

## **Submission to the Ad Hoc Committee on Conformity with Equality Requirements: Welfare Reform Bill**

We understand that the Ad Hoc Committee on Conformity with Equality Requirements has been established in order to consider only and report only whether the provisions of the Welfare Reform Bill are in conformity with the requirements for equality and observance of human rights.

Please find several comments from Save the Children in relation to these issues.

### **Context of Child Poverty in Northern Ireland**

The latest figures show that 21% of children in Northern Ireland were living in relative poverty in 2010/11.<sup>1</sup> Due to the extent of in-work poverty, approximately half of children living in relative poverty are in families where one parent is working.

In Northern Ireland, 21% of children live in persistent child poverty, which is more than double the GB rate and is due largely to the legacy of the conflict.<sup>2</sup> More than 12%, or approximately 50,000 children, live in severe poverty.<sup>3</sup>

By 2014-2015 it is estimated that spending on benefits across the UK will be £18 billion less than it is now (in cash terms), with the loss to NI benefit recipients more than £600 million per year.<sup>4</sup> These cuts are happening at the same time as increasing costs in everyday living (for example utility bills are up by £800 [per year??] and the average cost of a shopping basket in NI has risen by 18%<sup>5</sup> since 2008), potentially pushing greater numbers of children and families into poverty.

Even before the Autumn Statement on 5 December 2012, it was predicted that child poverty will increase to 34% in Northern Ireland by 2020 unless there is progressive intervention.

Analysis of the Autumn Statement finds that families with children will be hit particularly hard by the government's decision to make below-inflation up-ratings of Child Tax Credits and Child Benefit.<sup>6</sup> According to the Resolution Foundation,

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<sup>1</sup> NISRA (2012) 'Poverty in Northern Ireland: 2010/11',

[http://www.dsdni.gov.uk/ni\\_poverty\\_bulletin\\_2010-11\\_release\\_document\\_.pdf](http://www.dsdni.gov.uk/ni_poverty_bulletin_2010-11_release_document_.pdf)

<sup>2</sup> Monteith, M., Lloyd, K., McKee, P. (2008) 'Persistent Child Poverty in Northern Ireland', Save the Children, ARK and ESCR

<sup>3</sup> Save the Children (2012) 'Delivering Change for Children'

<sup>4</sup> Tomlinson, M., Kelly, G. (2011) Response to NI's draft budget, Poverty and Social Exclusion in the UK Project, p.1

<sup>5</sup> McNeilly, C. (2012) 'Revealed: how weekly grocery bills have soared in four years'

[www.belfasttelegraph.co.uk/news/local-national/northern-ireland/revealed-how-weekly-grocery-bills-have-soared-in-four-years-16200579.html](http://www.belfasttelegraph.co.uk/news/local-national/northern-ireland/revealed-how-weekly-grocery-bills-have-soared-in-four-years-16200579.html)

<sup>6</sup> Whittaker, M. (2012) 'Resolution Foundation analysis of the 2012 Autumn Statement', Resolution Foundation, <http://www.resolutionfoundation.org/publications/resolution-foundation-analysis-2012-autumn-statement/>

households in the poorest ten per cent of the population are set to lose around £150 a year (in 2012-13 prices) in 2015-16 compared with a scenario in which these changes had not been made.

Families with children will be hit particularly hard, reflecting the inclusion of Child Tax Credit and Child Benefit in the decision - single parents stand to lose an average of nearly £330 (in 2012-13 prices), or 1.5 per cent of post-tax income in 2015-16.

Changes to tax and benefit cuts will hit Northern Ireland harder than any other region in the UK apart from London, according to the Institute of Fiscal Studies. This is due to the high numbers of those in receipt of Disability Living Allowance (DLA), including for mental health disorders, and the high number of families with children who will be adversely affected by cuts to social security.<sup>7</sup>

### **Government Obligations – Child Poverty Act 2010 and Children’s Rights**

Each Executive Minister has a statutory obligation to meet the targets set by the Child Poverty Act 2010, reiterated in the Programme for Government 2011-15. The Executive has also agreed the need for an outcomes-based child poverty action plan and an overarching Delivering Social Change framework across all departments.

