Northern Ireland Assembly

Committee for Social Development

OFFICIAL REPORT (Hansard)

Welfare Reform Bill: Citizens Advice Briefing

31 October 2012

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:
Mr Alex Maskey (Chairperson)
Mr Mickey Brady (Deputy Chairperson)
Ms Paula Bradley
Ms Pam Brown
Mrs Judith Cochrane
Mr Michael Copeland
Mr Sammy Douglas
Mr Mark Durkan
Mr Fra McCann
Mr David McClarty

Witnesses:

Mr Pól Callaghan	Citizens Advice
Dr Rose Henderson	Citizens Advice
Ms Louisa McKee	Citizens Advice

The Chairperson: We will have a number of presentations and briefings today, the first of which will be from Citizens Advice. We have Pól Callaghan, head of policy; Rose Henderson; and Louisa McKee. Many of you will remember Pól. I formally welcome the three of you who are here on behalf of Citizens Advice. I remind members that at tab 1 of their Bill folders is the briefing paper from Citizens Advice, which was provided earlier. Without further ado, the floor is yours.

Mr Pól Callaghan (Citizens Advice): Thank you, Chairperson, and thanks to the Committee for affording us the opportunity to come and speak to you this morning.

Before I start off, I will just say that we obviously appreciate everybody has been working to a very tight time frame over the last while, but we would like the Committee's indulgence if any of what we said appears a little bit rushed or whatever else. We had our AGM with President Higgins yesterday, so we have perhaps been a little bit more distracted than would otherwise be the case had the timetable been different.

I am head of policy and information for Citizens Advice. On my right is Louisa McKee, who is our training manager. She specialises in mental health issues and engages in some voluntary work in that field outside Citizens Advice. On my left is Dr Rose Henderson, who is a member of our information team. She has more than 10 years' experience as a front line adviser in east Belfast citizens advice bureau (CAB), in particular, and elsewhere.

As you indicated, Chairperson, we have already provided a written submission to the call for evidence. That hits on many of the key issues that we would like the Committee to consider. We will touch on some additional points this morning, because some things have come to light even in the past week to 10 days. We are conscious that the Committee will have had significant evidence from other stakeholders and from the Department, so we will try, in so far as we can, not to regurgitate things. There are obviously some points that our network would like us to hit on as well, but we will also try to hit on some new perspectives, raise new issues and bring new information to light where we can. However, there will obviously be some degree of overlap.

I will give a brief overview of how Citizens Advice operates and how our work relates to the Bill; summarise some of our overview approaches to welfare reform and the Bill in order to provide some context; and make some brief comments on the Minister's recent statement on operational flexibilities. We will then proceed clause by clause through some of the things that we have put in our written submission and mention some things that have dawned on us since the deadline. I will deal with universal credit and some of the other elements and will then hand over to Rose, who will deal with the employment and support allowance (ESA). Louisa will deal with personal independence payments (PIPs). I will wrap up at the end.

We have obviously provided some amendments as per the call for evidence. We have attempted to provide amendments where we think there would generally be little or no financial cost and where we think supplementary measures might be available to the devolved institutions to address some things. In so far as possible, we have put forward amendments that we think will attract reasonably significant support or widespread support and should not be too contentious, but that is obviously for the Committee and the wider Assembly to decide, not us.

I know that some members of the Committee already know Citizens Advice very well. Some members have been involved in the bureaux in the past, some have been on management committees and others have been very strong and powerful advocates for their local CAB. Those are all roles that we respect, acknowledge and appreciate.

Citizens Advice provides information and advice to the public in 28 main offices across Northern Ireland and in over 100 outreach outlets and services. According to MORI, there is 98% awareness of Citizens Advice among the Northern Ireland population. To give a degree of context to our work on welfare reform and the people who will be affected by it, 39% of adults who live in homes where the household income is less than £15,000 have used a Citizens Advice service in the past three years. Our offices handled over 305,000 issues last year on behalf of 84,000 clients. Over half a million items from our online advice guide service were downloaded on to Northern Ireland computer stations. Last year, we provided advice on over 40,000 issues relating to disability living allowance (DLA) alone. So between the migration from DLA to PIP, universal credit and the other aspects of the Bill, we anticipate that there will be a significant impact on our work and on the people who come to Citizens Advice looking for help and assistance.

We obviously work closely with our sister organisations in England, Scotland and Wales and with Citizens Information in the Republic. I know that some of you will be aware of some of the partnership work we have done, including the recent report, 'Holes in the safety net: the impact of universal credit on disabled people' by Tanni Grey-Thompson. So I will not dwell on that too much this morning, but we will obviously be happy to comment on it.

I will touch briefly on the potential impact of the Bill without regurgitating too much of what other advice providers have touched on. Significant impacts will include issues such as the major switch entailed by the move to digital default, and particularly the search and demand for advice and information in the context of having a dual system in operation for some time. Most of the external commentary assumes that the switch will take place overnight, but we will, effectively, run two systems for advisers and the public for a significant number of years. There will obviously be a rise in appeals; training requirements for advisers; changes to case recording systems internally; changes to our public and internal information systems; and some physical investment will probably be required in new facilities, particularly to deal with the online dimension of welfare reform.

We are aware that the overall Bill is largely a read-across from the Welfare Reform Act 2012, and we are aware of the devolutionary constraints under which the Assembly and Committee are working. It is an enabling Bill, and, as others have said to the Committee, much detail remains unconfirmed and we await further information on regulations, including input from the Department for Work and Pensions (DWP) in December. There has been quite a lot of consultation here and a lot of input from many different stakeholders. It is not the Committee's fault, but there has not been as much output in

the form of certainty as people might have hoped for, so we still do not know the range of elements to be tabled in relation to PIP and various other things. To some extent, we are in the dark and some of what we say is a result of that.

We welcome in principle the idea of simplification in welfare reform. The idea that fewer agencies will interact with clients and that there will be less duplication makes sense. The drive to employment is obviously welcome, but the Committee is well aware of the lack of employment here. So, our real problem is not the drive for employment but the lack of employment, and I do not need to tell any member of the Committee about our region's latest unemployment statistics. Citizens Advice is worried by the practice of cuts often being dressed up as reform, and elements of the Bill fall into that category, particularly its impact on disabled people and the 20% statistic that the Committee is well aware of.

Various elements of the Bill appear, to us, to be contradictory, and that theme runs throughout the Bill. For example, the Committee may have heard the point made that sanctions may result in people losing their home. That does not bode well for helping people to secure employment or get new employment. As recently as this week, the Confederation of British Industry (CBI) expressed some concern about the potential impact of universal credit on the business community as whole. There are obviously burdens on enterprises and young entrepreneurs that may go against encouraging people to start their own business and get into work. We share that fear.

There are some particular issues around the loss of flexibilities in the tax credit system, which makes the reforms quite complex. We are concerned about the sanctions-first approach that is led by the DWP in particular. We think that it is based on misconceptions about the level of benefit fraud and we fear that there is a lack of evidence behind the sanctions-first approach, as is demonstrated by research findings.

Overall, the Bill purports to reflect real life in the real life working environment. However, in respect of the reality of self-employed people's work and how they organise their business, what is in the Bill coming across from London does not. The proposed reporting systems and the removal of cautions go against how the legal system generally works and various other things.

So, some initial general observations and themes that do not relate to one particular part or clause of the Bill but seem to be recurring issues that the Committee may like to hear and might already have in mind. The first is the whole issue of gross and net savings. The explanatory and financial memorandum and other departmental documents provide various estimates of savings. Perhaps the Committee has been brief on this already, but we are a little confused about whether all these savings are gross, net or sometimes a mixture of both.

I know that you have heard evidence on some of the secondary consequences of various cuts. If you are looking at things such as disabled students' allowances (DSA) time-limiting stipulation, the obvious question is whether that saving is one that is net of the impact on jobseeker's allowance (JSA) and income-related ESA. Do the figures for youth ESA provided to the Committee reflect the impact on income-related ESA? We will touch on the fact that it seems to us that that is not the case. Housing underoccupancy sanctions have an obvious impact on discretionary support costs as well.

Then there are the wider cost implications, which, I imagine, many of the disability charities would have raised. With PIP, there is the impact on appeals, on the health system and on the mental health budget. With regard to ESA time-limiting, what are the effects going to be on retirement provision? The Department of Health, Social Services and Public Safety (DHSSPS) is leading on the adult care consultation that is running until March 2013.

Obviously, quite a number of the things that are in this Bill will directly impact upon the ability of people in their 50s and 60s to provide for their care in old age. So there is an issue of joined-up thinking there. If you look at the whole area of sanctions, particularly the higher end, it appears to us that there has not been enough focus on the unspoken potential consequences, such as the impact on the criminal justice system. As people are sanctioned at the higher end, is that going to result in higher crime that will impact on other people in those communities which will already be impacted upon severely by welfare reform? Then there are the impacts with regard to family breakdown, with the costs to social services and whatnot.

