

Welfare Reform: Mitigations on a Cliff Edge

Advice NI, Housing Rights, Law Centre NI



November 2018

Advice NI, a registered charity founded in 1995, exists to provide leadership and services to our 57 member organisations and to ensure accessible advice services across Northern Ireland.

Housing Rights is Northern Ireland's leading provider of independent specialist housing advice. For over 50 years we have been working to prevent homelessness.

Law Centre NI, established in 1977, promotes social justice by providing specialist legal support to organisations and individuals, in the areas of social security; immigration and asylum law; employment law and health and social care law (community care).

Welfare reform mitigations on a cliff edge

Contents

1.0. Introduction	2
1.1 Executive Summary	3
1.2 Mitigation package 2016 – 2020	4
1.21 The three strands of the mitigation package:	4
1.3 Mitigation package: Expenditure	5
1.4 Mitigation package: Underspend	7
1.41 Mitigation package: Implications if the measures were to be discontinued in 2020	7
1.42 Bedroom tax	7
1.43 Benefit cap	9
1.5 Future Priorities	10
1.51 Priority 1: Universal Credit	10
1.52 Priority 2: Wider impacts on housing	13
1.53 Priority 3: Children and Families	19
1.54 Priority 4: Advice	21
1.6 Options: mitigations post 2020	22
Appendix 1: Mitigation Package Expenditure	27
Appendix 2: Mitigation package 2016 – 2020 underspend	28
Bibliography	30

1.0. Introduction

The issue of welfare reform almost brought the NI Assembly to the brink in 2015 due to concerns about its impact on vulnerable people. A consensus was reached in 2015 with the Fresh Start Agreement to mitigate some of the harshest impacts of welfare reform. Professor Eileen Evason was tasked with identifying the mitigations, which she developed with the Welfare Reform Mitigations Working Group.¹ The group's recommendations were adopted in full by the NI Assembly and most have been implemented.

The current mitigation package expires in March 2020; a date fast approaching. Concerns are amounting about a mitigations 'cliff edge'.

This paper aims to kick start conversations about what happens post 2020. To assist these conversations, and in the absence of any official evaluation of the mitigations package, this paper provides an overview of the operation of the mitigation arrangements and spending to date. It also identifies significant new and emerging areas, (including areas which had previously fallen outside of the original scope of the mitigations), which are grouped as future priorities. The paper concludes by setting out three post-2020 options for consideration.

The conversation must now involve a wide range of voices from across the sector and with political and government representatives. The options contained in this paper are not exhaustive and we welcome suggestions and dialogue.

¹ A Fresh Start: The Stormont Agreement and Implementation Plan (November, 2015) <<https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/ofmdfm/welfare-reform-mitigations-working-group-report.pdf>> (accessed November, 2018)

1.1 Executive Summary

This report considers the importance of the current mitigation package and the implications for social security claimants in Northern Ireland if the agreed measures are discontinued at the end of March 2020. It considers the current underspend and demonstrates that there is capacity for some existing resources to be allocated to a re-profiled mitigation package. This is set out as one of three potential options post-2020.

Option 1: Discontinue the mitigation package

This option will give rise to considerable financial hardship. As outlined in section 1.4, the end of the mitigations scheme will result in significant financial loss for many claimants and is likely to result in increased poverty for both adults and children in Northern Ireland.

Option 2: Continue the mitigation package in its current form

This option will be helpful insomuch as it will continue to protect claimants from some of the existing measures; however, it will not protect claimants from the evolving landscape – specifically, the hardships arising from Universal Credit. Nor do the current mitigations offer help with housing costs to claimants living outside of social housing despite successive benefit changes which make it more difficult for them to stay in their homes.

Option 3: Continue and re-profile the mitigations package.

This option would retain a number of the current mitigations while re-profiling the substantial underspend in the mitigations budget to provide protections for evolving welfare reforms. The re-profiled mitigations package would include investment in order to mitigate hardship associated with emerging issues which fall under the following priorities:

- **Priority 1: Universal Credit;**
- **Priority 2: Housing;**
- **Priority 3: Children and families;**
- **Priority 4: Advice support**

Option 3 is our preferred approach. The continuance of and re-profiling of the mitigations package is consistent with the direction of travel set by the NI Executive prior to its collapse, including the commitment to ensuring protection for social security entitlement in Northern Ireland.

1.2 Mitigation package 2016 – 2020

In line with the Fresh Start Agreement² the NI Executive agreed to allocate a total of £585 million from Executive funds over four years to ‘top-up’ the UK welfare arrangements in NI with a review in 2018- 19. As Professor Evason stated in the foreword to the report outlining the mitigation package:

“We have looked at developments elsewhere and are confident that the measures we propose will place Northern Ireland clearly ahead of the rest of the United Kingdom in its efforts to protect vulnerable children and adults - in work and not employed - from hardship.”³

1.2.1 The three strands of the mitigation package:

1. The first strand provided supplementary payments, for varying periods, over the four years of the programme for carers, those with ill health and disability and families. This included assistance regarding contribution based Employment & Support Allowance time limiting, Disability Living Allowance reassessment, loss of premiums, and loss of financial support for carers, mitigation of the benefit cap and bedroom tax and the introduction of a discretionary support scheme.
2. The second strand related to supporting and protecting claimants, especially the most vulnerable, with independent advice at key points in all of the changes.
3. The third strand looked forward to the introduction of Universal Credit and, following the strategy adopted in Scotland, the need to explore new ways to alleviate hardship.

² Ibid

³ Welfare Reform Mitigations Working Group Report (January 2016) < <https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/ofmdfm/welfare-reform-mitigations-working-group-report.pdf> > (accessed November 2016)

1.3 Mitigation package: Expenditure

The Department for Communities produced its first annual report⁴ on the operation of the Welfare Support Payments in Northern Ireland in December 2017. In summary, the 2016/17 annual report highlighted the range of Welfare Supplementary Payments spending; along with a report on advice provision, Discretionary Support and information on sanctions. (For a detailed breakdown of Welfare Supplementary Payments spending 2016/17, see Appendix 1)

According to available figures for the 2017/18 financial year, spending on Welfare Supplementary Payments in 2017/18 amounted to £52,383,000 (see breakdown below)⁵

Table 1 2017/18

Welfare Supplementary Payment Scheme	2017-18 £'000
Benefit Cap	3,862
Employment and Support Allowance	5,974
Personal Independence Payment	16,731
Loss of disability premiums / elements	2,437
Carers	2,254
Social Sector Size Criteria	22,107
Discretionary Support Awards	10,596
Discretionary Loan recovery	-11,578
Total	52,383

The second annual report of the Department for Communities, to be published later this year, will provide an even clearer picture of the reliance on the mitigations package by families across NI.

Figures above exclude the additional funding allocated to Advice NI, Citizens Advice and Law Centre NI in support of additional independent advice services. This included an independent **Welfare Changes Helpline (0808 802 0020)** to support anyone needing help or advice relating to any of the changes to the welfare system; additional advisers located in local generalist advice centres and supported by three specialist advisers who also provide tribunal representation. The impact of these additional independent advice services to date is as follows:

- **37** face to face advisors in the 11 council areas have supported **68,250** people.
- **9** Helpline advisors have supported **30,941** people.

⁴ Department for Communities, Welfare Supplementary Payments, Sanctions, The Operation of Discretionary Support, and Standards of Advice and Assistance Provided (December, 2017) <<https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-annual-report-welfare-supplementary-payments-2016-2017.pdf>> (accessed November, 2018)

⁵ Information provided to Advice NI by the Department for Communities

- **3** Legal advisors have provided advice to **3,370** people.
- Access to specialist legal services as required;
- Universal Credit Digital Support package delivered to all **45** frontline advice organisations.

Additionally, the advice sector has delivered training across Northern Ireland, thus enhancing skills and increasing awareness.

