

Media Briefing Paper: Welfare Reform Mitigations: Less than 1 year to cliff edge

KEY CONCERNS

Bedroom Tax set to hit Northern Ireland from March 2020

34,000 Bedroom Tax households set to lose support totalling £22million

Fears of a housing crisis, as thousands and perhaps tens of thousands of tenants find themselves unable to pay their rent, falling into arrears and over the cliff edge of eviction

Affected Bedroom Tax households set to lose on average £12.50 per week

Distorting housing allocation policy as people scared to accept accommodation which might attract the bedroom tax

Benefit Cap set to hit Northern Ireland from March 2020

1,500 Benefit Cap families with children set to lose support totalling £3million

Affected Benefit Cap households set to lose on average £42 per week

Children in the firing line as all of the households protected from benefit cap are families with children

Sick, disabled and carers impacted by March 2020 cliffedge

Thousands of sick, disabled and their carers set to see their mitigations support prematurely end in March 2020

Up to 14,000 disabled people who are worse off following reassessment from DLA to PIP set to prematurely lose support of up to £19.1million (based on 2017/18 figures)

Up to 1,500 carers set to prematurely lose support of up to £2million (based on 2017/18 figures)

Welfare reform support services at risk due to March 2020 cliffedge

£8m for Additional Independent Advice Provision until March 2020:

- 37 f2f advisers in the 11 council areas have so far supported 68,250 clients
- 9 Helpline advisers have so far supported 30,941 clients

Welfare Reform & Universal Credit Awareness Sessions delivered to 7,040 participants

Media Briefing Paper: Welfare Reform Mitigations: Less than 1 year to cliff edge

The mitigations package was developed on foot of the 'Evason' welfare reform mitigations report, published in January 2016.

Bedroom Tax (Social Sector Size Criteria)

This affects working age Housing Executive and housing association tenants, who receive Housing Benefit. Under the new criteria, Housing Benefit is restricted and based on the number of bedrooms a household requires.

One bedroom is allowed for each category: every adult couple; anyone else aged 16 or over; any two children of the same sex aged under 16; any two children aged under 10; any other child (other than a foster child or child whose main home is elsewhere); couples or child(ren) who cannot share because of a disability or medical condition; or non-resident carer or carers providing overnight care.

As a result, Housing Benefit can be reduced by:

- 14 per cent of total eligible rent, if you have one extra bedroom;
- 25 per cent of total eligible rent, if you have two or more extra bedrooms.

Figures collated by the Housing Executive's Welfare Reform Project Team show that approximately 30% of Housing Executive tenants (25,000) and 25% of housing associations tenants (8,000) in receipt of Housing Benefit would be impacted by the bedroom tax.

Analysis of administrative data indicates that when mitigation payments end, half (50%) of all Housing Executive tenants affected by the bedroom tax will have to contribute up to £9.99 per week to meet rental shortfalls and a further quarter (24%) will need to make a contribution of more than £10 but less than £15 per week. The remaining 26% will need to pay more than £15 per week.

Mitigation payments of £22 million were paid out to 38,700 claimants in the year 2017/18, equating to an average of £570 per claimant per year; or £11 per claimant per week.

According to NIHE, by June 2018, 72 Housing Executive tenants had lost their mitigation payment. Prior to losing mitigation, these 72 cases had combined arrears of £3,345 (average £46). After losing mitigation, the combined arrears of these 72 cases had quadrupled to £12,566 (average £174).

Benefit Cap

This affects working age benefit recipients: it places an upper limit on the total amount of certain benefits a household can receive (£384.62 per week or £20,000 per year for couples / lone parents & £257.69 per week or £13,400 per year, for single people). For those affected by the Benefit Cap, it is administered through a reduction in Housing Benefit or Universal Credit.

Mitigation payments of £3.8 million were paid out to 2,480 claimants in the year 2017/18, equating to an average of £1,560 per claimant per year; or £46 per claimant per week (with 7% of claimants being capped by more than £100 per week). The majority of households subject to the Benefit Cap (84%) were lone parents with children; the remaining 16% were couples with children.

Media Briefing Paper: Welfare Reform Mitigations: Less than 1 year to cliff edge

DLA to PIP reassessment

Personal Independence Payment (PIP) was introduced in Northern Ireland in June 2016. It replaced Disability Living Allowance (DLA) for people of working age. All existing working age DLA claimants have begun the journey to have their claims reassessed for PIP.