In addition to UK and NI legislative and policy commitments to eradicate child poverty, the NI Executive is bound by the UN Convention on the Rights of the Child (UNCRC) and the International Covenant on Economic, Social and Cultural Rights (ICESCR). Under the UNCRC, Ministers have an obligation to ensure that the best interests of the child is a primary consideration in decision-making that will affect their lives. Further, children have the right to an adequate standard of living and the right to social security. This means that each Minister is required to demonstrate how their decisions contribute to ending child poverty, improving outcomes for children and fulfilling their rights.

The UN Committee on Economic, Social and Cultural Rights has written to governments urging the prioritisation of human rights in times of economic crisis. The letter calls on States Parties to:

avoid at all times taking decisions which might lead to the denial or infringement of economic, social and cultural rights... apart from being contrary to their obligations under the Covenant [on economic, social and cultural rights], the denial or infringement of economic, social and cultural rights by States Parties to the Covenant can lead to social insecurity and political instability and have significant negative impacts, in particular, on disadvantaged and marginalized individuals and groups.<sup>8</sup>

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<sup>7</sup> Browne, J. (2010) *The Impact of Tax and Benefit Reform to be introduced between 2010/11 and 2013/14 in Northern Ireland*, IFS Briefing Note 114, p. 4

<sup>8</sup> <http://www2.ohchr.org/english/bodies/cescr/docs/LetterCESCRtoSPI6.05.12.pdf>

## **Best Interests of the Child– Housing Element**

We argue that the best interests principle, Article 3 of the UNCRC, should be the organising principle for assessing priorities and policies within Welfare Reform proposals.

The Housing Executive has explained that it has more than 26,000 tenancies with the potential to under-occupy either one or two bedrooms, which means that their tenants will have to find approximately £7 to £15 per week out of Universal Credit to cover the shortfall.

There is consensus that Northern Ireland does not have suitable alternative accommodation. This circumstance, compounded by the segregated nature of housing, will make it very difficult for tenants to move, despite the likelihood of increasing debt and arrears.

DSD cites the provision of discretionary housing payments (DHPs) as mitigation. However, under the proposed new Discretionary Support Policy, DHPs will move from housing benefit to merge with the reformed Social Fund. The Social Fund's crisis loans and community care grants will no longer be treated as 'social security' and their reform will result in the development of a new fund, representing a transfer from Annually Managed Expenditure to the block grant.

These funds have provided a much needed source of help for families with no access to other loans or credit. DSD research shows the extent of demand – 2010/11 saw 48,000 applications for Community Care Grants totalling £13.75m and 159,000 applications for Crisis Loans totalling £16.41m. More than half of the awards of Community Care Grants are to lone parents. Discretionary housing payment amounts to approximately £3m a year.

The consultation on the discretionary support policy revealed that the client's solvency should be one of the proposed eligibility criteria. At a time of increasing debt and arrears, it is imperative that the Department

- reviews this criterion;
- ringfences the DHPs for housing support;
- clarifies the amount of payment (and the length of time) and the need for a replacement appeals procedure.

Furthermore, as part of the Welfare Reform Group we have made the following recommendations:

- Social housing that is deemed to be under-occupied, but has children living there, should be exempt from a reduction in housing benefit.
- Households with children should be exempt from moving to cheaper housing until it is clear that suitable properties are available in the thirtieth percentile of rents.
- Non-resident parents should be exempt from the shared room requirement in relation to housing benefit. They may have informal access arrangements

to their children, which raises significant child protection concerns around visits to parents residing in houses in multiple occupation (HMOs).

A consequence of the new housing occupancy rules is that parents whose children are in short-term care need to retain spare bedrooms, for any chance of their children being returned.

- Exemptions/discretionary housing payments for families with a child in short-term care should also be considered in Northern Ireland.

It is important to note that our research is picking up the extent of children's anxiety about their parents' worries.<sup>9</sup> If debt and arrears place their homes at risk, it is impossible to overstate the impact of leaving behind their home, school and network of friends – on their health, wellbeing, sense of security and education.