Training	Number of advisers / participants /sessions
Welfare Reform Advisor Training Programme	354 advisers
Universal Credit Advisor Training	409 advisers
Welfare Reform Awareness Sessions	1,500 participants
Universal Credit Awareness Sessions	5,540 participants
Universal Credit and Housing training (delivered by Housing Rights)	233 advisers
Personal Independence Payment information sessions delivered in partnership with the British Deaf Association	6 sessions

1.4 Mitigation package: Underspend

By comparing Departmental data with projected mitigation package expenditure projected in the Welfare Reform Mitigation Working Group Report⁶ a significant underspend emerges (see appendix 2 for a detailed breakdown).

Table 2

Year	Underspend
2016/17	£41.45m
2017/18	£68.05m
Total underspend to date	£109.50m

Reasons for the mitigations underspend include lack of uptake of particular supplementary payments and difficulties in implementing particular provisions.⁷ In short, there is scope for some of the existing resources to be re-profiled.

1.41 Mitigation package: Implications if the measures were to be discontinued in 2020

Using the statistics available from the Northern Ireland Housing Executive and the Department for Communities, we were able to consider the implications of the end of the mitigation package in respect of the 'Bedroom tax' and the 'Benefit Cap'. The removal of these two mitigations alone would have a significant impact on households in Northern Ireland.

1.42 Bedroom tax

The mitigation arrangements for the 'bedroom tax' were not intended to be absolute. Tenants who moved within the social sector would lose their mitigation protection if they moved to a property where they continued to under-occupy by the same or greater extent unless they did so under 'Management Transfer Status'.

The Department for Communities has routinely published information about the numbers of tenants who have lost entitlement to this mitigation payment.

⁶ See Appendix 8 of the Welfare Reform Mitigation Working Group Report (January 2016), p. 37 <<https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/ofmdfm/welfare-reform-mitigations-working-group-report.pdf>> (accessed November 2018)

⁷ For example, implementation of the Cost of Work Allowance mitigation has not progressed.

Table 3:

Tenants who lost mitigation payment between April 2017 – September 2017 ⁸	35
Tenants who lost mitigation payment between October 2017 – March 2018 ⁹	86
Total number of tenants who lost mitigation payment between April 2017 – March 2018	121

Recent analysis carried out by the Northern Ireland Housing Executive (NIHE) Welfare Reform Project Team identifies that were mitigations to cease, there would be a total **weekly** loss of Housing Benefit to these tenants (and their social landlords) of **£409,599** (based on 32,777 tenants in both NIHE and Housing Association properties impacted by the bedroom tax at 9th July 2018)¹⁰.

Based on the experience of those tenants who have already lost entitlement to the mitigation payments, social landlords remain concerned about the impact on rent arrears should this protection cease. The NIHE, for example noted that of the 72 NIHE tenants who (by June 2018) had lost their mitigation payment, average arrears per household had increased from £46 to £174.¹¹

Furthermore, it has also been noted that there is a mismatch between the type of housing stock available, the type required to meet demand and the type required to meet the 'bedroom tax' rules. Less than one-fifth (18%) of the entire social stock has one bedroom. However, single applicants consistently account for almost half (45%) of the waiting list each year. According to the NIHE, therefore;

⁸ NI Executive, Social Sector Size Criteria: Cessation of Welfare Supplementary Payments (April 17-Sept 17), 2018, <<https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-social-sector-size-criteria-report-cessation-of-welfare-supplementary-payments.pdf>> (accessed November 2018)

⁹ NI Executive, Social Sector Size Criteria: Cessation of Welfare Supplementary Payments (Oct 17-March 18), 2018, <<https://www.communities-ni.gov.uk/publications/social-sector-size-criteria-cessation-welfare-supplementary-payments>> (accessed November 2018)

¹⁰ Note this figure may have increased since the publication of the NIHE report since arrears accrued on a rental account can build over time. The NIHE report states that the data presented was the average arrear at the time of writing. NIHE, Welfare Reform in Northern Ireland: A Scoping Report, (November 2018), <https://www.nihe.gov.uk/welfare_reform_ni_a_scoping_report.pdf> (accessed November 2018)

¹¹ NIHE, Welfare Reform in Northern Ireland: A Scoping Report, (November 2018), p 47 <https://www.nihe.gov.uk/welfare_reform_ni_a_scoping_report.pdf> (accessed November 2018)

*“Even if an ample supply of suitably sized dwellings were available, the time that would be required to facilitate tenants moving to new properties is too lengthy to be completed before mitigation ends in March 2020”.*¹²

1.43 Benefit cap

The Benefit Cap is an upper limit on the amount of benefit a household can receive. It applies if the claimant, or their partner if they have one, is of working age.

In June 2016 the Benefit Cap was introduced at £26,000 a year for couples and households with children and £18,200 a year for single people without children. In November 2016 these thresholds were lowered to £20,000 and £13,400 respectively.

The Department for Communities and NI Statistics & Research Agency published experimental statistics¹³ in November 2018 which highlighted the impact of the Cap.

- 1,580 households were capped at July 2018;
- All of the households impacted by the Cap are comprised of either lone parents (84%) or couples with children (16%);
- Average amount capped at July 2018: £48 per week;
- 8% of capped households were capped by more than £100 per week.

All eligible claimants who are continuously affected by the Benefit Cap will receive a mitigation payment until 31 March 2020.

Households may also become exempt if they made a successful claim for a disability-related exempting benefit such as Carer’s Allowance (CA), Disability Living Allowance (DLA) or Personal Independence Payment (PIP).

40% of households who have moved off the Cap as at July 2018 were receiving disability-related exempting benefits.

The impact of discontinuing the mitigations scheme post-2020 in relation to the benefit cap will cause particular hardship for families with children.

¹² NIHE, ‘Welfare Reform in Northern Ireland: A Scoping Report’,(November 2018), p 43 <https://www.nihe.gov.uk/welfare_reform_ni_a_scoping_report.pdf> (accessed November 2018)

¹³ Department for Communities, Benefit Cap: Northern Ireland <<https://www.communities-ni.gov.uk/system/files/publications/communities/benefit-cap-statistics-july-2018.pdf>> (accessed November 2018)

1.5 Future Priorities

In this section we identify a number of areas that would benefit from future protection. These are arranged in four priorities: Universal Credit, Housing, Children and Families and Advice.

1.51 Priority 1: Universal Credit

Universal Credit (UC) is designed to simplify the benefit system and to incentivise claimants to seek paid work.¹⁴ The delivery of UC has proved problematic¹⁵ and evidence suggests that it is having a “forceful and negative impact on the lives of ordinary people and their ability to survive”¹⁶ While it is important to acknowledge that some claimants will be financially better off under UC,¹⁷ many claimants are experiencing a considerable drop in income as evidenced by this Law Centre case study.

Case study:

Marie is a young woman in her early twenties. She has significant health conditions and was in the ESA Support Group and received an enhanced disability premium. In total she received £191.45 per week. Due to a change in address, Marie had to claim Universal Credit and was required to undergo a new medical assessment. Marie’s weekly income is now £58.10 per week. As a result of claiming Universal Credit, Marie has experienced a loss of £133.35 per week i.e. almost 70% reduction in her weekly income.

The roll-out of the initial phase of Universal Credit completes in Northern Ireland when it arrives in Antrim and Ballymena on 5th December 2018¹⁸. All new claimants must now claim UC; it will no longer be possible to claim a means-tested legacy benefit.