I have just mentioned the lack of joined-up thinking. Look not only at adult social care but also the not in education, employment or training (NEET) strategy, the purported increased focus on people as they get older in the workforce, and the whole issue of mixed-age couples and people who are retired

and who are now coming into the realm of universal credit. There is a bit of confusion around that. There is certainly an issue about the resources of the Department for Employment and Learning (DEL) being focused more towards older people, according to the stipulations in this Bill. Arguably, we need to be focused more on younger people and getting them into the workplace for a longer period of time. There will be consequences such as a lower standard rate for under-25s which will have an impact upon the ability of people under 25 to secure education and training for themselves and to get into productive employment.

As to ESA in youth, DWP has estimated that 90% of people who fall out of the ESA in youth provision will then qualify for income-related ESA. On the figures provided by the Department of £390,000, in broad terms, if that meant that there was a net saving of £39,000, that is the starting salary for a principal officer grade 7 in the Civil Service. I have no doubt that there will be at least one principal officer assigned to deal with this; probably he will have a team under him. So that is actually the saving at the end of the day. So maybe that is a question that the Committee might want to ask. It is something that struck us as an odd working together of the numbers.

The whole question of under-earnings is one that we are a bit concerned about. Particularly when unemployment is so high — you will have heard this argument before from others — it seems strange that we are going to be pursuing people to increase their earnings. Maybe the focus should be, particularly as DEL's services are under strain, to get people into the employment world at all. The lesson from the changes to working tax credits earlier this year is that, when people needed to increase the number of their hours to maintain their working tax credit entitlement, they found it very difficult to do that. Especially, for example, people working in major supermarkets and whatnot else sought to increase their hours and found it very difficult to do. And that is in the context of people seeking more hours. We think that this smacks of people being punished for being low-paid, and we are worried about that. The Committee might want to think — as it may well be doing — about how things like the social protection fund may be utilised in order to ameliorate some of those points.

We look at welfare reform in the round, and the whole question of parity and everything else. Things might be applied equally in England, Scotland and Wales, but over here the impact can be very disproportionate. We think that there is potentially an insidious consequence of the under-earnings approach, as opposed to the under-working approach — which is the working tax credits approach. As I have already said, it penalises people not for working less; leaving aside all the other things, it punishes them more for being paid less, which, we think, is more than a little unfair given their burden.

If we look at average earnings here, they are obviously 16% lower than the UK average, according to the Labour Force Survey of June this year. In particular, we are concerned about the impact on women. In this region, women earn £71 a week less than local men on average. Obviously, if under-earnings is going to be a driver for work requirements and sanctions, it will impact more upon those who are earning less, which, in this case, is women.

Let us look at this in the round, when people are talking about parity and what might merit the making of a particular case here, or steps being taken here. To put it most starkly, if you look at the Labour Force Survey (LFS), which assesses average earnings across every region of England, Scotland, Wales and Northern Ireland, and between men and women, with the exception of Welsh men, men here on average earn less every week than anywhere else. Women here not only earn less than women anywhere else in the UK but, on average, earn £384 a week less than men in London. So, the axe will not fall hardest on your average man in London. The Committee will understand well some of the other considerations behind all this, but it appears that women here will be hardest hit of everybody who will be impacted by the under-earning provisions. We think that that is very unfair and penalises people for their circumstances rather than their motivation to be in the workforce and to be productive in that context. So, that is what we have to say about that.

There are some themes to keep in mind. You will be aware of various arguments about childcare and the fact that we are effectively 15 years behind England according to Employers for Childcare. A piece of research from the Resolution Foundation in the UK this week disclosed in its Counting the Costs survey that two parents working full time on the minimum wage with two kids will end up £4 a week better off. The local implications and statistics will be slightly different, but there are issues about making work productive for people and practical implications in the Northern Ireland context, particularly with the rural dimension, which rural members will understand. There are also issues right across our region that maybe merit a different approach.

The issue of school hours is quite different. As we understand it, children in school, especially younger children, will generally be released from school at 3.30 pm in England whereas, here, many

of those children, as many of the parents here will know, will be released at 2.00 pm. That has an impact, especially on people who are trying to work around school and around childcare responsibilities. School holidays here tend not be co-ordinated, and that has an impact on people's availability for work and their childcare costs.

Another dimension that members will be aware of from their constituency experience is the issue of where childcare is located. In the Derry area, parents in places such as the Bogside were told that nursery places were available in places such as Claudy and Eglinton. As a lone parent, you will be sanctioned because you have been told that childcare is available in somewhere such as Claudy or Eglinton. That is not fair as far as Citizens Advice is concerned, and I am sure that that example of nursery provision will be replicated in various other places. We need to be very careful about the rules and regulations once those issues are drilled down over the next number of weeks and months.

The Committee will have heard quite a lot about disability already. I have mentioned the 'Holes in the safety net' report that Citizens Advice did at UK level with the Children's Society and Disability UK. People who are disabled will be affected by a number of things such as the 12-month time limit and the loss of the severe disability premium by the position that the UK Government are taking on the Gorry case, which involves underoccupation and two disabled children. As we understand it, the UK Government have been granted leave of appeal to go to the Supreme Court, and that will start in December. To Citizens Advice, that appears to effectively be a 14% disability child penalty on families that have two disabled children rather than one. If they have to separate them out, effectively the state will penalise them for having to make that accommodation themselves even though the Court of Appeal has already said that that is unlawful. Maybe the devolved arrangements could look at that and the social protection fund.

You will have heard a number of arguments around PIP, such as the likely cut in numbers of people who are entitled to higher rate DLA as we move across to enhanced PIP; the forwards/backwards test; the increase in the anticipated condition from three plus six months to three plus nine months; issues around deteriorating conditions; the reduction in the absence period that is provided for; and passported benefits. That is all in the context of the 20% cut underpinning the welfare reform approach.

One other issue that we have taken up is to do with transitional support, and we have been in contact with the Department and the agency on that. I am sure that the Committee is well aware of the issues around that and that transitional support will be effectively calculated at the point of migration for people as they move into the universal credit system. The figure is then locked, but it is locked as an actual figure, not as a real-time figure, and there will not be any index-linking. The real value of that figure will decrease over time, and there will be a loss in earnings or income for a number of people compared with the current system.Another important point about transitional support is that any change in circumstances will trigger its removal. We have exchanged correspondence with the agency about that, and its position, as outlined to us, indicates that any change will trigger that. The loss of any element could include, for example, the birth or death of a child, or even, presumably, the loss of a job. So it seems that, potentially, people will be penalised for taking up and then losing a job after universal credit comes in, which seems to run totally contrary to the stated public policy intention of the system. My final point may require further clarification from the Department, but is probably worth asking the question if it has not already been posed.

At a policy level rather than its impact on advice providers, the CBI and the Local Government Association in England this week expressed further concerns about the timetable for the "digital by default" provision, which is of concern to anybody with a stake in how the system will apply here. The lesson of the Ulster Bank's failure in the summer is that people will be worried by both what happens if there is a delay in the migration to the new system and how people's payments will be provided if there is a failure in that system. I am sure that the Committee is already considering that.

The Committee will know that 30% of people in Northern Ireland do not have access to the internet at home or at work. People here who are on benefits are, by definition, more unlikely to have access in work anyway, so increasing the digital divide. The rural dimension is particularly important here, given that we have a disproportionately rural population. Although the numbers of people with internet access at home are broadly the same in urban and rural areas here, the implication of not having internet access in a rural area is that people are further from a library. Even leaving aside the issue of opening hours, which I think that members mentioned, rural dwellers are further away from advice centres and other such places, including MLA constituency offices, so it is harder to get access to the internet. There will also be issues around secure internet access from public places, and so on.

Just a day or two ago, the Joseph Rowntree Foundation released data that it commissioned through the University of Portsmouth that shows that only 40% of claimants in England are currently ready and able to use an online system. Only 20% of claims in England are currently done online, and there are clearly huge challenges there. It may be that the idea of trusted *[Inaudible.]* in the advice centre, which Louisa may touch on, could be considered in the Northern Ireland context. We know that Advice NI previously spoke to the Committee about a statutory right to advice. The general terms of that would need to be worked out, but Citizens Advice thinks that that would be a useful idea, particularly in the context of a more sanctions-focused system that will have consequences for people who do not do things within stated timelines. It is important that people have a reasonable opportunity to secure reliable advice, which would, presumably, also end up costing the state less in resources, appeals, and so on, which makes sense to us.

Will I finish the first part of the presentation by moving on to the Minister's statement?

The Chairperson: Work away.

Mr Callaghan: Some detail remains to be worked out, but we welcome the progress that the Department and the Minister have made in their negotiations with Lord Freud and others in DWP.