Claimants who are reassessed for PIP and do not qualify; who then lodge a Mandatory Reconsideration and then an appeal; receive Welfare Supplementary Payments equal to their previous DLA award. These payments remain in place until the Department is notified about the outcome of the appeal (or until the end of the mitigation scheme in March 2020).

Claimants who are reassessed for PIP and do qualify but at a reduced rate; and whose weekly loss is £10 or more; receive Welfare Supplementary Payments equal to 75% of their loss for one year (or until the end of the mitigation scheme in March 2020).

Most recent figures from the Department for Communities highlights that 23% of working age DLA claimants reassessed for PIP did not qualify.

Mitigation payments of £16.7million were paid to 13,970 claimants in the year 2017/18: this equates to an average of £2,120 per claimant per year; or £40 per claimant per week for those who did not qualify for PIP & an average of £690 per claimant per year; or £13 per claimant per week for those who did qualify for PIP but at a reduced rate.

Mitigation payments were also paid for loss of disability-related premiums of £2.4million to 1,280 claimants in the year 2017/18: this equates to an average of £1,900 per claimant per year; or £37 per claimant per week.

Loss of Payments to Carers

Carers in receipt of carer benefits may find that they lose their entitlement because the person they care for loses out in DLA to PIP reassessment. Those carers affected receive Welfare Supplementary Payments equivalent to the loss of carer benefits for one year (or until the end of the mitigation scheme in March 2020).

Mitigation payments of £2.2million were paid to 1,530 carers in the year 2017/18: this equates to an average of £1,470 per carer per year; or £28 per claimant per week.

Welfare Reform Support Services

The Welfare Reform Mitigations Working Group Report recommended that additional independent advice services should be put in place to help and support claimants through the period of changes to the welfare system. The Executive made a commitment to provide additional funding for independent advice services in recognition of the complexity of welfare and tax credit changes, amounting to £8 million until 31 March 2020 for these additional services.

Media Briefing Paper: Welfare Reform Mitigations: Less than 1 year to cliff edge

Fresh Start Agreement, November 2015

“Within the welfare funding [set out above], it has been agreed that the social sector size criteria – the so called bedroom tax – will not apply, as agreed by the Executive.”

Tracy Meharg, Department for Communities' Permanent Secretary outlines the department's position in relation to the NI welfare reform mitigations package

“The funding for the current mitigations schemes will end on 31 March 2020. Similarly, the legislation providing for each of the mitigations schemes will cease to have effect from 31 March 2020. Any proposal to extend the existing welfare mitigations beyond this termination date will therefore require the Department to bring forward new legislation, which would be subject to Affirmative Resolution. In the continued absence of a sitting Assembly it will not be possible for such legislation to be made.”

Eileen Evason, Chair of the Welfare Reform Mitigations Working Group

"It [mitigation] will come to an end at the end of March 2020 - that is a very significant date. At that point all of the help that we've been able to give people in Northern Ireland, which has not been available for people in GB will come to an end. We will go over a cliff edge; we will see an escalation of hardship in Northern Ireland."

Bob Stronge, Chief Executive of Advice NI

“We are rapidly hurtling towards a welfare reform cliff edge in March 2020 with the potential ending of the package of support developed by Professor Evason and her Working Group. Consider the uproar when it was revealed that the number of households in Northern Ireland hit by the bedroom tax had risen to 86 housing benefit claimants. If the mitigations package ends in March 2020, approximately 38,000 households will be hit with a bedroom tax bill totalling over £22million. Furthermore, approximately 1,500 low income families with children will have to pay a total of approximately £4million due to the benefit cap.”

Kieran Donnelly, Comptroller and Auditor General, NI Audit Office

“Northern Ireland has been insulated from the full impact of welfare reforms by the availability of mitigation schemes and local flexibilities. When the mitigation schemes end, there is a risk that we will see the hardship and increase in the demand for foodbanks, reported elsewhere in the UK.”

John McLean, Chief Executive of Radius Housing

“In the past Stormont has served the interests of local vulnerable people well with parties working together to support them and we managed to secure sensible but vital changes to welfare reforms. However, in the current political vacuum there is great uncertainty.

We call for an extension to the mitigation of bedroom tax. The loss of mitigation will increase financial hardship for tenants and put at risk many millions of pounds in revenues for the social housing sector.”