In Northern Ireland, UC is administered in ways that differ from the rest of the UK. These ‘flexibilities’ are as follows:

- Payments are made fortnightly with an option of moving to monthly payments;

¹⁴ See Philip Larkin, ‘Universal Credit, ‘Positive Citizenship’, and the Working Poor: Squaring the Eternal Circle?’ (2018) *Modern Law Review* 81 (1), pp 114–131

¹⁵ See, Advice NI, ‘Proposals on Universal Credit (UC): How to make it better’ <http://www.adviceni.net/sites/default/files/publications/making_uc_better.pdf> (accessed November 2018)

¹⁶ See, Gráinne McKeever, Mark Simpson and Ciara Fitzpatrick ‘Destitution and Paths to Justice’ (JRF/LEF, 2018) < <https://research.thelegaleducationfoundation.org/wp-content/uploads/2018/06/Destitution-Report-Final-Full-.pdf>> p. 39 (accessed November 2018)

¹⁷ The number of working families that gain from the switch to UC increases by 200,000 – from 2.2 million families previously to 2.4 million families now. Among working families with children, the number (1.5 million) expected to be better off under UC now matches the number (1.5 million) expected to be worse off. See, David Finch and Laura Gardiner, ‘Back in Credit? Universal Credit after Budget 2018’ (Resolution Foundation, November 2018) < <https://www.resolutionfoundation.org/app/uploads/2018/11/Back-in-Credit-UC-after-Budget-2018.pdf>>

¹⁸ The complete roll out of Universal Credit, following a period of managed migration, is due to be completed in Northern Ireland by March 2023.

- The housing element of Universal Credit is payable directly to landlords
- Payments can be split between a couple

These first two flexibilities have proven extremely effective: fortnightly payments are easier for people on tight budgets to manage and the direct payment to landlords have avoided the increase in housing arrears that has occurred in GB. Unfortunately, in relation to the third flexibility, our understanding is that no split payments have been made in Northern Ireland to date. We understand that the Department for Communities is reviewing this issue.¹⁹

Over the last year, DWP introduced a number of changes to try and address criticisms levelled at Universal Credit.²⁰ While encouraging, these changes do not take immediate effect. Even when fully implemented, these measures will not fully address all of the hardship arising from the introduction of UC. In short, further mitigations are needed.

Problems associated with Universal Credit and possible solutions

Below, we outline the key problems associated with the new system as well as proposed solutions. This paper also outlines the housing specific problems associated with UC.

a) Problem: The five-week wait

The Public Accounts Committee (2018) has identified that this five week wait contributes to causing ‘unacceptable hardship’ for UC claimants.²¹ Our understanding is that while 94.1% of claimants have been paid promptly in Northern Ireland, payments have been delayed to approximately 1,500 claimants (5.9% of the caseload).²²

¹⁹ Concerns have been raised with Director of Programme and Operations, David Sales and we understand that the Department for Communities is reviewing procedures to improve access to this flexibility

²⁰ Policy changes announced by the Secretary of State for Work and Pensions include an increased amount of financial support available through Advance Payments and extending the time to repay this loan; removal of the mandatory seven day waiting period reducing the overall waiting period from six weeks to five weeks; providing an additional two weeks of Housing Benefit transitional payments which do not need to be repaid. Further announcements were made in this year’s Autumn Statement (29 October 2018) including: an increase in Work Allowances; a reduction of the cap for deductions so as to ease the burden of repayments of debts; easements for self-employed UC claimants; an extension in the surplus earnings disregard; and a two week run on of some legacy benefits to help claimants moving on to Universal Credit (from July 2020).

²¹ See, House of Commons Committee of Public Accounts, ‘Universal Credit: Sixty-Fourth Report of Session 2017-2019’ (HMSO, 17 October 2018) <<https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/1183/1183.pdf>> (accessed November 2018)

²² Statistics provided at the DfC UC Operational Forum, 7 November 2018. The latest statistics show that there are a total of 25,725 Universal Credit claimants in Northern Ireland.

Claimants who are struggling due to the five week wait can claim an Advance Payment. Almost 57% of NI claimants have made this application.²³ However, this assistance is paid as a loan, which immediately adds to a claimant's debt.²⁴ DWP has announced a number of measures designed to 'soften the burden of repayment of debt'.²⁵ While welcome, these measures do not address the fundamental problem which is that the majority of UC begin their claim in debt. In GB, the five-week wait has been linked to increased demand for foodbanks.²⁶ Demand for foodbanks is already significant in Northern Ireland; the Trussell Trust alone distributed 30,000+ food parcels in one year.²⁷

b) Problem: Access to The Contingency Fund

The existing mitigation package resulted in the introduction of a "Contingency Fund" designed to "make emergency payments where hardship occurs as a result of difficulties which are not due to any fault on the part of the claimant".²⁸ The Contingency Fund was allocated £2m.²⁹ At present, the Department for Communities has restricted eligibility to this fund to applicants who have applied for and received an Advance Payment.³⁰ We consider this is unnecessarily restrictive and observe that the resultant impact of this is a perverse incentive to get into debt in order to access support.

c) Problem: Natural Migration to Universal Credit

As outlined above, now that the Universal Credit roll out has completed, new benefit claimants will have to apply for Universal Credit. At present, most claimants in Northern Ireland are unaffected by the UC roll out because they remain on their legacy benefits. However, if a claimant experiences a change in circumstances, s/he will be *obliged* to claim Universal Credit. This is known as "natural migration"

²³ Ibid, 14, 634 claimants out of 25, 725 claimants received an Advance Payment (56.8%).

²⁴ See fn. 18

²⁵ From October 2021, advances can be repaid over 16 months, rather than the current 12 month period and levels will be reduced to 30%.

²⁶ In areas where UC has rolled out, food bank reliance has increased by 52% compared to an increase of just 13% where UC has not yet been introduced. Trussell Trust, 'The next stage of Universal Credit: what does it mean and why are we worried' < <https://www.trusselltrust.org/what-we-do/research-advocacy/next-stage-universal-credit/>> (accessed November 2018)

²⁷ In Northern Ireland, the Trussell Trust distributed 32,433 three-day emergency food packages between 1st April 2017 and 31st March 2018. See, Trussell Trust, 'End of year stats' <https://www.trusselltrust.org/news-and-blog/latest-stats/end-year-stats/> (accessed November 2018)

²⁸ Welfare Reform Mitigations Working Group Report (The Executive Office, January 2016) < <https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/ofmdfm/welfare-reform-mitigations-working-group-report.pdf>> p. 14 (accessed November 2018)

²⁹ See, Comptroller and Auditor General, 'Rolling out Universal Credit' (National Audit Office, June 2018)

³⁰ This eligibility criterion is not contained in the Discretionary Support Regulations (Northern Ireland) 2016 and rather the requirement to have applied for and received an Advance Payment is a matter of departmental policy in the context of the limited size of the contingency fund.

A relevant **change in circumstances** that trigger natural migration to Universal Credit include: a change in employment (e.g. new employment, unemployment, change in income), a change in family circumstances (e.g. new baby, child leaving fulltime education), a partner joining/leaving the household, starting/stopping being a carer, moving house, a new tenancy, claiming a rate rebate, a change in immigration status, etc.

Claimants who are deemed to naturally migrate to Universal Credit do not receive any financial support to compensate for any drop in entitlement. This is in contrast to the managed migration process whereby claimants are entitled to Transitional Protection until there is a relevant change in circumstances.³¹

Solutions

In order to mitigate against hardships arising from Universal Credit, we recommend:

- a) A one-off supplementary payment to claimants to support them through the 5 week waiting period. Rather than an Advance Payment, which results in debt, all claimants should be offered a grant.
- b) Claimants who naturally migrate to Universal Credit are not entitled to Transitional Protection. A supplementary payment could mitigate this loss.

1.52 Priority 2: Wider impacts on housing

Whilst the welfare supplementary payments set up to assist social tenants impacted by the 'bedroom tax' are necessary, their introduction brings into sharp focus the absence of any such arrangements for other low income households who have also been impacted by reduced government support with their housing costs.