The Minister's statement did not contain further details on the question of payments to landlords, so we are still a bit in the dark about when and in what circumstances clients can opt out. There are also all sorts of issues about care for clients who may have mental health challenges, such as dementia, and how that will be handled. The Minister said that there would be further consultation on determining the criteria around split payments and more frequent payments "where necessary". What exactly will "where necessary" mean? Citizens Advice is firmly of the view that child payment elements of the various benefits, moving forward, should follow the main carer in the home in any split payment and that the housing element, if it is to be taken directly by the tenant rather than the landlord, should go to the person who would normally be responsible for looking after the housing payment to the landlord. The Minister touched briefly on other issues, such as money advice, financial planning and banking products. There has been some recent engagement between the Department and advice providers and other stakeholders on that. The Committee will probably just want to keep a watching brief on that area for now.

Before we go to the clause-by-clause commentary, may I stop to catch my breath?

The Chairperson: Fair enough. It is entirely up to you how you make your presentation, but you may want to bring in your colleagues to make their points, and we will take members' questions at the end of your presentation. It is entirely up to you, Pól. The floor is yours. Feel free to make your presentation in whatever way you want; this is your session.

Mr Callaghan: Does a member have a question that you want me to deal with?

The Chairperson: Members want to come in. They have indicated that they wanted to come in, so we will wait until you finish your presentation. We may have the answers before you finish.

Mr Callaghan: Maybe not. As my mother often told me, Chair: quality and quantity are not the same.

I will try to run through the clauses of the Bill as quickly as I can. As I said, we are not going to go through everything that is in our submission. You have that in writing.

We deal with clauses 3 and 4 on entitlement in our submission. We think that the issue of mixed-aged couples will cause considerable distress and unease. The lack of clarity about the effect on people who would currently be deemed to be in retirement and in receipt of various retirement payments, either occupationally or from the state, will, once there is some more public traction, cause concern. Universal credit is supposed to be a working-age benefit, and, at least nominally, we are being told that those who are retired will come into the sphere of universal credit if they have a partner at pension credit age. The Committee might have further information on that, but, as we understand it, we do not know whether that means that any work requirements will fall on the older partner. It may be that that is not the intention, but there is a little bit of distress building on that. If it is meant to be a working-age benefit, it would be a little unfair to extend the working age by your choice of partner. Some people might say that that would entail additional work anyway, but that is another issue. Clearly, as we move forward to 2018 and beyond, the rising women's pension age will bring more people into that

net. As I think other witnesses have testified, there will implications around DEL resources. I am sure that the Committee is addressing those.

We feel that clause 4 raises some issues around the habitual residence test (HRT). I know that members are aware of the issues of inconsistency, subjectivity, and so on, to do with the habitual residence test. I will try not to say HRT, because I know that that would cause some confusion. The Committee is probably aware of issues at an EU level between the European Union and the UK Government, the European Union's unhappiness at the right-to-reside element of the test and its deeming that it falls contrary to the discrimination elements of the treaty and EU regulations on social security co-ordination. As I understand it, Commissioner Andor has given the UK Government two months to come back to the Commission with their position, but the Commission has also indicated that it will take a further legal challenge on that to the European Court of Justice (ECJ). Although that is a relevant point for the Committee to consider, and there is a lot of uncertainty about how the HRT will work in practice, there is certainly a lot of dodgy sums involved in the calculations and in what it will and will not cost. Twelve months ago, Iain Duncan Smith said that the cost to the Treasury of repealing the right-to-reside element of the habitual residence test would be £2 billion, and, last month, the Treasury released new figures giving the actual cost at £155 million. When we have major questions of public policy being determined on such wide-of-the-mark calculations, I do not think that that is a place that any of us want to be in.

On the Northern Ireland-specific elements of the habitual residence test, there are particular views on our tradition of emigration and people going away and coming back after working for many years outside this jurisdiction. Our approach is that, given the work conditionality that is being built into universal credit in particular, we do not really see the need for the habitual residence test to be applied in its current form. Why put in place that extra barrier when the whole point of universal credit, as the coalition Government would describe it, is so that we do not have people relying on the state and not wanting to work?

One of the things that we think might be worthy of some more attention by the Committee is the question of people who come back here to carry out caring responsibilities and those who return after a family break-up. They may have moved away with a partner, have come back and are facing difficulties in that context. There may be other areas in which the social protection fund might want to be considered by the Committee.

Clause 5 deals with financial conditions and the area of capital limits. I know that the Committee is very aware of the various impacts that the switch from tax credits and pension credit will entail. Quite a lot of the discussion up to now has focused on older people and those who are approaching retirement age. We are also worried about the impact of the capital limit stipulations on younger couples who are saving for a house deposit, and for parents of disabled children who have set aside money to provide for the future care of that child. As people get older and if, for example, one of them falls out of the workforce, there will be a significant impact with capital limits in universal credit. When that is mixed with the 12-month time limit in the ESA work-related activity group (WRAG), it could have a calamitous effect on people's finances when, in fact, they should be saving for older age. That again falls in with the question of *[Inaudible.]* and what we are going to do around that. There is also the mixed-aged couples dimension and pensioner poverty, on which I know that other witnesses have testified previously.

Clause 6 deals with restrictions on entitlement, and we have a bit of an issue about the waiting period that is set out in the Bill. The Bill is supposed to provide for a seamless transition between being in and out of work. That is especially important in the context of lower-paid and insecure workers — those who do not have security of tenure. The Joseph Rowntree Foundation has done quite a lot of work on that both in the Northern Ireland and wider context. There is, perhaps, an opportunity to maximise the potential of the real-time information system. When that comes in, a seven-day statutory limit for a claim to be processed seems overly generous. That is why we have suggested that an amendment be made so that that limit would be capped at three days in law here. That is in our submission.

Clauses 7 to 10 deal with awards. I have touched on the issue of under-25s and the impact of a simplified standard rate on the NEETs strategy, and so on. On clause 8, we have raised an issue about tax credits. We would like to see a designation of all statutory payments, such as statutory sick pay and maternity pay and comparable benefits such as maternity allowance, being considered as earnings for universal credit purposes. At present, they are classified as earnings for working tax credits. If they are not captured in the disregard, it could entail an actual loss to people as we move across into the universal credit system, especially for those who are new parents or who are in early

illness. We are also worried that the transitional protection provisions would be triggered and that transitional protection might be removed from people if they were to fall in or out of those benefits. If someone falls sick, for example, has a child or has had a child before they move onto universal credit and come off a payment such as statutory maternity, that in itself would be a change of circumstances, even though the child has been born. They would lose that transitional protection.

The Committee has heard various arguments on self-employment. Our view is that the system should ideally be constructed on actual earnings rather than on assumed or deemed income. When we talk about self-employed people, very often we are talking about individuals such as taxi drivers or plumbers and those who do not necessarily run medium-sized enterprises. Whether it is an individual or someone running a small shop or local business, various things such as the impact of the recession on trading and even an event such as a burglary or fire in a premises or someone going on maternity leave or falling ill will have real impacts on their actual income, which would not be properly accounted for in the deemed income system. We are concerned about that. We also share some of the concerns that others have expressed about the burden of monthly reporting that will be placed on people. That is not really based on the reality of how people go about their monthly business. We would be concerned that it might have the adverse consequence of directly or indirectly causing some people to go into the black market, who would not otherwise do so.

In the Northern Ireland context, there is a particular issue about the rural community and farmers. Presumably, they will be classified as self-employed for many of the purposes of universal credit. When we have had a spring, summer and autumn such as we have had, farmers being deemed to have certain incomes is not necessarily reliable or desirable. That could have a further impact on rural incomes over and above the difficulties the rural community already has.

I will not dwell too much on the one start-up every five years issue. I know that you have been briefed on that by other stakeholders. I want to make a couple of other points on the issue of disability. The first point is dealt with in our submission, and for the purposes of the presentation, we will refer to it as "post-trauma income". DWP regulations provide for certain disregards on earned income such as personal injuries payments. The regulations specify that certain special compensation schemes will also fall into that classification. They stipulate three categories in particular: people who have received compensation for Creutzfeldt-Jakob disease; people who were compensated for contracting HIV from a blood transfusion; and people who were compensated as a result of the 2005 London bombings. At this stage, because of time pressures and various other issues, we do not have the answers, but the Committee may want to look into that. If those types of regulations are being provided for in England, it raises questions about fairness here for people who are receiving payments as a consequence of the Troubles or who may receive payments as a result of child abuse in an institution, and so on.

The issue of housing benefit and rate relief calculations is a separate but not entirely unrelated point. At present, there is a mandatory disregard of war widow's pensions, widower's pensions or war disablement pensions when assessing entitlement to housing benefit. It appears that that entitlement will go when we move across to housing credit as part of universal credit. For example, a recent client who was part of our Royal British Legion (RBL) project and who is 75% disabled receives a war pension and his full housing benefit entitlement because his war pension does not count towards his housing benefit calculation. However, as we understand it, he will lose that entitlement when we move across to universal credit. It is important to point out that one of the reasons why that is not dealt with in the regulations in England, Scotland and Wales is that they do not have a mandatory disregard. It is discretionary because the housing system is administered at a decentralised level. That will be not an issue for DWP, but if the regulations were simply transferred across, there could be an unintended consequence here. There have been other recent issues whereby there have been unintended consequences from reciprocal arrangements. The Committee may want to raise that with the Department.

