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Discussion Paper

Welfare policy in NI

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Context

Northern Ireland has a difficult history of conflict and above average levels of poverty as a result of higher unemployment, lower wages and high levels of disability. The Belfast Agreement of 1998 was followed by a degree of stability and improvement on various fronts. This progress was undermined by the financial crash of 2008 and there was controversy and concern when the programme of cuts and adjustments to benefits was announced by the Coalition government in 2010. The evidence available (1) indicated that the cuts would come in two waves. With lower rents and less pressure on housing, though very unwelcome, the effect of the first wave on Northern Ireland would be comparable with, for example, Scotland and Wales. London would be hardest hit. With regard to the second wave, however, Northern Ireland would be the hardest hit area in the UK. The bedroom tax would be particularly difficult by virtue of our segregated public sector housing. With more large families, the benefit cap was potentially very problematic. The cuts to sickness and disability were likely to cause considerable hardship with receipt of DLA being double the rate for GB. This unique combination of special circumstances generated opposition to the introduction into Northern Ireland of legislation corresponding to the Welfare Reform Act 2012 for GB and this was a key element in the political instability which followed. The Northern Ireland Executive collapsed, returned and collapsed again.

In an attempt to move forward, the Fresh Start Agreement of November 2015 provided for the appointment of a Working Group to devise a strategy to mitigate the effects of introducing legislation for Northern Ireland which mirrored the provisions of the Welfare Reform Act of 2012 for GB. There was a consensus that our special circumstances merited special provision. The report of the Working Group (2) was presented to the Executive in January 2016 and implementation commenced in April 2016. There have been some difficulties with this process, which derived, at root, from the overly prescriptive budget set out in the Agreement before the report was written. One element was not implemented and payments were less generous than we would have liked. Nevertheless the twin strategy of payments to compensate for loss and a bespoke advice service worked reasonably well. Significant numbers have been helped (3) through complex changes with the result that welfare reform has generated less controversy and hardship here than elsewhere.

Summary of mitigation programme

Bedroom tax. Supplementary payments to compensate for financial loss for duration of mitigation programme - four years, as agreed by Executive with support of Working Group.

Carers allowance. Supplementary payments for financial loss in consequence of move from Disability Living Allowance (DLA) to Personal Independence Payment (PIP) for one year.

Time limitation of Contributory Employment and Support Allowance (ESA). Supplementary payment for financial loss for one year plus advance warning and check for entitlement to non-contributory ESA.

Replacement of DLA by PIP for those of working age. Supplementary payments where there is financial loss either for one year or up to appeal tribunal (and beyond).

The Benefit Cap. Supplementary payments for duration of programme for families with dependent children not otherwise exempt for duration of programme.

Bespoke independent advice service. Network of independent advice support across Northern Ireland accessed by single phone number for duration of programme.

Benefit Sanctions. Limited to18 months plus other measures to try to ensure these are fairly and reasonably applied having regard to the needs of vulnerable adults.

Universal Credit. In line with preceding discussions at Ministerial level, split, fortnightly and direct payments to landlords unless otherwise requested.

Discretionary Support scheme to compensate for abolition of Community Care Grants and Crisis Loans formerly available under the Social Fund.

Community Projects relating to food poverty and money management.

The future

The mitigation programme ends in March 2020. At this point many households in Northern Ireland will abruptly lose support on which they depend. There is growing alarm, amongst the public, community bodies (4) and politicians (5) at the prospect of a sharp rise in arrears and evictions when our current arrangements end. Discretionary housing payments - which are complex, require applications and do not deal with our core problem of segregated housing - are no answer to the problem here. The losses to families currently receiving mitigation for the benefit cap will be significant. The advice service is crucial to the strategy for assisting those with disability. There is also concern relating to measures introduced after the report of the Working Group. The two child policy is one obvious issue. This is simply unjustifiable given the lack of access to abortion here plus the fact that it is an offence not to report an offence such as rape. Additionally, there has been growing concern about Universal Credit. Our different arrangements have not protected people from the difficulties being experienced across the UK: difficulties in making and managing claims, the lengthy wait for first payment and financial loss when people move from other benefits to Universal Credit. Unless a way can be found through all of this we face the prospect of trying to manage on two fronts as people lose support on the one hand and struggle with these new developments on the other. We need, as a matter of urgency, the return of the Northern Ireland Executive to sort out these pressing issues.

With this in mind we need a realistic set of priorities taking account of the fact that the cost of mitigation comes out of the Northern Ireland budget and the substantial financial pressures being experienced by our health and education services in particular. Based on our special circumstances, there is a clear case for continuing mitigation of the bedroom tax and benefit cap. The grounds for retaining our advice service are evident. Additionally, our special circumstances warrant mitigation of the two child policy.

Alongside mitigation via supplementary payments, we should expand the strategy developed in the first mitigation programme of alleviating hardship by doing things differently. With regard to PIP, we should press for assessment to be brought in house to facilitate sensitive administration by appropriately trained staff. With regard to Universal Credit, there is a need for more support in local offices for those struggling to cope with this system. More fundamentally, the lengthy periods that claimants endure before they receive their first payment must be addressed. Expansion of the Discretionary Support Scheme could assist in the short term. But priority must be given to converting the advances (loans) available to claimants into first payments. It may be argued that this will present IT difficulties but it is intolerable that people should be subjected to hardship which is built in to the system.

References

1. Browne, J. (2010), The impact of Tax and Benefit Reforms to be Introduced between 2012-11and 2014-15 in Northern Ireland, IFS Briefing Note 114
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4. Search #CliffEdgeNI on social media
5. Joint Committee Inquiry: ‘Welfare policy in NI’ https://www.parliament.uk/business/committees/committees-a-z/commons-select/northern-ireland-affairs-committee/inquiries/parliament-2017/welfare-policy-in-northern-ireland-inquiry-17-19/