Over the last decade, a number of key social security changes have made it increasingly difficult for low income households in Northern Ireland to afford to stay in their homes.

a) Problem: Homeowners

Looking first to **homeowners** in Northern Ireland, (who according to research carried out by the Joseph Rowntree Foundation, are more likely to be in poverty and twice

³¹ See Law Centre, 'Protecting Claimants through the Managed Migration Process' (November 2018) <<https://www.lawcentreni.org/news/recent-news/1-news/1452-universal-credit-protecting-claimants-through-the-migration-process.html>> (accessed November 2018) this paper has been endorsed by many members of the NI Welfare Reform Group.

as likely to be behind in their mortgage repayments, than their equivalents in other parts of the UK³²) access to social security assistance has been reduced. The waiting time to access Support for Mortgage Interest (SMI) was increased in 2016 from 13 to 39 weeks and in 2018 the benefit was changed to an interest bearing loan. Significantly lower rates of uptake of SMI, following its conversion from a benefit to an interest bearing loan have been reported in England³³ and it is expected that this pattern has been replicated in NI, although no figures are currently available.

b) Problem: Private renters

However, nowhere has the housing impact of benefit changes, been more pronounced than for **private renters**. Protecting against the impact of welfare reforms is of particular importance in this sector since the Department for Communities has indicated that owing to the shortage of social homes to meet increasing housing need, it intends to allow homeless households to be placed here in the future.

There are roughly the same numbers of households renting from private landlords in Northern Ireland (16%) as renting from social landlords (17%)³⁴. Over half (55%) of private tenants in Northern Ireland are in receipt of Housing Benefit / Local Housing Allowance and it is in this sector where the highest housing costs are found.³⁵ According to NIHE research, 87% of private renters in receipt of Local Housing Allowance, have a shortfall between this amount and the amount of rent they pay to their landlord. Whilst some support is available for this group through Discretionary Housing Payments, this amount is limited and often only payable for short periods of time.³⁶

³² "Northern Ireland has a greater proportion of home-owners in poverty than the rest of the UK. Twice as many of Northern Ireland's mortgaged households are behind with their mortgage repayments (14%) compared to the whole of the UK (7%)." See, Joseph Rowntree Foundation, 'Homeowners in Poverty in Northern Ireland', (February 2018) <<https://www.jrf.org.uk/report/home-owners-and-poverty-northern-ireland>> (accessed November 2018)

³³ 17% of all those entitled to access SMI accepted an offer of SMI as a loan. Gov.uk figures released in October 2018. Data accessed at <https://www.gov.uk/government/publications/conversion-of-support-for-mortgage-interest-smi-from-a-benefit-into-a-loan-2018> (accessed November 2018)

³⁴ Department for Communities, 'Northern Ireland Housing Statistics 2016-2017' <<https://www.communities-ni.gov.uk/publications/northern-ireland-housing-statistics-2016-17>> (accessed November 2018)

³⁵ "Households with the highest housing costs were in the private rented sector spending an estimate of £87 per week. This compares to estimates of £74 in the social rented sector and £52 for those buying with a mortgage." Department for Communities, 'Northern Ireland Housing Statistics 2016-2017' <<https://www.communities-ni.gov.uk/publications/northern-ireland-housing-statistics-2016-17>> p.10 (accessed November 2018)

³⁶ For further, please see Housing Rights briefing on Discretionary Housing Payments <https://www.housingrights.org.uk/sites/default/files/policydocs/DHP%20briefing%20Aug%2018.pdf>

Attention has recently been drawn to the vulnerability of low income households in the private rented sector by the Centre for Housing Policy at the University of York³⁷ which highlighted the particular impact of successive cuts to social security for this group. The Northern Ireland Housing Executive (NIHE) and the Nevin Economic Research Institute (NERI) have also highlighted the specific situation of this group in Northern Ireland. Specifically, NERI highlighted that whilst 1 in 10 households in NI spend more than 40% of their income on housing costs, 1 in 6 households in the private rented sector spend this proportion of their income on housing costs.³⁸ The incidence of poverty for low income households is therefore influenced by where people live and what assistance they receive. Despite this, the worsening situation of low income households in this sector tends to receive comparatively little policy attention. Since 2008 a catalogue of benefit changes have made it significantly more difficult for low incomes households renting privately to meet their housing costs:

Table 4: Changes impacted private renters

2008:	Local Housing Allowance (LHA) introduced. LHA was initially set to cover the bottom 50% of the market rent and based upon the number of bedrooms required and the rent levels in a defined local area. The ‘bedroom tax’ has therefore been in place in the private rented sector for a decade.
2011:	LHA rate reduces from 50% to 30%. The reduction means that instead of covering the bottom half of the market, LHA now only covers the bottom third of the market rent.
2012:	The ‘Shared Room Rate’ is introduced. For Housing Benefit claimants under 35 years old who are living in the private rented sector, they are now only entitled to enough Housing Benefit to pay for a single room in a shared house.
2013:	LHA rates are capped at lower levels of inflation. This makes it more difficult for LHA rates to keep up with rent levels.

³⁷ Julie Rugg and David Rhodes, ‘The Evolving Private Rented Sector: its contribution and potential 2018’ <http://www.nationwidefoundation.org.uk/wp-content/uploads/2018/09/Private-Rented-Sector-report.pdf> (accessed November 2018)

³⁸ NERI (2018) Housing Provision in Northern Ireland and its Implications for Living Standards and Poverty <https://www.nerinstitute.net/download/pdf/neri_working_paper_housing_final.pdf> (accessed November 2018)

2016:	LHA rates frozen. LHA rates are frozen for four years from 2016. Poverty experts say that this measure will do more to put people in poverty, than any other benefit change. ³⁹
--------------	---

c) Problem: The future impact of Universal Credit on housing

The cumulative impact of these changes will be further exacerbated by the complete roll-out of Universal Credit in Northern Ireland, due to complete by March 2023.

Despite the flexibilities agreed for Northern Ireland which differ from Great Britain (direct payments to landlords, two weekly instead of monthly payments etc) there remains a concern that the introduction of this benefit will lead to increased rent arrears for social and private tenants⁴⁰.

Furthermore, in addition to the inbuilt delay in the initial payment of Universal Credit (min. 5 week delay), there are key differences in the design of the benefit which have the effect of removing or weakening safety nets available to struggling households to keep them in their homes.

Table 5: Housing Benefit safety nets which are removed or weakened under Universal Credit

Income shock protection	<p>Safety net removed</p> <p>Housing Benefit is paid to cover the full contractual rent for a period of 13 weeks to assist someone facing an income shock if they had previously been able to afford their rent and hadn't needed Housing Benefit in the last 52 weeks.</p> <p>Under Universal Credit this provision no longer exists.</p>
Overlap payments	<p>Safety net removed</p> <p>Housing Benefit can be paid on two homes where liability on both couldn't be avoided. This is often used to cover notice period when moving from one tenancy to another.</p> <p>There is no facility to pay housing costs on both properties</p>

³⁹ Joseph Rowntree Foundation, 'Benefit freeze is the real problem, not Universal Credit', (18 October 2017), <<https://www.jrf.org.uk/blog/benefit-freeze-real-problem-not-universal-credit>> (accessed November 2018)

⁴⁰ Paul Hickman, Ben Pattison and Jenny Preece, 'The impact of welfare reforms on housing associations: a scoping study. Project Report' UK Collaborative Centre for Housing Evidence (2018) <<http://shura.shu.ac.uk/22302/1/cache-impact-welfare-reforms-housing-associations.pdf>> (accessed November 2018) p.8

	for this reason under Universal Credit.
Death protection	<p>Safety net weakened</p> <p>Housing Benefit continues to be paid to someone whose partner or child (who is part of their Housing Benefit claim) dies for 12 months to give them breathing space.</p> <p>Under Universal Credit this period is reduced to 3 months.</p>

The case study below of a Housing Rights client, illustrates how the use of safeguards such as ‘income shock protection’ which **won’t exist under Universal Credit**, can keep someone in their home.