In respect of responsibility for children, and disabled children in particular, there is an issue with moving away from tax credits. The disability element of child tax credit, which is £57 a week, will be arbitrarily cut to £28 a week for many disabled children unless they are blind or on the higher rate of DLA. If the motivation is to move parents into work, it is important to consider that childcare for disabled children is particularly hard to secure because of the lack of availability and because it can often be more expensive. From family experience, I know — others will know this too — that that is a particular problem, and it needs more care and attention, not less. Citizens Advice, therefore, recommends that the Committee suggest the establishment of a special childcare fund for disabled children as a bespoke initiative to mitigate the impact, if it is impossible to do that through the benefit

system per se. We do not have numbers for the quantum involved, but presumably it would not be tens of millions. I am sure that questions could be asked of the Department.

Clause 11 deals with housing credit. Do not worry, I will bring in some of my colleagues soon enough. Some of these comments also relate to clause 69. I know that the Committee is very aware of the various arguments around the underoccupancy provisions, such as the nature of our housing stock, the University of Ulster research and the particular circumstances here. I think that somebody used the example of Tiger's Bay and New Lodge at one stage. Fundamentally, our view is that people should not be penalised for not moving when there is nowhere suitable for them to move to, given our local circumstances. The fact that there is less protection for mixed-age couples, whereby the younger person triggers universal credit, is another issue. Again, we just do not know what will happen there, and we need more clarity.

I know that you have been briefed previously on the issue of the zero-earnings rule for owner-occupiers getting housing benefit help as they move across to housing credit. That appears to be particularly unfair on people who are trying to engage flexibly with the labour market, such as carers or people with disabled children. Universal credit is supposed to be a seamless transition. However, the reality for young people and low earners who are often in and out of the workforce in an unpredictable labour environment is that this is not a seamless transition but a cliff edge. Although to some extent it mirrors what happens with working tax credit, universal credit is supposed to be better than that, so that is something to consider. The Committee has already received evidence on support for mortgage interest and the impact of that on arrears. We are fearful that that might be an extrapolated problem as we move across.

We have made three recommendations on housing credit. In our view, a change-of-circumstances trigger should not apply until two years after the change of circumstances, partly to reduce the demand for smaller properties that the underoccupancy provisions generally will bring about as people come into the system new rather being subjected to transitional protection. We do not believe that the underoccupancy provisions should apply in any circumstances in which suitable alternative accommodation cannot be made available, and we think that there is a reasonable ground for arguing that that is not an issue of parity but an issue of local reality and local public policy. Ideally, we think that the Committee and decision-makers should hold the line a little until we see the outworkings of what is happening in Britain. DWP has suggested that 35% of claimants will fall into rent arrears. There is clearly already a huge problem with rent arrears in the Housing Executive, for example, and it seems illogical to proceed, potentially to create many more arrears, before we know what is going on. We can wait and see what might happen across the water.

Clause 12 deals with child carers. You have heard about the removal of the severe disability premium (SDP). I note that in Tanni Grey-Thompson's report for Citizens Advice, Disability UK and the Children's Society, she recommends that a self-care element be introduced into universal credit if the SDP cannot be retained. If that cannot be done as part of universal credit, it could be addressed as a supplementary non-benefit measure here, and a separate fund could be set up to deal with that because, although we do not have the figures available today, the numbers of people and the amount of moneys will presumably not be overly high.

One issue that is not in our submission and, as far as we can establish, has not been picked up by anybody else — I am sure that I will get some odd looks if it has been — is the loss of carer premium from ESA. Since we put in our submission, we have noted that the DWP regulations state that people will be able to receive either the amount for limited capacity for work or the carer element of universal credit but not both. That represents a significant departure from the current arrangements. It seems to be predicated on an assumption that people who are on ESA and who have been assessed as having a limited capacity for work cannot care for somebody. However, if people have been deemed by the state, particularly given the various issues with ESA and assessment, as having some capacity for work — it might be limited, but there is a capacity — and if they have a capacity to work, surely they have a capacity to care and should be accommodated appropriately. If this proceeds as we understand that it will if the regulations are read across, that will be a potential loss of £32·60 to an awful lot of already hard-pressed households.

I will jump to clause 14 and the claimant commitment. There is a lot of merit in the claimant commitment approach, but it should be based on partnership rather than on stipulation on the part of the Department and the agency. You are aware of the issues of sanctions and what happens if there is one refuser. It seems to us that there is potentially a *[Inaudible.]* element to that and that other people would be punished for the "offence" of the person who refuses to sign. That will add to distress and, potentially, domestic abuse, mental illness and various other issues, and we endorse calls from

others for a single rate to be paid to someone who signs and the amount for children. There is little evidence that sanctions work, which we have referenced in our paper. It is potentially counterproductive to impose sanctions that last after someone re-enters the workplace, because it acts as a deterrent to people coming back, given that they would then have to repay the sanctions. We have various examples of clients who are unaware of the reason for a sanction being imposed. If a client is unaware of that, it becomes solely a punitive measure without any constructive learning or developmental impact. There is one case from a bureau in Scotland in which a dyslexic client was sanctioned after having made the employment support service aware that they could not use computers because of their dyslexia. That person was then sanctioned for not using an online system and was not given the reasoning until after they enquired after the sanction had already been imposed. We certainly do not want examples such as that here. So we are recommending that claimants are asked to affirm their understanding of the reason for any sanction before it is proceeded with. That would ensure that reasons are understood, and it enables a claimant to challenge the decision or provide a good reason in prompt fashion thereafter.

We have also provided another amendment to do with partnership, which effectively could be summarised as follows. Years ago, when women were getting married, they had to say that they would honour and obey their husband. I do not think that anyone who is reasonable would now suggest that that should be done. Effectively, the contract that the claimant commitment purports to make is that you will honour and obey what the state tells you, which is not much of a contractual undertaking. We think that a more mature and constructive approach should be taken to that.

I will move on quickly. Clauses 15 to 24 are on work-related requirements. We have raised a particular point about "improving personal presentation". We think that that should be proportionate to the person. It is potentially unlawful, but it will certainly be helpful if, in order to keep it lawful, there should be clear — I almost said "clean" — fair and well-understood guidance arrangements both for claimants and for front line officials who are taking decisions.

As to clauses 17 and 18, it is important that clause 18 is tailored to the circumstances of the claimant. It makes sense for claimants and also for getting the most economic impact for them once they get back into the labour market, given their skills, experience and many other things.

One thing that citizens advice bureaux have reported over the past few years of the recession is that, in many cases, jobs and benefits offices are not very well suited to dealing with people who come in with high education levels or very high levels of skills in the manual sector, and so on. They are not well geared up for that. Perhaps, as we move forward to the new system, we need to have a more client-focused system rather than a bureaucratic one.

There is one point about under-earning. At clause 18(5), we think that the regulations that are provided for here should explicitly protect people who are working but under-earning from sanctions to ensure compliance with existing work demands. In other words, if people are called to interview with the Social Security Agency (SSA) because the Department has decided that they are not earning enough, given that they are in work — this will be a new phenomenon — potentially people will then be subject to further requirements and sanctions. In complying with the Department's requirements, they should not then have to fall foul of their existing employers with regard to rostered hours, and so on.

With regard to clause 22, you have already heard about the 35 hours per week of having to look for work, and there are various issues around EU migrant workers. We endorse what organisations such as the Law Centre have said on those issues.

With regard to clause 23, we have suggested another amendment. When interviews are being scheduled with the stated aim of assisting a claimant to comply, there should be a statutory obligation on the Department to make at least a reasonable effort to have regard to the circumstances of the claimant, his or her caring, work or other arrangements, before that is done. That is not a veto; it is just a provision "to have regard to", like many other statutory duties.

With respect to clause 24, we have provided two amendments, which would be consequential. Those have to do with hate crime. As the Bill stands, it provides for a 13-week suspension of requirements that have been imposed on people if they are victims of domestic violence. We believe that that should be extended to people who have been subjected to hate crime, particularly in the event that it is so significant that it disrupts their family life, to the point at which they need to be rehoused. We do not have exact numbers, but the evidence that we have been able to deduce is that the Housing Executive reported last year, in the first quarter of 2011-12, that there were 10 cases of hate crime that

required legal intervention, and there was no indication in any of those 10 cases that any rehousing was required. So presumably the numbers of people affected would be very small, and that could also be addressed by the supplementary fund.

With clauses 26 and 27, there is a technical point that is important for clients, which is to do with sanctions and the issue of appealability. Paragraph 97 of the explanatory and financial memorandum appears to indicate that the sanction decision will be appealable but not the decision to impose work-related or connected requirements or a claim of good reason.That clause may raise issues with article 6 of the Human Rights Act concerning due process and the right to a fair trial. Effectively, we are unclear about how a sanction decision can be appealed but not the other decisions unless manifest maladministration is the only thing under appeal. You cannot really decide on a sanction decision if you cannot take the other factors into account. So, the other things should be appealable too, because that prevents things building up to the point of a big appeal, which is more complex and distressing for everybody concerned.