### **Best Interests of the Child – Disability and Housing**

There is a higher incidence of disability in NI than anywhere else in the UK, with 21% of adults and 6% of children having a disability here.<sup>10</sup> Research shows that disabled children and children with disabled parents are more likely to be severely poor and more at risk of persistent poverty.<sup>11</sup> Furthermore, child poverty rates are underestimated by up to 3% due to the lack of recognition of the cost of disability in the current HBAI survey methodology. The cost of bringing up a disabled child is estimated as being at least three times as much as bringing up a non-disabled child.

Under the current system, families who are on a low income or out of work and who have a child in receipt of Disability Living Allowance (DLA) are entitled to a 'disability addition' worth £53.62 per week. Families with a child in receipt of the high rate care component of DLA also receive a 'top up addition' worth an additional £21 per week. Under the new system, most families will receive an addition worth less than 50% the current rate, although some severely disabled children will avoid this cut. The changes are likely to cost families up to £1366 a year.

Many of these families with a disabled child have adapted properties and need the extra space – they must not be further penalised by the threat of a bedroom tax. In GB it was advised that £30m per year will be added to the discretionary housing benefit for families with a disabled child who have adapted properties and need the extra space.

- We suggest mitigation through amendments to the bill and subsequent regulations rather than by discretionary support.

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<sup>9</sup> Whitham, G. (2012) 'Child poverty in 2012: It shouldn't happen here', Save the Children <http://www.savethechildren.org.uk/resources/online-library/child-poverty-2012-it-shouldnt-happen-here>

<sup>10</sup> DHSSPS (2012) *Physical and Sensory Disability Strategy and Action Plan 2012 – 2015*, DHSSPS

<sup>11</sup> Monteith, M., Casement, E., Lloyd, K., McKee, P. (2009) *Taking a closer look; child poverty and disability*, ARK, Family Fund and Save the Children

- This £30m also includes additional funding for foster carers in GB and we suggest similar mitigation through amendments to the bill and regulations.

## **Best Interests of the Child – Childcare**

A key objective of Welfare Reform is to support those who are able to take up or remain in employment, and access to affordable, good quality childcare is an essential element in a parent's decision about work.. Save the Children research shows that many low income mothers are considering leaving work because they can't afford childcare.<sup>12</sup>

It is unclear at this stage how support for childcare costs will be included within Universal Credit. At the moment, families in Northern Ireland are paying 44% of their income for childcare for one child, which is the highest amount in Europe.<sup>13</sup> Until recently, low-income working parents could claim support for up to 80% of childcare costs through the childcare element of working tax credit. This was cut to 70% from April 2011, resulting in some families losing as much as £1500 a year.

Notwithstanding the recent proposed childcare strategy, Northern Ireland still has no equivalent of the Childcare Act 2006, which includes in GB the duty to secure adequate childcare that allows parents to take up or remain in work and to undertake education or training that assists in obtaining work.

Without an adequate childcare strategy, a statutory duty and comprehensive childcare provision in NI, it is difficult to see how the new system can be effectively implemented here.

### *Provision for lone parents*

Currently, lone parents in Northern Ireland are exempt from certain earlier welfare reforms applied in GB. For example, compared to every fortnight in GB, lone parents in Northern Ireland sign on for work-focused interviews every 13 weeks. The Jobseeker's Allowance (Lone Parents) (Availability for Work) Regulations (Northern Ireland) 2010 provide a guarantee that lone parents with a youngest child of 12 or under who receive a jobseeker's allowance will have the right to restrict their availability for work to their children's school hours. They augment other flexibilities including the ability of lone parents to limit their availability for work to a minimum of 16 hours a week, to refuse a job or leave employment if childcare is not available and the requirement on personal advisers to take the well-being of any child into account when drawing up a jobseeker's agreement.

The Welfare Reform Act 2010 also requires the best interests of the child be taken into account when making a job-seeker's agreement for lone parents.