Case study: Safety nets removed under Universal Credit

Housing Rights client was a father, aged 33, with access to 2 children. Client was residing in a 2 bedroom Private Rented Sector property. Client was employed as a chef for the past 15 years and was paying full rent of £110 per week. The restaurant he worked in closed down overnight and our client had to apply for Housing Benefit.

Client discovered he would only be entitled to Shared Accommodation Rate of approx. £45 per week, facing a £65 shortfall to make up out of other benefits. Understandably, this was unaffordable for client. Client faced eviction and ex-partner threatened to apply to remove access. Government rules had determined in the client’s circumstances financing shared accommodation is proportionate. Housing Rights intervened and applied for “13 week income shock protection” under Housing Benefit, which meant his full contractual rent could be paid; this safeguarded his tenancy while he looked for new employment. Client obtained employment after 15 weeks.

If this situation happened today, our client would have had to apply for Universal Credit, under which no facility exists to use “income shock protection” which would have made his tenancy very difficult to sustain.

A ‘hostile environment’ for private renters?

Taken together, both the progressive reductions to the amount available in Local Housing Allowance and the introduction of Universal Credit mean that the situation for low income private renters in Northern Ireland is worsening.

Whilst many social landlords have taken pro-active steps to assist their tenants by employing Financial Inclusion Officers and Welfare Rights Advisers, by widening access to affordable credit and by withstanding the initial arrears generated by the

introduction of Universal Credit; most private landlords in Northern Ireland cannot afford to take such measures.

According to the Department for Communities' Landlord Registration Scheme, 84% of private landlords in Northern Ireland own 1 or 2 properties. Many of these landlords are dependent upon rental income to meet mortgage repayments.

Worryingly, recent experience in Great Britain indicates that many private landlords are unable or unwilling to rent to tenants who are in receipt of benefits. Findings from research for the Residential Landlords Association in 2017 showed that only 13% of landlords were willing to let properties to tenants on Universal Credit.⁴¹

Additionally, recent reports have indicated that lender practice may exacerbate this problem with the Residential Landlord Association in Great Britain indicating that many 'buy to let' lenders prohibit landlords from renting to benefit claimants⁴².

Such trends in Northern Ireland are not yet as well evidenced; however Landlord Advice NI, the helpline run by Housing Rights to provide information and advice on the law to private landlords, regularly receives calls from landlords who are increasingly worried about Universal Credit.

Solutions

In addition to the obvious need for continued access to specialist independent housing advice for both tenants and landlords, there is a pressing need to identify and secure service provision for additional practical support for tenants on low incomes.

It is therefore recommended that:

(a) Research (to inform future service delivery) is commissioned to identify and better understand the specific needs of low income tenants (including private tenants) impacted by welfare reforms. This research should also examine best practice in the provision of practical support for this group and make recommendations about models of service delivery. Practical support may include (but not be limited to) provision of financial capability initiatives, access to affordable credit, access to white goods etc.

(b) Funding should be provided to enable a funded service to address these practical needs.⁴³

⁴¹ Tom Simcock, 'Welfare Reform and Universal Credit: The impact on the private rented sector' (Residential Landlords Association, August 2017) <<https://research.rla.org.uk/wp-content/uploads/Welfare-Reform-and-Universal-Credit-The-impact-on-the-private-rented-sector-2017.pdf>> (accessed November 2018)

⁴² Miles Brignall, 'Most buy to let lenders refuse loans when tenants are on benefits' *The Guardian* (London, 21st October 2018) <<https://www.theguardian.com/money/2018/oct/21/buy-to-let-90-percent-of-lenders-refuse-loans-to-benefit-claimants>> (accessed November 2018)

1.53 Priority 3: Children and Families

An accumulation of a number of cuts to social security has had an acute impact on children and families. This includes the benefits freeze, which is estimated to increase poverty more than any other policy.⁴⁴ Income through benefits is falling relative to Minimum Income Standard (MIS) budgets with families and lone parents facing particular struggles.⁴⁵

a) Problem: Two-Child Policy

In essence, the two-child policy limits household benefits to two children unless certain exceptions apply. The policy was implemented with tax credits in April 2018, however, it will start to have a bigger impact from February 2019 when it is extended to Universal Credit.

Department for Communities statistics show that almost a quarter of children are in relative poverty in Northern Ireland and that almost a fifth are in absolute poverty.⁴⁶ There is a growing consensus that the **two child policy exacerbates child poverty**; as the policy not only increases the number of people who fall into it but also makes it more acute.⁴⁷ One estimate is that across the UK as a whole 900,000 families or around 3 million children will be affected,⁴⁸ with at least 200,000 children being pushed below the poverty line.⁴⁹

The effects of child poverty are serious and widespread. Child poverty brings with it chronic physical health problems, mental health problems, an achievement gap in education and a profound effect on long-term life outcomes.⁵⁰

⁴³ Department for Communities, 'A Fundamental Review of Housing Allocations- Consultation Proposals' (2017) <<https://www.communities-ni.gov.uk/consultations/fundamental-review-social-housing-allocations>> (accessed November 2018)

⁴⁴ Andrew Hood and Tom Waters, 'The impact of tax and benefit reforms on household incomes' (IFS, April 2017) < <https://www.ifs.org.uk/publications/9164>> (accessed November 2018)

⁴⁵ "Minimum Income Standard is based on the items that members of the public think UK households need to be able to afford in order to meet material needs such as food, clothing and shelter, as well as to have the opportunities and choices required to participate in society". See, Abigail Davis, Donald Hirsch, Matt Padley and Claire Shepherd, 'A Minimum Income Standard for the UK 2008-2018: continuity and change', (JRF, July 2018)

⁴⁶ The Department for Communities reported that in 2016/17, 22% of children were in relative poverty (99,000) and 18% (82,000) of children were in absolute poverty.

⁴⁷ See, Professor Charlotte O'Brien, Submission to the United Nations Special Rapporteur on extreme poverty and human rights (September, 2018)

⁴⁸ Ibid

⁴⁹ Child Poverty Action Group and Institute for Public Policy Research, 'Broken promises: what has happened to support for low income working families under universal credit' (CPAG, 2017) <<http://www.cpag.org.uk/sites/default/files/Broken%20promises%20FINAL%20for%20website.pdf>> (accessed November 2018)

⁵⁰ Royal College of Paediatrics and Child Health and CPAG, 'Poverty and Child Health: Views from the frontline'. (RCPCH, 2017); Shelter, Briefing: Review of Poverty and Life Chances (2010); Cooper, Kerris Cooper and Kitty Stewart 'Does Money Affect Children's Outcomes? An update' (CASE paper 203, LSE, 2017); David Ayre, 'Poor mental health: The links between childhood poverty and mental health problems' (The Children's Society, 2016); The Children's Society, 'A good childhood for every child? Child Poverty in the UK' (2013); Andrew Hood and Tom Waters, 'Living standards, poverty and

We know that two-child policy will have a particular and acute impact on families in Northern Ireland due to restricted access to termination of pregnancy, differences in criminal law; in addition Northern Ireland has the highest percentage of households with children.⁵¹ In short, we can anticipate that the two child policy will have an adverse impact in Northern Ireland.

d) Problem: Disabled Children

Under the current mitigation package, disabled adults who lose their severe disablement premiums/elements when transferring to Universal Credit are protected by way of a supplementary payment. This protection does not apply to disabled children.

e) Problem: Conditionality for Lone Parents

With the advent of Universal Credit, 'welfare conditionality' is increasing and has also been extended to existing legacy benefits. Because of the reach of Universal Credit, many more claimants – including part-time workers - will be exposed to conditionality.⁵² With conditionality comes the risk of benefit sanctions, which result in significant financial hardship for households.⁵³ We know that lone parents will be particularly affected.⁵⁴ This is particularly concerning given the ongoing lack of affordable childcare in Northern Ireland. As women are far more likely to be lone parents, this particular change partly explains why welfare reform is felt so acutely by women.⁵⁵

Proposed solutions:

More support is needed for families. Additional measures needed include:

- a) Mitigating the impact of the two child limit: a supplementary payment should be available to parents whose UC or tax credit award is reduced due to the two child

inequality in the UK: 2017-2018 to 2012-22 (IFS, 2017)

<<https://www.ifs.org.uk/uploads/publications/comms/R136.pdf>> (accessed November 2018)

⁵¹ See, Women's Policy Group NI, 'Opposing the two child tax credit cap and rape clause' <<https://www.womensaidni.org/assets/uploads/2017/05/opposing-the-two-child-cap-and-rape-clause.pdf>> (accessed November 2018)

⁵² This is because UC encompasses tax credits which have hitherto not included conditionality.