Clause 28 deals with hardship payments, and you have already heard the various arguments about the shift from a grant to a loan system.

Clause 33 brings into the realm transitional protection arrangements, and we have already touched on some of those issues.

Under Part 2, which is on page 18 of our submission, we have suggested two amendments to clause 45. Again, our comments on the recoverability of hardship payment apply to clause 47. Clause 50 concerns work programmes, which we refer to on page 9 of our submission.

Chair and everybody else, I am sure you will be pleased to hear that I am going to hand over to Rose, so I will get a break, and you will get a break from me.

The Chairperson: OK, Pól. Thank you very much. Fire away. It is OK; just take your time.

Dr Rose Henderson (Citizens Advice): I am going to address the proposed time limiting of contribution-based ESA, of which I know you are all aware. I would just like to remind you of what Ms Pollock from DSD said about the clause. She said:

> *"ESA for people in the work-related activity group was only ever intended to be a benefit for temporary, short-term interruptions in employment. It is considered that a limit of one year allows people time to adjust to the effects of their health condition, and the benefit provides support for them while they do so."*

I think that those words will sound quite hollow for a lot of our clients. A typical person falling into that category might be medically retired from a job they have done all their life. They want to work, but cannot, probably because of the toll their job has taken on their body. As we know, over-50s have great difficulty in returning to the workforce. That is what the 50-plus element of the working tax credit was about, though that has now been abolished. As one client said to me, "I have no qualifications and a bad back; what job can I apply for?" For those people, we are not talking about temporary, short-term interruptions in employment. Realistically, there is no work out there for them.

You have heard from others about the unfairness of the proposal. People who have paid national insurance all their lives will be denied benefit at a time when they need it. The people hardest hit will be those with a partner who works or those with savings, because they will not be able to access income-related ESA. They are the very people who, in the Prime Minister's words, did the right thing. They saved for their old age and now, just as they are coming up to retirement, their savings will be eroded. The DWP estimates that, in Great Britain, 48% of those who will lose out under this proposal will be over 50.

Another aspect is that the 365-day time limit will apply retrospectively when the Bill becomes law. For instance, in England, where the Bill went through in April, people started losing their benefit straight away, because they had already been in the work-related activity group for a year.

The Law Centre has noted the cost of breaking parity on the issue. However, we would like to draw your attention to the significant difference between here and GB. In Great Britian, letters were sent to affected claimants in 2011 to warn them of the proposed change in April 2012, allowing them a year to plan. We have asked the ESA branch about notifying claimants here, but it says that it cannot do

anything until the Bill is passed. There is some information on NI Direct, but it went up only in the past couple of weeks. So, there is lack of information here. All we want to say is that as no notification has been given to claimants about a change in benefit, which could see them losing up to £99 a week, we propose that the 365-day time limit should run only from when a claimant is informed of their potential loss of benefit. That would give them a year to plan for what is a significant loss of income. After all, one of the thrusts of welfare reform is about financial responsibility and planning, so this would fit in with that aim.

As Pól said, we would like to see an assessment of the net cost of the implementation of the claim. He talked about people moving on to income-related ESA and JSA. Other people will try to get moved into the support group, which is not time limited. So, there will be more assessments and appeals and even greater demands on an advice sector, which is already trying to get to grips with ESA work.

If time limiting is implemented, there is lack of clarity about what will happen when a claim ends. It is important that claimants who qualify for income-related ESA move seamlessly between the contribution-based and income-related claim at the end of the 365 days, so that there is no gap in their entitlement. However, there are ongoing problems with people claiming both income-related ESA and contribution-based ESA. This is quite complicated. As you know, you cannot get premiums on contribution-based ESA. So, if you have a disability or housing cost, you have to claim income-related ESA at the same time. For example, a client with mental health problems recently came into our Newtownabbey bureau, where the adviser saw that he was not getting the right amount of money on his ESA. He should have been getting a severe disability premium. When she rang the ESA branch, she was told, "Oh well, he hasn't applied for the income-related; he applied for contribution-based ESA". But it is difficult for clients to understand that they have to apply for both. We are flagging up the need for a simple, straightforward and robust system to be in place so that claimants who are transitioning from income-related ESA at the end of their contribution-based claim have no gap in payments. Simplifying that process is really important.

Clause 53 allows a person who has lost their contribution-based ESA as a result of time limiting to requalify if their condition deteriorates and they are moved into the support group. For example, if someone with arthritis has to give up work, they are put into the work-related activity group for 365 days, after which they then come out of it because they no longer get income-related ESA. If their arthritis gets worse, they are reassessed and put into the support group. Clause 53 is positive and allows their new claim to link back to a previous one, so that they can go back on to contribution-based ESA. We would like clarification on whether there are any time limits for the linking of the new claim to the old one and how it is shown that the claims are linked. Our London colleagues, who are already working with the new system, say that to establish a link you have to continue to claim ESA even though you cannot get it. That involves submitting more limited-capability-for-work questionnaires and participating in further work capability assessments, as required. To us, this seems overly bureaucratic and off-putting to some people who will not want to be bothered with it. However, when their condition gets worse and they want to reapply, such people will have prejudiced their continuous claim and they may not be able to be put back into the contribution-based support group. That, again, needs to be simplified, probably through regulations.

Finally, clause 54 deals with ESA relating to youth, which supports people with disabilities to lead independent lives. As Pól said, it is not a lot of money, and 90% of claimants will qualify for income-related ESAs. Do we really want to undermine, by removing this benefit, the independence of the other 10% who will not qualify, perhaps because they are in a relationship? We would like to see ESA relating to youth retained.

Mr Callaghan: Chair, to keep the sequence of the Bill, I will quickly touch on a couple of small points before coming to PIP.

Clause 69 relates to housing benefit. I know that others have given useful evidence on the 30th percentile, the consumer price index (CPI), and all that business, and how housing benefit will be uplifted in the future. However, even the use of the 30th percentile presents problems, because we understand it to be a measurement of marketplace rents rather than available rents in the marketplace.

I will give you an example. Our bureau in Ballymena recently surveyed local rent agencies. It is an anecdotal survey, but it is probably the experience of a lot of people in Ballymena. In all the rent agencies that our bureau visited, it could not find a single property available to rent that fell within the lowest 30th percentile. As the advisers in Ballymena will tell you, this is because people who are getting cheap rent tend to not want to move. Therefore, even before you consider dropping it down to

what CPI would entail, the 30th percentile measure is arguably not based on an accurate measurement of market availability. That is a bit of a problem.

I have talked about a lot of the underoccupancy stuff. As we understand it, the Housing Executive has 25,000 people currently in arrears. That figure has risen by 10% in the past year. Bringing in underoccupancy legislation will only to add to that problem. There will be more people coming into see the citizens advice bureau and more people coming into all of your constituency offices, as you well know.

Other people have talked about the issues around foster carers, and we have already touched on the Gorry case. Just like with the Gorry case, we think that foster carers could be the best people that the social protection fund could be used to address.

Clauses 70 to 73 deal with the social fund. There have been some welcome developments here, including that it will be more open to low income and contributory benefit recipients. At a recent stakeholder event, the SSA said that the social fund budget would effectively be ring-fenced for the next two years. However, according to the current timetable, the transition will last until around 2018. So, we think that ring-fencing should also last until about 2018.

I will pass over to Louisa, who will deal with some points relating to PIP.

Ms McKee: As Pól said at the beginning, I am wearing two hats today in that my background includes working with lots of marginalised groups. In particular, I have a keen interest in mental health, and I work as a volunteer counsellor. I have also worked with victims of domestic violence and victims and survivors of the conflict.

I will give a very short contextualisation, which I am sure you are aware of. In Northern Ireland, 40,000 people are claiming ESA and more than 189,000 are receiving DLA. Those figures do not even include the people who have not yet transferred to ESA from income support and incapacity benefit. Westminster have indicated that they want a 20% reduction in disability spending, which will take a very significant chunk out of our local economy and out of vulnerable people's pockets. Of course, that was before the Chancellor went on to announce a further £10 million cut last April.

I will start by looking at PIP and addressing the 10 clauses from clause 76 that refer specifically to PIP. There is a proposed absentee reduction from the current position of 26 weeks to a period of four weeks. I know several clients who experience chest conditions or rheumatoid arthritis and go abroad and stay with relatives for large chunks of the winter because that makes their lives bearable. Although our very damp climate gives us a lovely green environment, it also exacerbates such conditions and can cause considerable pain, discomfort and disability. Stopping claims after four weeks abroad will have a severe impact on people's lives. They will probably not be able to go abroad without the support of DLA that allows them to address those conditions.