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<sup>12</sup> Whitham, G. (2012) 'Ending Child Poverty: Ensuring Universal Credit supports working mums', Save the Children

<sup>13</sup> Dennison, R. and Smith, N. (2012) *Northern Ireland Childcare Cost Survey 2012*, Employers for Childcare

### *Proposed changes affecting childcare*

However, conditionality and sanctions are to be increased under Universal Credit. At the moment claimants in part-time work on tax credits are not expected to seek additional work. But according to GB regulations, it would appear that benefits will be cut from those in work if they do not meet an earnings threshold equal to minimum wage rates for a 35 hour week. They will be expected to earn more from working extra hours, getting better pay or an additional job. This is at a time when hundreds of people are chasing every job and those jobs are likely to be part-time or zero contract hours.

Moreover, this would seem to run counter to last year's extension of childcare support to those working in 'short hours jobs' when the Coalition government announced that Universal Credit will provide childcare funding for parents who are working fewer than 16 hours a week.

On the other hand, modelling work carried out on behalf of Save the Children shows that Universal Credit could have negative impacts on work incentives for many low-income families, especially lone parents working more than 16 hours per week and second earners.<sup>14</sup> A single parent with two children, working full-time on or around the minimum wage, could be as much as £2,500 a year worse off under the new system.<sup>15</sup>

We therefore suggest the following:

- The need for clarification about the apparent conflicting provisions and proposals.
- Retention of the 2010 Lone Parent exemptions given this confusion, the lack of progress in childcare provision and the lack of employment opportunities. The new conditionality regime should not be applied to Northern Ireland.
- The Welfare Reform Act 2010 stipulates that the best interests of the child must be taken into account when producing job seeker plans for lone parents. This should be extended into this bill and extended to carers in couple households.
- DSD should cost the option of using the Social Protection Fund to support the shortfall for lone parents and low income parents.

### **Conclusion**

The proposals should be assessed against the obligations under the UNCRC, ICESCR and the Child Poverty Act, including how departmental decisions will contribute to improving outcomes for children and ending child poverty by 2020. These decisions incorporate funding allocations and spending, and we would argue that they must include the Social Protection Fund, the Discretionary Support Policy

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<sup>14</sup> Whitham, G. (2012) 'Ending Child Poverty: Ensuring Universal Credit supports working mums', Save the Children

<sup>15</sup> Whitham, G. (2012) 'Ending Child Poverty: Ensuring Universal Credit supports working mums', Save the Children

(including DHPs) and forthcoming decisions on passported benefits and rates rebates.

It is important to note that our research is picking up the extent of children's anxiety about their parents' worries.<sup>16</sup> It reports that 14 per cent of children in poverty say they go without a winter coat, for example, or that 13 per cent have stopped asking their parents for anything at all. If debt and arrears place their homes at risk, it is impossible to overstate the impact of leaving behind their home, school and network of friends – on their health, wellbeing, sense of security and education.

A child rights approach is more important than ever in framing discussions about austerity measures and welfare 'reform'. If the Assembly and Executive are serious about meeting their commitments to develop a more prosperous, equal and shared society, as set out by the Delivering Social Change framework, the Programme for Government and the obligations under the Child Poverty Act and UNCRC, political leaders must focus on those as priorities and ensure that they refrain from entrenching segregation and disadvantage.

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For further information contact:

**Anne Moore**

Policy and Assembly Co-ordinator

[a.moore@savethechildren.org.uk](mailto:a.moore@savethechildren.org.uk)

**Dr. Chelsea Marshall**

Child Rights and Education Policy Co-ordinator

[c.marshall@savethechildren.org.uk](mailto:c.marshall@savethechildren.org.uk)

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**Contacts:**

Save the Children, Popper House, 15 Richmond Park, BT10 0HB

Tel: +44 (0)28 9043 1 123 Fax: +44 (0)28 9043 1314

[info@savethechildren.org.uk](mailto:info@savethechildren.org.uk)

[savethechildren.org.uk](http://savethechildren.org.uk)

Registered charity England and Wales (213890) Scotland (SC039570)



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<sup>16</sup> Whitham, G. (2012) 'Child poverty in 2012: It shouldn't happen here', Save the Children <http://www.savethechildren.org.uk/resources/online-library/child-poverty-2012-it-shouldnt-happen-here>