⁵³ PPR, 'The People's Proposal: Realising the Right to Social Security' <https://issuu.com/ppr-org/docs/peoples_proposal_-_final> (accessed November 2018)

⁵⁴ Under UC, conditionality starts when youngest child turns 1; under Income Support, full conditionality starts when child turns 5 (a parent on IS will be required to participate in 'work focused activity' when the child turns 3).

⁵⁵ Women make up 95% of lone parents dependent on Income Support. By 2021-22, 75% of changes to tax and benefit changes affect women's incomes). UK Women's Budget Group, 'Social Security & Women' (October 2018) <<https://wbg.org.uk/wp-content/uploads/2018/10/Social-Security-October-2018-w-cover.pdf>> (accessed November 2018)

limit. Third and subsequent children should be entitled to the same benefits as their older siblings.⁵⁶

- b) A supplementary payment should be available to mitigate the loss of disability premiums for children transferring from DLA to PIP.⁵⁷
- c) Discretionary Support should be paid as a grant rather than a loan for households that include children or disabled persons.
- d) Protect lone parents from additional conditionality until their youngest child turns 5 years old.
- e) Protect from sanctions all households that include children or disabled persons. This solution requires a shift in policy and involves no direct expenditure.

1.54 Priority 4: Advice

The existing mitigations package recognises the “critical importance” of access to “skilled, independent advice” in “helping people to negotiate, all of the changes in the legislation”.

Problem: anticipated increased demand, particularly for specialist services

The demand for advice/representation is high and we anticipate that demand will continue to remain high. Critically, we anticipate that as the impact of the most recent wave of welfare changes ‘bed-in’ there will be specific consequences for a range of disadvantaged groups. These groups will likely include people with disabilities, long term illness as well as those facing homelessness. Accordingly, in light of the significant challenges on the horizon, we anticipate that demand for specialist advice /representation will increase.

Managed migration will pose a particular challenge and it is essential that claimants have independent advice and representation during this process.⁵⁸ Tenants and landlords will also continue to require an increased level of support in navigating the Universal Credit process.

Proposed solutions

On-going access to independent advice provides an essential protection for persons negatively affected by welfare reform. This is consistent with the NI strategy on the

⁵⁶ This should include access to UC Child Element and Childcare Element.

⁵⁷ There is currently a welfare supplementary payment for disabled adults transferring to PIP but not for children. This mitigation remains necessary because disabled children < 16 years receive DLA and must transfer to PIP.

⁵⁸ See fn 28.

delivery of Generalist Advice Services.⁵⁹ Investment in the advice sector brings a number of benefits and long-term savings.⁶⁰

Funding through this strand should be increased to include:

- a) Specialist advice provision including housing.
- b) Additional capacity for tribunal representation.
- c) Co-location of welfare and specialist legal advice services e.g. in GP surgeries, foodbanks, etc.

1.6 Options: mitigations post 2020

⁵⁹ Department for Social Development, Advising, Supporting, Empowering: A Strategy for the Delivery of Generalist Advice Services in NI 2015 – 2020 (October, 2015) <<https://www.communities-ni.gov.uk/sites/default/files/publications/dsd/advising-supporting-empowering-strategy.pdf>> (accessed November 2018)

⁶⁰ NI Advice Services Consortium and NICVA: Support for Statutory Right to Independent Advice (February 2015) <<https://www.lawcentreni.org/Publications/Policy-Briefings/NIASC-and-NICVA-support-statutory-right-to-advice-2015.pdf>> (accessed November 2018)

Advice NI, Housing Rights and Law Centre (NI) are extremely concerned that the 2020 mitigations cliff edge is fast approaching. While demand for the current mitigations will diminish in certain areas,⁶¹ some protections remain as vital now as they did in 2015.⁶² There are three options post 2020:

Option 1: Discontinue the mitigation package

This option will give rise to considerable financial hardship. The end of the mitigations scheme will result in significant financial loss for many claimants and is likely to result in increased poverty for both adults and children in Northern Ireland.

This option is fraught with risk for various reasons including:

Legal: The Fresh Start Agreement was signed by the First and Deputy First Minister, the British Government and the Irish Government. The Agreement states that “The Executive has agreed to allocate a total of £585 million from Executive funds over four years to ‘top-up’ the UK welfare arrangements in NI with a review in 2018 - 19.” It is explicitly stated on the face of the document that “the social sector size criteria – the so called bedroom tax – will not apply, as agreed by the Executive.” To discontinue the mitigations would run counter to the direction set by The Fresh Start Agreement and such an approach may well be open to legal challenge. Furthermore, there will be disproportionate impacts on particular social groups e.g. children (benefit cap) which may also be open to challenge. With specific reference to the mitigation for the bedroom tax, the 2016 Supreme Court decisions in relation to a number of cases on this policy should be regarded⁶³. The Supreme Court ruling identified that in addition to there being certain cases in which the impact of the policy was unjustifiably discriminatory, there were also cases in which the impact was discriminatory but that such discrimination was justified as the applicant could apply for a Discretionary Housing Payment (DHP) to assist them in making up the shortfall. In Northern Ireland the rules which govern DHPs are different and under the current rules, people impacted by the bedroom tax would be unable to apply for a DHP. The discriminatory impact identified by the Supreme Court would therefore be

⁶¹ Demand is diminishing because transfer from DLA to PIP is nearing completion

⁶² This includes the mitigations for bedroom tax, benefit cap, discretionary support, contribution-based Employment & Support Allowance for 12 months, Discretionary Support, Universal Credit flexibilities as well as the continuation of independent advice services and Independent Welfare Changes Helpline, etc.

⁶³ Supreme Court judgment in respect of R (on the application of Carmichael and Rourke) (formerly known as MA and others) (Appellants) v Secretary of State for Work and Pensions (Respondent) R (on the application of Daly and others) (formerly known as MA and others) (Appellants) v Secretary of State for Work and Pensions (Respondent) R (on the application of A) (Respondent/Cross-Appellant) v Secretary of State for Work and Pensions (Appellant/CrossRespondent) R (on the application of Rutherford and another) (Respondents) v Secretary of State for Work and Pensions (Appellant) [2016] UKSC 58

unjustified (and potentially open to legal challenge) in NI were the mitigations to discontinue.⁶⁴

Social: It is becoming increasingly clear that the removal of the mitigations will cause hardship and misery. We know from research conducted by the NIHE that in respect of tenants who lost their bedroom tax mitigation, average arrears per household increased from £46 to £174. We also know from statistics released by the Department that the benefit cap impacts specifically on families with children (84% lone parents & 16% couples) with an average reduction of £48 per week.

Economic: It is acknowledged that social security spending by households is primarily in the local economy, in local shops and businesses. Any reduction resulting from discontinuing the mitigations will therefore impact on the local economy.

Political: It is clear that a substantial number of the most vulnerable members of our society are benefitting from the protection afforded by the mitigations package. This is a reflection of the commitment to address the specific circumstances of Northern Ireland. This commitment needs to be sustained beyond the current period of mitigations.

Option 2: Continue the mitigation package in its current form

This option will be helpful insofar as it will continue to protect claimants from the existing measures; however, it will not protect claimants from the evolving landscape – specifically, the hardships arising from Universal Credit.