One of the things that we are concerned about is what currently happens with assessments for ESA. Clients do not see the report at the end of the assessment for ESA, which can go on for about 75 minutes. To us, it would seem much fairer if there could be a signed-off report at the end. We had a client who was asked whether she had a pet. It was recorded in the report that she had a pet, was able to care for it and, therefore, was able to work. That client had a dog that her children walked and that provided her with companionship. However, that came out only when it went to appeal. That was a huge waste of resources. It could have been addressed simply by the client getting sight of the report and being able to clarify the situation. Think about other contexts in which legal contracts are entered into, such as a police witness statement. The person signs off the report even if they have not written it themselves. That would be relatively easy to incorporate, although we might have to do something about doctors' handwriting.

Still under the same clause: providers in England are offering assessments. Capita is offering assessments in GP surgeries, and Atos is offering 60% home visits. That could be addressed in the tender here, because it will very much lessen strain on the current system. People whose disability means that they cannot manage stairs are turning up at Royston House and are being told to go away, to go to Ballymena, or to come back at another stage. Think about the impact that this has on someone with a severe health condition, particularly a mental health condition, as opposed to their being able to go to their own GP surgery or a nearby GP surgery or to have a home visit. That issue, hopefully, can be dealt with when the tender is being developed.

We hope that the learning advanced by the Harrington report, which advocated that there should be a mental health champion present at the functional assessments of ESA, could be transferred across since we are moving to a functional assessment for PIP.

The Committee may already know this, so, if you do not mind, I will pose it as a question to you: if an individual already receives the PIP mobility component, will they continue to receive it once they reach pensionable age, as in the case of DLA? If no one knows, perhaps we could get clarification from the Department.

We should learn from the experience of ESA in the transfer to the functional assessment. At the moment, clients can go to their assessments and bring medical evidence of a spinal injury, for example. We had a client who brought an X-ray and was told by the medical health professionals that it was irrelevant. That evidence then had to be duplicated at a later stage. Perhaps the functional assessments could be widened to accept evidence certified by the GP or the consultant at that point. That would reduce the number of cases that go to appeal. So many cases will be going to go to appeal anyway while we hammer out the case law. The more that we can prevent those, the less drain it will be on our resources and those of the Social Security Agency's.

As far as the claim procedure itself is concerned, we already raised concerns about the digital-by-default claim. One thing that we want to try to ensure is that individuals do not experience the time limits around the return of the two-part form as being a barrier to seeking advice. Obviously, we are going to be swamped, Advice NI is going to be swamped, and the Law Centre is going to be swamped. Our waiting times are going to increase. Perhaps something could be done to expand that window or ensure that people have access to advice as a statutory entitlement.

Since we have full ISO accreditation and are a trusted intermediary in many cases — for example, with debt relief orders through the Department of Enterprise, Trade and Investment — we also hope that we will be able to make claims. In the current system, we cannot make a claim for PIP on behalf of a client. That is detrimental, particularly in the area of mental health, in that people have to advocate for themselves. Lots of people are not even fully aware of their own problems. I have sat in a room with a 70-year-old man who told me that he had no problem caring for himself, yet I had to keep Vicks under my nose throughout the entire interview with him. If people with our experience are filling in the forms; in many cases, you will get a much better picture of how the condition is impacting on the person. It will also come to the Social Security Agency in the language that it understands and as it wants to get it.

We are seeking clarity about the forwards/backwards test if somebody is not given a prognosis that they will have their condition for nine months, which is quite a stretch for a health professional to make. If it turns out that a condition does last for nine months, because individuals' conditions develop differently, will their claim still stand? Do they need to claim again? Can that claim be backdated for them? If, in effect, they have been ruled out for not meeting that condition but it turns out that they do, there should be some mechanism that triggers their claim by just a check-up on evidence that the medical condition is still the same.

Our rural bureaux have concerns, to which I have a bent as a Fermanagh woman, that the reforms are Belfast-centric. We think that it is likely that there will be times when the Republic of Ireland will be deemed to be the competent authority responsible for paying disability benefit to someone who lives in one jurisdiction but works in the other. That has the danger of disincentivising people from cross-border working, which is commonplace, because they would lose their disability benefit.

A final concern of mine concerns people on remand — we are always interested in working around the margins. A person may lose the motability component of their PIP when they go into prison on remand. We have talked about similar passporting arrangements being applied to motability. It means that a person who is ultimately found to be innocent could lose their motability car. We need to look at doing something to sustain that transport provision, perhaps something similar to the DLA provisions for people going into hospital. Otherwise, is there not an assumption of guilt being made? You will be glad to hear that that is it from me.

Mr Callaghan: Chair, if it is OK, I will make four final points. I am conscious that we have taken up quite a lot of the Committee's time, but I hope that you will find the points useful.

The first is about our discussion with the SSA about why so many ESA appeals are successful. One point that SSA officials made to us was that they do not receive the determination and the statement of reasons for it from the Appeals Service unless they initiate legal action to appeal the appeal. That

seems to be a bit of a bureaucratic monster and we believe that it would be helpful for the Bill to place a statutory duty on the Appeals Service to disclose the reasons to the SSA, perhaps at the agency's request. It seems to make an awful lot of sense to do that because the SSA could learn why a tribunal took a different view, and it could incorporate that, and a proper understanding of the law, into its decision-making on the front line after assessments are received from Atos or whoever the provider is.

Secondly, our submission refers to clause 101, which concerns the mandatory revision of a decision in the SSA before an appeal can take place. We think that a compromise solution is that it is fair to have revision as the default position, but that if a client has lost confidence in the agency's ability to deal with their case or is minded to appeal anyway — and we have all dealt with people of that view — they should be able to opt out of the revision. Revision will often make sense and save people from having to go through the appeals procedure, but it may sometimes make sense to allow people to bypass it.

My penultimate point concerns reciprocity of sanctions. You have heard quite a lot about sanctions, so I will skip what I was going to say about them because most of it is in our paper anyway. The reciprocity of sanctions goes back to the question of whether the claimant commitment is a real partnership between the claimant and the state — one that mirrors that between an employee and employer — or amounts to the same old approach of the state telling the citizen what to do.

The sanctions are being ramped up so that they are becoming ever more punitive measures on people who receive overpayments, even when they are not at fault and, in some cases, will be charged for them. We think that this is outrageous, and the Committee is probably looking into it and has heard evidence on it. It would be a useful signal to the Department and, indeed, to claimants if the Bill provided for a penalty against the agency if it issues an underpayment. There is an issue with underpayments generally and about fraud and errors. All the focus in the media is on fraud and not on errors in the Department, and the Committee is aware of the various statistics on that, such as the 1% benefit fraud statistic.

From the point of view of a public policy, and in the context of the good use of public resources, a penalty on the Department whereby, for example, it had to pay £50 to a client who is underpaid, which is effectively the way that it will work in reverse, would drill down better performance in the agency and in the Department and minimise error. It would be an innovative approach in the Northern Ireland context, but it should be considered here.

My final point relates to the benefit cap. When it was going through Westminster, you will remember that there was a little bit of confusion about the number of people who would be affected here and the whole issue about London and housing. You know all the arguments, and I will not rehearse them.

Even now, the focus with the benefit cap is very often on people with large families. There may be all sorts of issues around carers and people with childcare responsibilities, but analysis by the Children's Society in England, Scotland and Wales shows that for every adult affected by the benefit cap one in four children will be affected at UK level. This is a punitive measure against children rather than against "lazy adults", which is obviously not language that we use but is the sort of language that some commentators use. You are not hitting the people who you want to hit even on the terms that the benefit cap seems to be driven by.

The empirical evidence — and this is a DWP statistic released this month — shows that 59% of families who will be hit by the benefit cap have between one and four children, not five and more children. This will bring more families into the loop, presumably, than would otherwise be the case.

There is a big issue with statistics, and we are not sure that the numbers of people stated by the Department to fall within the benefit cap are reliable. In February, the Social Development Minister said in a statement that 99% of households will be unaffected by this. So, there was an implication that up to 2,400 households might fall into the benefit cap. However, DWP statistics released on 17 October show an increase in the number of households in Britain that have been notified of potentially falling within the benefit cap. You have to bear in mind that the numbers notified are not the ones that have been deemed to definitely fall within that. The figure will be above £450 rather than £500. Nevertheless, the numbers that have been notified have gone up by 41% compared to six months ago. So, DWP is obviously widening the net with the number of people that it is modelling and now says will be affected.

This is not only a London issue. You might say that the whole narrative is London-centric and to do with London housing, but the number of people in Scotland who have been notified that they fall within the benefit cap has increased by 61%, and the number in Wales has increased by 52%. Socio-

economically, we are not all that different to Wales, and Cardiff is not, as I understand it, all that different to Belfast socio-economically compared to, for example, parts of London. The Committee might want to look at that because, with the statement that was issued by the Department at that time of the February 2012 figure, one of the footnotes said that it is based on the Northern Ireland version of the DWP modelling tool for the impact of the benefit cap. So, the Department said in February that the statistics that the Minister released at that time were based on the modelling tool that DWP has now effectively revisited and said was not reliable. The Committee may want to look into that as well. You will be pleased to hear that that is all I have to say.

