4. The Trussell Trust conducted research in 2018 to understand the impact of the roll-out of Universal Credit across the U.K. We found a 52% average increase in food bank use twelve months after Universal Credit rolled out in an area. Food banks not in Universal Credit areas, or that had only had the system for up to three months, showed an average increase of 13%.<sup>3</sup> Universal Credit was fully rolled out to every Jobcentre Plus in Wales at the end of 2018. When Universal Credit migration is complete, it is estimated that 400,000 households in Wales will be on Universal Credit.<sup>4</sup> This brings particular challenges to the Welsh Government, whether they choose a more devolved approach to benefits administration or not, it is likely that innovative and wide-ranging solutions will be required to ensure that households on Universal Credit get the support that they need.
5. Making sure benefits are administered with compassion and dignity, and ensuring benefit payments cover at least the basic costs of living, is the best way to reduce the need for food banks. There has also been growing criticism that benefits systems that do not treat individuals with compassion, such as through the use of sanctions, can lead to detrimental impacts. Research conducted by the University of Oxford found a ‘strong, dynamic relationship’ between benefit sanctions and food bank referrals<sup>5</sup>. Sanctions policies have been implemented by the UK government who say that there is evidence to show that they enable people into work. However, most studies do not find a link between sanctions and entry into work, but only a link between sanctions and exit from unemployment<sup>6</sup>. The studies that did find a link between sanctions and employment also found that sanctions led to people accepting jobs with lower wages and fewer hours.<sup>78</sup>
6. The devolution of welfare benefits provides an opportunity for the Welsh Government to build a poverty-fighting benefits system built on these values. The example set by the other devolved administrations suggests there is a wide scope to improve benefits delivery which Wales could follow.

## Lessons learned from the devolution of some social security powers to Scotland

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<sup>2</sup> Trussell Trust 2017-18 end of year statistics, available at: <https://www.trusselltrust.org/news-and-blog/latest-stats/end-year-stats/>

<sup>3</sup> The Trussell Trust, 2018, ‘The next stage of Universal Credit: Moving onto the new benefit system and foodbank use’, available at: <https://www.trusselltrust.org/wp-content/uploads/sites/2/2018/10/The-next-stage-of-Universal-Credit-Report-Final.pdf>

<sup>4</sup> Welsh Government, ‘Analysis of the impact of the UK Government’s welfare reforms on households in Wales’, 2019, available at: <https://gov.wales/sites/default/files/publications/2019-03/impact-of-welfare-reform-on-households-in-wales.pdf>

<sup>5</sup> R Loopstra et al, ‘The impact of benefit sanctioning on food insecurity: a dynamic cross-area study of food bank usage in the UK’, 2016, available at: <https://www.trusselltrust.org/wp-content/uploads/sites/2/2017/07/loopstrasociologyworkingpaper27oct16sanctioningfoodbankuse032016-update.pdf>

<sup>6</sup> Economic and Social Research Council, ‘Overview: Final Findings of the Welfare Conditionality Project (2013-2018)’, 2018, [http://www.welfareconditionality.ac.uk/wp-content/uploads/2018/05/40414\\_Overview-HR4.pdf](http://www.welfareconditionality.ac.uk/wp-content/uploads/2018/05/40414_Overview-HR4.pdf)

<sup>7</sup> Webster, D., ‘Government Response to the Work and Pensions Committee Report on Benefit Sanctions February 2019: Commentary’, 1 April 2019, available at: <http://www.cpag.org.uk/sites/default/files/uploads/Commentary%20on%20govt%20response%20to%20WP%20Comm%201%20Apr%202019.docx>

<sup>8</sup> National Audit Office, ‘Benefit Sanctions’, HC 628, 30 November 2016, at <https://www.nao.org.uk/report/benefit-sanctions/>

7. The devolution of social security powers to Scotland has given the Government an opportunity to reshape the values of social security delivery to create a more compassionate and dignified system. The Trussell Trust particularly welcomes the new Scottish Social Security Agency's charter, particularly (a) **the inclusion of people with lived experience of the benefits system in its design**, (b) **the focus on a quality service for the customer**, (c) **building wraparound support to navigate the system into delivery**, (d) **redesigning the agency tasked with administering benefits, the Scottish Social Security Agency, to make benefits delivery more dignified and compassionate**, and (e) **stipulating the role of Scottish Ministers in ensuring that individuals are getting what they are entitled to under the Scottish social security system**.