Option 3: Continue and re-profile the mitigations package.

This option would retain a number of the current mitigations while re-profiling the substantial underspend in the mitigations budget to provide protections for evolving welfare reforms. The re-profiled mitigations package would include investment in the following priorities

Priority 1 - Universal Credit: In order to mitigate against hardships arising from Universal Credit, we recommend:

- (a) A one-off supplementary payment to claimants to support them through the 5 week waiting period. Rather than an Advance Payment, which results in debt, all claimants should be offered a grant.
- (b) Claimants who naturally migrate to Universal Credit are not entitled to Transitional Protection. A supplementary payment could mitigate this loss.

⁶⁴ For further, please see Housing Rights (2018) Policy briefing Recommendations for Discretionary Housing Payments (DHPs) in Northern Ireland pre and post 2020, accessed at: <<https://www.housingrights.org.uk/sites/default/files/policydocs/DHP%20briefing%20Aug%2018.pdf>>

Priority 2 - Housing: In addition to the obvious need for continued access to specialist independent housing advice for both tenants and landlords, there is a pressing need to identify and secure service provision for additional practical support for tenants on low incomes. It is therefore recommended that:

(a) Research (to inform future service delivery) is commissioned to identify and better understand the specific needs of low income tenants (including private tenants) impacted by welfare reforms. This research should also examine best practice in the provision of practical support for this group and make recommendations about models of service delivery. Practical support may include (but not be limited to) provision of financial capability initiatives, access to affordable credit, access to white goods etc.

(b) Funding should be provided to enable a funded service to address these practical needs

Priority 3 - Children and families: More support is needed for families. Additional measures needed include:

a) Mitigating the impact of the two child limit: a supplementary payment should be available to parents whose UC or tax credit award is reduced due to the two child limit. Third and subsequent children should be entitled to the same benefits as their older siblings.⁶⁵

b) A supplementary payment should be available to mitigate the loss of disability premiums for children transferring from DLA to PIP.⁶⁶

c) Discretionary Support should be paid as a grant rather than a loan for households that include children or disabled persons

d) Protect lone parents from additional conditionality until their youngest child turns 5 years old.

e) Protect from sanctions all households that include children or disabled persons. Note that (d) and (e) require a shift in policy and involve no direct expenditure.

Priority 4 - Advice support: Communities should continue to have access to independent advice as an essential protection for persons negatively affected by welfare reform. Funding through this strand should be increased to include:

a) Specialist advice provision including housing

b) Additional capacity for tribunal representation

⁶⁵ This should include access to UC Child Element and Childcare Element

⁶⁶ There is currently a welfare supplementary payment for disabled adults transferring to PIP but not for children. This mitigation remains necessary because disabled children < 16 years receive DLA and must transfer to PIP.

c) Co-location of welfare advice services e.g. in GP surgeries, foodbanks, etc.

Option 3 is our preferred approach. We consider that continuing and re-profiling the mitigations package is consistent with direction of travel set by the NI Executive prior to its collapse. Further, providing protections to vulnerable benefit claimants is clearly in the public interest.

Appendix 1: Mitigation Package Expenditure

Table 1: 2016/17

Welfare supplementary payment scheme	Number of claimants assisted	Total value of mitigations paid
Employment and Support Allowance	2,320	£3,227,540. Average payment of £1,390 per claimant
Personal Independence Payment	Total: 1,400	Total: £896,160
- Appealing full loss of DLA	530	582,930. Average payment of £1,100 per claimant.
- Receive PIP at lower rate	870	313,230. Average payment of £360 per claimant.
Disability premiums/elements	110	£102,240. average payment of £900 per claimant.
Carers	150	£81,940. average payment of £550 per claimant.
Social Sector Size Criteria / Bedroom Tax:	34,010	£2,380,850. Average of £70 per claimant.
Discretionary Support	30,790 applications received, 19,900 awards made	£4,144,870
Benefit cap	2,020	£1,754,710. This equates to an average of £870 per claimant.

Appendix 2: Mitigation package 2016 – 2020 underspend

By comparing Department for Communities statistics⁶⁷ with projected expenditure, we can identify areas of underspend for 2016/17 as follows:

Table 2: Underspend 2016/17

Item	Planned Expenditure (£m)	Actual Expenditure (£m)	Difference (£m)
Benefit Cap	1.0	1.75	+ 0.75
ESA	17.0	3.23	- 13.77
PIP	2.0	0.89	- 1.11
Premiums/Elements	1.0	0.10	- 0.90
Carers	2.0	0.08	- 1.92
Bedroom Tax	15.0	2.40	- 12.6
Discretionary Support	16.0	4.1	- 11.9
TOTAL	54.0	12.55	41.45

These figures show that underspend in the year 2016/17 amounted to £41.45m.

By analysing the information received by Advice NI for 2017/18 with projected expenditure, we can identify areas of underspend for 2017/18 as follows:

Table 3: Underspend 2017/18

Item	Planned Expenditure (£m)	Actual Expenditure (£m)	Difference (£m)
Benefit Cap	8.0	3.86	- 4.14
ESA	7.0	5.97	- 1.03
PIP	29.0	16.73	- 12.27
Premiums/Elements	6.0	2.44	- 3.56
Carers	7.0	2.25	- 4.75
Bedroom Tax	24.0	22.11	- 1.89
Discretionary Support (Recovery)	16.0	10.59	- 5.41
		(- 11.58)	
Cost of Work Allowance	35.0	0.00	- 35.00
TOTAL	132.0	63.95	68.05

These figures show that **underspend in the year 2017/18 amounted to £68.05m.**

⁶⁷ Department for Communities statistics first Annual Report on Welfare Supplementary Payments and Discretionary Support

Copy of 'Costings for mitigations programme' – found at Appendix 8 in the Welfare Reform Mitigations Working Group Report 2016:

ITEM - Welfare Reform	16/17	17/18	18/19	19/20	TOTAL
CAREERS- full compensation for one year plus exemption from benefit cap	2	7	7	2	18
Adult ill health ESA-supplementary payments for one year	17	7	-	-	24
Disability - DLA					
i) payment up to appeal	1	15	14	14	44
ii) 75% if loss £10+ (for one year)	1	10	14	12	36
iii) conflict-related lower rate of PIP (for one year)	0	4	4	6	14
Additions to benefit –Adult Disability Premium (IR benefits) supplementary payments for one year	1	6	12	8	27
BENEFIT CAP- exemption for families	1	8	8	8	25
DISCRETIONARY SUPPORT SCHEME - 50%	8	8	8	8	31
SOCIAL SECTOR SIZE CRITERIA ('BEDROOM TAX') -full	15	24	26	26	91
SUBTOTAL (£m) Welfare Reform	46	89	93	84	310
ITEM - Tax Credits Mitigation: Universal Credit	16/17	17/18	18/19	19/20	TOTAL
UC Payment flexibilities	5	9	5	5	25
Administration of support for Universal Credit	-	2	2	2	7
Support for Universal Credit	-	35	35	35	105
DISCRETIONARY SUPPORT SCHEME - 50%	8	8	8	8	31
Financial Capability	0.7	0.7	0.7	0.7	2.7
SUBTOTAL (£m)	14	55	51	51	171
ITEM - Administration	16/17	17/18	18/19	19/20	TOTAL
Administration of mitigation scheme	5	5	5	5	20
SUBTOTAL (£m)	5	5	5	5	20
	16/17	17/18	18/19	19/20	TOTAL
TOTAL (£m)	64	149	149	140	501

Bibliography

A Fresh Start: The Stormont Agreement and Implementation Plan (November, 2015) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/479116/A_Fresh_Start_-_The_Stormont_Agreement_and_Implementation_Plan_-_Final_Version_20_Nov_2015_for_PDF.pdf (Accessed, November 2018)

See, Advice NI, 'Proposals on Universal Credit (UC): How to make it better' <http://www.adviceni.net/sites/default/files/publications/making_uc_better.pdf> (accessed November 2018)