The Chairperson: Thank you Pól, Louisa and Rose for your comprehensive written submission and oral presentation.

Mr Brady: Thanks for the presentation. I have a couple of questions about PIPs. You state in your submission:

"appropriate claimants should be given an award on the basis of their submitted evidence".

What is your definition of an "appropriate claimant"?

It seems to me that medical evidence should have primacy. The problem with ESA, and presumably with PIPs, is that medical evidence is often given to an assessor who is probably not sufficiently qualified to read it. Medical evidence usually comes to light only in the appeal process, but the decision-maker should have that evidence in front of them and make an informed decision on that basis.

You mentioned the statutory right to advice. You and all the other advice agencies have mentioned the increase in your workload. Has there been any discussion with the Department about funding? Obviously, most, if not all, advice organisations are under-resourced and under-funded. Over the years, there has been a lot of talk about mainstream funding, task forces and God knows what, yet we still end up in the same position. I just wonder whether there has been any joint approach to or discussion about funding, particularly with CAB being such a large organisation, as you outlined, or have things been left to see how they evolve?

Mr Callaghan: We had a feeling that a question about funding would come up, Mickey. I checked with the interim chief executive, and there has not been any specific consideration of future funding needs, certainly not at any detailed level. Yesterday, I read something on the web about DWP making £65 million available to the advice sector in England in light of welfare reform. With everything else that was going on yesterday, maybe I should not put that on the record, but I recall reading something along those lines.

We endorse the approach that you outlined of medical evidence having primacy. If you think in the abstract and talk to people who are involved in disability organisations and to some disabled people, there is a desire to move towards a social model. The problem is that we have a flawed application of the social model. It is a bit like the problem with the 11-plus that people used to talk about: it was not even an academic measure of a child; it was an academic measure of a child on one day. The Atos assessment is a bit like that, because it is not an assessment of functional needs, even on a typical day. Instead, it is an assessment of functional capacity, as it appears to the assessor, on a particular day. There is so much up in the air to do with when that is, how someone is feeling and whether they have one of the various fluctuating conditions that the Committee is well aware of. The use of medical evidence makes an awful lot of sense, because it makes the whole process less cumbersome and more effective for everybody.

You asked about the term "appropriate claimant" in our submission. Even the Department would say, before we even get to PIP, that, in ESA cases where there is prima facie evidence that a person should qualify, applications can be processed as a paper exercise.

Mr Brady: For terminally ill people, for instance.

Mr Callaghan: Yes, there is probably quite a wide range of people to whom that would apply. We certainly do not want a situation to develop with PIP in which the more people who are put through the assessment system, the more lucrative the contract for the provider. I am not saying that that is the position now, but it should be pre-empted.

Dr Henderson: You mentioned people with terminal conditions, but we should also consider those with long-term conditions who are, obviously, not going to improve. It seems unnecessary to bring those people in for face-to-face consultations.

Mr Brady: That is where the primacy of medical evidence comes in.

Dr Henderson: Exactly.

Mr Brady: These are medically based benefits.

You mentioned providers, 60% home visits, GP surgeries, and so on. We are dealing with a flawed process, and it does not matter whether assessors come out to your house or visit you at the top of a mountain. Unless the flawed process is addressed urgently, it will not matter, and they will still come up with the same result. It is important to mention that.

Mr Callaghan: You are right that, in a way, it is an ancillary point. As you know, there has been a furore about rushing various clients through assessments, and how that affects someone on the day is a big issue for them. However, you are quite right: it is no good putting a bandage on a massive wound.

On the point of medical evidence, we had a client from, I think, north Antrim — it was certainly the Causeway bureau in Coleraine that dealt with the case. An internal appeal letter from Atos stated — Rose may correct me on this — that its job was not to assess the client's medical condition but to test him on various points. The person who dealt with the appeal put it in very stark terms, and that epitomises the problems with the ESA assessment. People might say that PIP is not ESA, but the functional approach is the same.

Mr Brady: The case law on DLA means that it is not what causes a condition but how it affects someone. PIP takes that a step further so that it is how people cope with their condition. Most people with disabilities would argue that they cope within their limits but need extra support to allow them to do so. That is the important issue.

Mr Callaghan: There are problems with various descriptors. We provided a submission in response to a couple of the Department's consultations earlier this year. There is too much detail to get into it now, but we referred to those points.

Ms McKee: I want to make one last point. One of the difficulties with PIP is that so many of the provisions will be removed. It has come back almost to just those are terminally ill. An expansion of those provisions would save everybody a lot of stress and resources.

Mr Copeland: Pól, it seems a long time ago now, but, at the start of your presentation, you said that either income or salaries in Northern Ireland were 16% lower than elsewhere. What does that statistic mean? Is that an average of everyone in work? As a disproportionate number of people in Northern Ireland are employed in the public sector and subject to national pay scales, would you agree that that drags the average up?

Mr Callaghan: That is correct.

Mr Copeland: The true figure of need could well be far beyond that. Adjustments were not made to allow for that, so the true differential in salaries could be 20%, 25% or 30%.

Mr Callaghan: I do not want to put words in your mouth, Michael, but if you are asking me about average earnings in the private sector, they would, as you put it, drag the average earnings down. The private sector tends to be the more unstable sector of employment. People tend to come in and out of the private sector and, generally speaking, those who work in the public sector have security of tenure. The figure that I gave was for average earnings, not earnings per hour. Women's earnings are statistically lower not just because they earn less per hour, although that is true. It is as much a reflection of the fact that, in broad terms, if one partner in a couple works fewer hours and so earns less in a week, it tends to be the woman. The problem with universal credit is that it does not factor that in. It is about what you earn and not why you earn less, so it is a tax on low-paid people.

Mr F McCann: Thank you very much for your presentation. It was very intense.

Mr Callaghan: I know that you like a bit of intensity, Fra. *[Laughter.]* Hopefully, it was not too spooky on Halloween.

Mr F McCann: It certainly covered everything.

You mentioned sanctions, and we spoke to representatives from the Human Rights Commission yesterday. One of the issues I raised with the commission was the "two strikes and you are out" rule and the fact that people convicted of benefit fraud will lose the right to make a claim after they have been sentenced. I said then that someone could rob a bank and come out of jail and not be affected by that rule. Is there any evidence — perhaps from your sister organisation in Britain — that families are being penalised as a result of that and other aspects of welfare reform, especially when you look at the three-year sanction?

Mr Callaghan: I think that the Bill calls those "higher-level sanctions". The evidence from England is that the impact of a serious sanctions regime is varied and various. One impact is that it leads, or certainly contributes, to the break-up of families. Think about it: if someone is imprisoned as the result of benefit fraud, there is a perverse incentive, which is built into the Bill and the sanctions regime, for his or her partner to dissociate themselves and become a stand-alone partner. I do not want to use stereotypes, but let us say that it is a man who is in prison and he has three children with his partner. There is a perverse incentive in the Bill for his partner to say that they are separated, she no longer has anything to do with him and, as far as she is concerned, he deals with universal credit his way, and she deals with it her way.

There are further repercussions down the line for the rehabilitation of offenders and bringing people back into the community, whether as a result of benefit fraud or something else. I am not an expert in criminology, but, from what I know of it, the evidence tends to suggest that, if people have family and social support on leaving prison, there is less likely to be recidivism and repeat offending than if they are left to fend for themselves in a post-sanctions environment.

Mr F McCann: That could probably be stretched to take account of the likes of mixed-age couples, where the younger person will have to claim for the older person. In such cases, the temptation will be for people to claim separately as there is a substantial financial gain. The system will lead people to that.

You spoke about the implications of clause 59 and the entitlement of lone parents to income support. You went on to say that there should be different rules, but you did not make any suggestions.

Mr Callaghan: Is that to do with children in school?

Mr F McCann: Yes.

Mr Callaghan: For the record, it was, to be fair, Rose who made that point. In a way, we have not really had time to figure that out. At the risk of pointing out the obvious, Fra, if the Treasury obsession is with parity and the statutory providers of services put certain citizens in a position in which they are affected more adversely by, in this case, the childcare burden, that should be a reasonable consideration in how another part of the statutory framework responds to dealing with those citizens, whether through sanctions or something else. I am thinking on my feet, but you could, for example, make a special provision in the sanction arrangements to reduce the number of hours that someone with children in P1 to P3, or whatever, had to work. You could also bring in ratios for the level of earnings that they might be required to hit within a week. You could also deal with it differently outside the benefit system by providing a particular childcare fund for people who have children of that age, because they will be subject to sanctions if they do not fulfil the work-related requirements of universal credit. There are a few different ways that that could be done, and I am sure that other people inside and outside CAB have other suggestions or ideas. There are different ways of skinning the cat, Fra, but, one way or the other, it will squeal.

Dr Henderson: At the moment, we are out of step with Great Britain, where the age has been lowered to 5. We could just decide to continue to be out of step.