8. We particularly welcome the Scottish Government's commitment to a centrally funded but locally administered and ring-fenced crisis fund. Research from organisations including The Trussell Trust has shown the dwindling of local statutory crisis grants and support following the devolution of the Social Fund, particularly as this support was no longer ring-fenced<sup>9</sup>. In its absence, food banks have stepped in to provide crisis support, but cannot be a replacement for a statutory service providing cash and advice, which gives people more control over their circumstances and can help alleviate and/or prevent future crises. Local delivery has been supported by robust guidance which sets minimum standards but offers councils the opportunity to innovate. For example, in North Lanarkshire the council has interpreted the guidance to build a Referral Pathway in which the council's Scottish Welfare Fund team perform income and eligibility assessments for a grant before a food bank voucher is offered so people are able to access statutory support before a food parcel, reducing food bank use to some projects in the area<sup>10</sup>.

9. Devolution has also allowed for the opportunity to give financial support to groups with additional needs, particularly groups negatively affected by welfare reform. Researchers found that groups with higher inescapable costs – like disabled people, larger families, and single parent families – would be most likely to fall into financial hardship and need a food bank. The Scottish mitigation of the spare room subsidy, or 'bedroom tax', and the additional top-ups announced for disabled people, carers, young people moving into work, and low-income families in particular will go some way to reduce the financial hardship of groups on the lowest incomes.

10. Devolution in Scotland has allowed the Scottish Government to introduce greater flexibility into the Universal Credit system. For example from 2018 their system enables more frequent payments of Universal Credit and it can more easily allow for alternative payment arrangements such as direct payments to landlords. The Scottish Government is also exploring a process to provide split Universal Credit payments (paid to each adult in the household) as standard, to avoid issues of domestic and financial abuse that can arise from the current system. These examples illustrate the flexibility that devolution provides to test

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<sup>9</sup> Trussell Trust; Children's Society; GM Poverty Action; Church Action on Poverty; Centre for Responsible Credit; LGA

<sup>10</sup>North Lanarkshire Council, 'North Lanarkshire Council: Food Poverty & Insecurity', available at: <http://www.cpag.org.uk/sites/default/files/UC%20and%20income%20crisis%20-%20John.pdf>

alternative ways to deliver benefits. However, more research still needs to be done to understand the impact of these reforms.

11. There are opportunities to go even further than the wide-ranging work in Scotland, particularly with additional financial support from Westminster. In Northern Ireland the mitigations package has taken the form of top-up payments for groups particularly at risk of needing food banks, such as families in work and disabled people. Investing in support for people moving onto Universal Credit through transitional payments, freely available welfare and debt advice, and training for claimants to manage their claims and money, would go a long way to ensure people do not find themselves referred to a foodbank because of an issue with Universal Credit.

### **Options for different forms of devolution (i.e. Universal Credit flexibilities, the devolution of specific benefits, the ability to create new benefits etc.)**

12. We would welcome the Welsh Government utilising the full range of powers through the devolution of welfare benefits, particularly flexibilities to Universal Credit payments (alternative payment arrangements), bolstering local statutory crisis support through the Discretionary Assistance Fund, and top-up payments for people particularly at risk of falling into severe food insecurity. An evidence-based approach that is grounded in practical outcomes for people

### **Practical considerations of devolution (i.e. the financial implications, integration of devolved and non-devolved systems, delivery infrastructure etc.)**

13. The Welsh Government will need to balance the costs of additional administration with better benefits delivery and a more supportive benefits system. An effective programme of devolved welfare benefits requires adequate funding from Westminster, both for administering the transition and for any additional benefit payments created through devolution. However, investing in a robust and sensitive benefits system benefits other services, such as health and social care, and the criminal justice system.

14. The Welsh Government will need to consider a realistic timetable to any welfare devolution, and to consider what is possible within the current infrastructure (for example, any logistical barriers regarding data-sharing and technology with the Department for Work and Pensions). A recent parliament debate suggested that a significant amount of investment of time is needed on both sides, and the Scottish Government has not kept to their original timetable.<sup>11</sup>

### **The principles that could underpin the delivery of benefits in Wales**

15. We created our public services – like the police, health service, and the benefits system – to support people when they need it most and unlock people from poverty. However, the current benefits system can pull people under the tide of poverty and leave people needing a food bank's help. The Trussell Trust believes that there should be a well-functioning social

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<sup>11</sup> <https://www.parliamentlive.tv/Event/Index/2ac959ae-8b53-4b99-847d-1c44c11eed6e>

safety net in place, and that food banks should only be there as a last resort for those who fall through the safety net; they should not be replacing the safety net. The Welsh Government has the opportunity to build a truly supportive benefits system which helps end the need for food banks. The devolution of welfare benefits could, and should, be an opportunity to test ways that people needing food banks can access statutory financial support and advice to prevent a first or second referral and build resilience in the long term.