Ayre, D., 'Poor mental health: The links between childhood poverty and mental health problems' (The Children's Society, 2016)

Brignall, M., 'Most buy to let lenders refuse loans when tenants are on benefits' *The Guardian* (London, 21st October 2018) <<https://www.theguardian.com/money/2018/oct/21/buy-to-let-90-percent-of-lenders-refuse-loans-to-benefit-claimants>> accessed November 2018

Child Poverty Action Group and Institute for Public Policy Research, 'Broken promises: what has happened to support for low income working families under universal credit' (CPAG, 2017) <<http://www.cpag.org.uk/sites/default/files/Broken%20promises%20FINAL%20for%200website.pdf>> accessed November 2018

Comptroller and Auditor General, 'Rolling out Universal Credit' (National Audit Office, June 2018)

Cooper, K., and Stewart, K., 'Does Money Affect Children's Outcomes? An update'. (CASE paper 203, LSE, 2017)

Davis, A., Hirsch, D., Padley, M., and Shepherd, C., 'A Minimum Income Standard for the UK 2008-2018: continuity and change', (JRF, July 2018)

Department for Communities, Benefit Cap: Northern Ireland <<https://www.communities-ni.gov.uk/system/files/publications/communities/benefit-cap-statistics-july-2018.pdf>> accessed November 2018

Department for Communities, 'A Fundamental Review of Housing Allocations- Consultation Proposals' (2017) <<https://www.communities-ni.gov.uk/consultations/fundamental-review-social-housing-allocations>> accessed November 2018

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

Department for Communities, 'Northern Ireland Housing Statistics 2016-2017' <<https://www.communities-ni.gov.uk/publications/northern-ireland-housing-statistics-2016-17>> accessed November 2018

Department for Social Development, Advising, Supporting, Empowering: A Strategy for the Delivery of Generalist Advice Services in NI 2015 – 2020 (October, 2015) <<https://www.communities-ni.gov.uk/sites/default/files/publications/dsd/advising-supporting-empowering-strategy.pdf>> accessed November 2018

Finch, D., and Gardiner, L., 'Back in Credit? Universal Credit after Budget 2018' (Resolution Foundation, November 2018) <<https://www.resolutionfoundation.org/app/uploads/2018/11/Back-in-Credit-UC-after-Budget-2018.pdf>>

Gov.uk figures released in October 2018
<https://www.gov.uk/government/publications/conversion-of-support-for-mortgage-interest-smi-from-a-benefit-into-a-loan-2018> accessed November 2018

Hickman, P., Pattison, B., and Preece, J., 'The impact of welfare reforms on housing associations: a scoping study. Project Report' UK Collaborative Centre for Housing Evidence (2018) <<http://shura.shu.ac.uk/22302/1/cache-impact-welfare-reforms-housing-associations.pdf>> accessed November 2018

Hood, A., and Waters, T., 'The impact of tax and benefit reforms on household incomes' (IFS, April 2017) <<https://www.ifs.org.uk/publications/9164>> accessed November 2018

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

House of Commons Committee of Public Accounts, 'Universal Credit: Sixty-Fourth Report of Session 2017-2019' (HMSO, 17 October 2018) <<https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/1183/1183.pdf>> (accessed November 2018)

Housing Rights briefing on Discretionary Housing Payments
<https://www.housingrights.org.uk/sites/default/files/policydocs/DHP%20briefing%20Aug%2018.pdf>

Joseph Rowntree Foundation, 'Benefit freeze is the real problem, not Universal Credit', (18 October 2017), <<https://www.jrf.org.uk/blog/benefit-freeze-real-problem-not-universal-credit>> accessed November 2018

Joseph Rowntree Foundation, 'Homeowners in Poverty in Northern Ireland', (February 2018) <<https://www.jrf.org.uk/report/home-owners-and-poverty-northern-ireland>> accessed November 2018

Larkin, P. 'Universal Credit, 'Positive Citizenship', and the Working Poor: Squaring the Eternal Circle?' (2018) *Modern Law Review* 81 (1), pp 114–131

Law Centre, 'Protecting Claimants through the Managed Migration Process' (November 2018) <<https://www.lawcentreni.org/news/recent-news/1-news/1452-universal-credit-protecting-claimants-through-the-migration-process.html>> accessed November 2018

McKeever, G., Simpson, M., Fitzpatrick, C., 'Destitution and Paths to Justice' (JRF/LEF, 2018) <<https://research.thelegaleducationfoundation.org/wp-content/uploads/2018/06/Destitution-Report-Final-Full-.pdf>> accessed November 2018

NERI (2018) 'Housing Provision in Northern Ireland and its Implications for Living Standards and Poverty'
https://www.nerinstitute.net/download/pdf/neri_working_paper_housing_final.pdf
accessed November 2018

NI Executive, Social Sector Size Criteria: Cessation of Welfare Supplementary Payments (April 17-Sept 17), 2018, <https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-social-sector-size-criteria-report-cessation-of-welfare-supplementary-payments.pdf> accessed November 2018

NIHE, Welfare Reform in Northern Ireland: A Scoping Report, (November 2018), <https://www.nihe.gov.uk/welfare_reform_ni_a_scoping_report.pdf> accessed November 2018

O'Brien, C., Submission to the United Nations Special Rapporteur on extreme poverty and human rights (September, 2018)

PPR, 'The People's Proposal: Realising the Right to Social Security' <https://issuu.com/ppr-org/docs/peoples_proposal_-_final> accessed November 2018

Royal College of Paediatrics and Child Health and CPAG, 'Poverty and Child Health: Views from the frontline' (RCPCH, 2017)

Rugg, J., and Rhodes, D., 'The Evolving Private Rented Sector: its contribution and potential 2018' <http://www.nationwidefoundation.org.uk/wp-content/uploads/2018/09/Private-Rented-Sector-report.pdf> accessed November 2018

Shelter, Briefing: Review of Poverty and Life Chances (2010)

Simcock, T., 'Welfare Reform and Universal Credit: The impact on the private rented sector' (Residential Landlords Association, August, 2017)
<<https://research.rla.org.uk/wp-content/uploads/Welfare-Reform-and-Universal-Credit-The-impact-on-the-private-rented-sector-2017.pdf>> accessed November 2018

The Children's Society, 'A good childhood for every child? Child Poverty in the UK' (2013)

Trussell Trust, 'The next stage of Universal Credit: what does it mean and why are we worried' <<https://www.trusselltrust.org/what-we-do/research-advocacy/next-stage-universal-credit/>> accessed November 2018

Trussell Trust, 'End of year stats' <https://www.trusselltrust.org/news-and-blog/latest-stats/end-year-stats/> accessed November 2018

UK Women's Budget Group, Social Security & Women' (October 2018) <<https://wbg.org.uk/wp-content/uploads/2018/10/Social-Security-October-2018-w-cover.pdf>> accessed November 2018

Welfare Reform Mitigations Working Group Report (Evason Report) (The Executive Office, January 2016) <<https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/ofmdfm/welfare-reform-mitigations-working-group-report.pdf>> accessed November 2018

Women's Policy Group NI, 'Opposing the two child tax credit cap and rape clause' <<https://www.womensaidni.org/assets/uploads/2017/05/opposing-the-two-child-cap-and-rape-clause.pdf>> accessed November 2018

Cases:

R (on the application of Carmichael and Rourke) (formerly known as MA and others) (Appellants) v Secretary of State for Work and Pensions (Respondent)

R (on the application of Daly and others) (formerly known as MA and others) (Appellants) v Secretary of State for Work and Pensions (Respondent)

R (on the application of A) (Respondent/Cross-Appellant) v Secretary of State for Work and Pensions (Appellant/CrossRespondent)

R (on the application of Rutherford and another) (Respondents) v Secretary of State for Work and Pensions (Appellant) [2016] UKSC 58