16. We propose six key principles which the Welsh Government should use to lead the devolution of welfare benefits: dignity; valuing lived experience; income maximisation; learning and evolving; strengthening statutory local support; and investing to save:

- **Dignity:** Ensuring claimants are treated with dignity throughout their interactions with the benefits system should be its central principle. Dignity should inform all aspects of the claimant's experience, including interactions with case managers, how assessments for entitlements are conducted and decisions communicated, how conditionality is applied, and how official errors are handled. Case managers should receive training to ensure they can interact with people sensitively, particularly disabled people and people with mental health issues. One suggestion for a more dignified approach would be for the claimant commitments to be rewritten to include not only the obligations of the claimants, but the obligations of the institutions that are delivering benefits as well.<sup>12</sup>
- **Valuing lived experience:** The Scottish Social Security Agency has taken a refreshing and much-needed step in building people with lived experience of the benefits system into its development and oversight. The Welsh Government has an opportunity to create a benefits system that respects the experience of its customers, and should do so. We would also welcome the inclusion of lived experience as a form of evidence for any 'test and learn' evaluation of benefits delivery.
- **Income maximisation:** The benefits system should be focused on ensuring people have enough financial support to cover at least their basic costs of living, and people are made aware of their entitlements. This can take the form of top-up payments, like Northern Ireland's Welfare Reform Mitigations Package or Scotland's mitigation of the spare room subsidy ('bedroom tax'). Mitigating the cuts to entitlements for groups with higher inescapable costs, like the reductions to disability benefits<sup>13</sup> and to payments for families<sup>14</sup> in particular would be useful. People should also be able to access free advice (welfare rights, legal advice, debt advice) alongside financial support so they are aware of their entitlements, know how to claim, and can get help claiming if necessary.
- **Learning and evolving:** Any devolution in welfare benefits should build in learning and evaluation from the start – to test effectiveness and outcomes, to continue to make the case for having some devolved powers, and to influence Westminster-driven policy where lessons

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<sup>12</sup> Bright Blue, 'Helping Hand? Improving Universal Credit', 2019, available at: <http://brightblue.org.uk/wp-content/uploads/2019/03/Helping-hand.pdf>

<sup>13</sup> The cuts to Employment Support Allowance 'Work-related activity group' (WRAG) and the Universal Credit 'Limited capability for work' element to the same level as Jobseeker's allowance and the standard allowance respectively, which came into force in April 2017

<sup>14</sup> The '2 child limit' policy in particular, which came into force in April 2017 and was extended in April 2018, which restricts Child Tax Credits and the Child Element of Universal Credit to the first two children in a family (with some rare exemptions)

can be learnt. This will be particularly important as the integration of devolved and non-devolved infrastructure may be difficult and require resource and development.

- **Strengthening local statutory support:**

- The Discretionary Assistance Fund (DAF) can be a lifeline for a household in short-term crisis, and it is a testament to the commitment of the Welsh Government to reducing poverty that this remains ring-fenced. However, the fund must be properly resourced to ensure people can get the help they need, and eligibility reflects the reality of short-term income crisis today – for example, the five-week wait for Universal Credit is not a reason for eligibility for a crisis grant, despite the wait being a trigger for financial hardship.
- While third sector organisations have a role to play in supporting people, volunteers and volunteer-led organisations cannot be a replacement for a well-resourced benefits system. Reduced spending on the benefits system has left a postcode lottery of statutory support and a reliance on voluntary services. Food banks should not be institutionalised and become a part of the social security landscape – ending the need for food banks will necessitate a focus on statutory support and ensuring emergency food is a last resort.

- **Invest to save:** The Scottish Government has estimated that £125 million will have been spent on their welfare reform mitigation package in the 2018/19 financial year. It's important for public services to offer value to the taxpayer. However, that shouldn't be a rationale to reduce spending on benefits - investing in a benefits system that lifts people out of poverty has direct positive impacts for other services, such as the health service and criminal justice system.

17. In conclusion, the Trussell Trust thinks that there are a number of potential benefits to devolved administration of benefits in Wales, as long as such administration is properly costed for. However, the Trussell Trust believes that there are still significant and pressing issues with the design of benefits across the UK, not limited to: the five week wait for Universal Credit payments, the freeze in benefits payments, the increasing harshness of benefit sanctions, and the reduction in benefit payments to disabled people. The Trussell Trust will continue to campaign on all of these issues, and thinks that ultimately the changes need to be made in Westminster to ensure that the benefits system can be a poverty-fighting force as intended. Ultimately any devolution of benefits administration may be able to improve the benefits system and ameliorate some of the impacts identified for people in Wales, but it will not have the power to make the more significant redesign to welfare policy which we believe is needed.