Ms McKee: It has changed the claimant commitment?

Dr Henderson: It has changed already in GB, yes.

Mr F McCann: That is an important point. Pól, you mentioned the whole question of parity. Within CAB, certainly in how things in Britain relate to here, there are clear examples of breaches of parity, but they have not been documented. Around the table, there is a difference of opinion on how this should be handled. Sinn Féin believes that parity should be stretched to its very limits to find ways through. Others believe that parity is paramount in maintaining the level of benefit. However, in many respects, it is not like for like.

I have raised this next point a number of times. Organisations such as CAB and bigger organisations, such as the Joseph Rowntree Foundation (JRF) and others, seem to have had a run at this with amendments in the House of Commons and the House of Lords. However, they did not stick, and there did not seem to be any real breakthrough. When it comes to trying to get people to buy into it, what is the difference between what happened then and what might have happened 10 years ago? I know that the criminalisation of claimants is one aspect of it, but this leaves us bewildered. Mickey often refers to this, mostly because he was born before the Beveridge plan of the 1940s. *[Laughter.]* He rightly says that, had things like this happened years ago, hundreds of thousands of people would have come on to the streets.

Mr Callaghan: You will appreciate, Fra, that we as an organisation would not comment on some of those points. However, you made a point about attempts to amend the Bill. Colleagues in London were involved in a sustained lobby of Parliament, and many of the amendments that we suggested were taken up by Members of the House of Lords. Many others were also involved in that lobby, not just Citizens Advice. You will all be aware of the various amendments that got through the House of Lords but, when the Bill went back to the Commons, the coalition Government shot them down. One such amendment related to the Gorry case and a question about disabled children. Unless the Supreme Court takes a different view, it looks as though the UK Government will be forced to change the position that it imposed in the House of Commons, as the Supreme Court will deem it unlawful.

Unfortunately, there is a certain perception, at times not helped by media coverage, of people on benefits. Terms such as "spongers" are thrown about, whereas others not on benefit are seen as contributing positively to society. That is the sort of media debate that has been framed. I remember being on Radio Ulster about a month ago. On the same day, there had been a headline in the 'Belfast Telegraph' along those lines. A point that we make frequently about welfare reform, and which I made on Radio Ulster, is that it is a false paradigm to say that some people are on benefits and others are in work. There are tens of thousands of people, in the North alone, who are working and in receipt of benefits. I do not have the figures with me but the vast majority of people on housing benefit are also in work, and, for them, housing benefit is a supplementary income stream. The whole point of tax credits, for example, which will be a part of universal credit, is that they keep low-paid people in the workplace and make work pay for them.

Part of the problem may be a misunderstanding of the issue. When it comes to dealing with the whole question of benefits, in England, the political centre of gravity — as opposed to Scotland, here or in the South — is a little further to the right. There is maybe less understanding in some parts of the English body politic about what it means for benefits to interact with the workplace, and so on.

JRF did some very interesting research, not only on low pay but on the lack of security in the workplace. Very few of us do not have family, friends or even personal experience of being on the dole for a few weeks. It is all too common a story now. I am not having a pop at the media, but the headlines in the papers are often about people losing their jobs. We saw that with FG Wilson and umpteen others, but there is no link to say that, when someone loses their job in FG Wilson, hundreds of people will go down to the dole office in Larne, Newtownabbey, and so on. So you are a saint one day and a devil the next. You cannot have it both ways when constructing the narrative. It would be helpful if we tried to frame a more productive and mature narrative. We can pick that up in the pub later, Fra.

The Chairperson: It is an interesting and very important conversation, but it is not related to the Bill.

Mr F McCann: Is that you telling me to shut up, Chair?

The Chairperson: No, I would never tell you to shut up, Fra, but I might want to move on to another member. It is a very important debate because it is about demonisation and misunderstanding. We need to remind people that, in a few months or a year, they might be one of the recipients of universal credit. When you are employed, it is a credit; when you are not employed, it is a benefit.

Mr F McCann: I have a quick point that has been raised a number of times. As so many elements of the Bill will impact on a large cross-section of the community, have you considered taking legal action against certain elements of it?

Mr Callaghan: The Bill is not yet passed, and we do not know what will be in it, so we have to wait and see. The other issue is the regulations. I am not saying that amendments to the Bill, as an enabling Bill, are not important, but regulations will often have more of an impact on clients than some clauses. Other clauses are very significant, but we are so much in the dark that it is very much a case of wait and see. They do not even know in England. We have talked to our colleagues in London about what they are hearing in Whitehall and from our network in England. So much is still up in the air there, too. So, unfortunately, the problem is that we are not even in a position to consider those issues, Fra.

Mr Durkan: You mentioned Halloween, Pól, and it is safe to say that the more I hear about this, the more scared I get. Thank you for your useful and comprehensive submission and presentation.

When talking about clause 8, you expanded that to exemptions and possible protections for victims of the Troubles. WAVE was here previously, and we would certainly support it. Do you have any ideas about how that could be managed?

I will run through a few points, and your team can come back to me. With clause 11, you propose to delay the underoccupancy penalty for two years where suitable accommodation is not available. We would support that, but it would be very hard to get agreement from the Department because the fact is that suitable accommodation is not available, and, at this rate, it will not be available even after two years. What is your view on the increase in the fund for discretionary housing payments? Is that sufficient and sustainable? You spoke about the possibility of utilising the social protection fund in specific circumstances for people so affected.

The proposal on clause 24 is very useful. That is about expanding the definition of victims of domestic violence to include victims of hate crime. I strongly agree given the context here and the fact that sectarian attacks have not, unfortunately, been completely consigned to the past. The Equality Commission and the Human Rights Commission were here yesterday. Do you think that we could pursue that as an issue with them or that they could pursue that with us?

Clause 130 is about the removal of the rate relief scheme from the housing benefit scheme. Representatives of housing groups will be here later, and they might be better placed to talk about that. However, will you outline the impact of that as you see it? I await answers to a couple of questions that I submitted to the Minister of Finance and Personnel on that last week. I agree with your point on the benefit cap and the unreliability of figures that we have been getting in response to our questions as individuals and as a Committee. There has been disparity in many of those.

At the start of your presentation, you mentioned stringent or strict time frames being imposed on claimants throughout this process. It is not referred to in your submission, but clause 92(2) gives effect to schedule 10, which gives the power to regulations to determine rules for transition. In the consultation on PIP, 28 days was specified for someone undergoing the move from DLA to PIP. If they did not do that, they had just a further 28 days in which to appeal. If that was not met, they would be struck off. What are your views on those time frames? They show that we will have to be very attentive to the regulations when they come so that we do not such things slip by. Is it your opinion that people would need more time than that, or should they not be penalised during the first migration? I hate the fact that I am using the word "migration" because it sounds like they are going somewhere good.

Mr Callaghan: Thanks, Mark. To take those in some order, I will deal with the first four and pass the other two to my colleagues if that is OK.

The straightforward answer to your question about victims is that, right now, we do not have further suggestions. I do not want this to sound like a complaint, but we had a two-week turnaround on the Bill, which is a huge piece of work. Even in the week since then, and despite other distractions, we

have come up with a few ideas. I know that that is not the Committee's fault and that it is no doubt as vexed about this as we are. However, from our point of view, it is a little frustrating that, in the week that the Committee invites us to submit our written response, we get a letter from the DHSSPS about 'Who Cares?' — the report on adult social care that is out for consultation — and the deadline for that is two days before St Patrick's Day. That is despite the fact that, arguably, this Bill is more significant in the Assembly mandate, and I would say that its impact on the community is just as extensive. So we have not really had time to thrash through all of the issues.

Ms McKee: We had some discussion about victims and survivors as the Bill developed. I am sure that you are aware of some of the anomalies already in the system that could perhaps be addressed under welfare reform, such as the fact that special provision was made in regulations for compensation received by victims of the London bombings. Special provision was also made for people in Omagh. Yet the situation of the multitude of others who have been so adversely affected by the conflict does not seem to have been addressed. We would certainly want that to be looked at.

Mr Callaghan: It is not for us to instruct the Committee, but you may want to seek written or oral evidence from the likes of the Victims and Survivors' Service.

Mark, you asked about the underoccupancy questionnaire and the two-year delay in discretionary housing payments. As you have probably heard from elsewhere, the problem with discretionary housing payments is that they are supposed to deal with short-term crises and are not supposed to be a substitute for a long-term problem. We know from what is happening on the ground that we are sleepwalking our way into creating a problem. It is a bit like saying that we know that we are going to stab you, so we are going to buy a huge number of Band-Aids that we will whack on to you afterwards.I am not trying to be flippant, but it is a bit like that. A Band-Aid is not designed to heal a wound. If someone has a wound, they do not use a Band-Aid to heal it; they get surgery. The problem with the discretionary housing payments response is that that is what it is like. One of the problems with doing it through DHP as opposed to, say, a special fund to deal with underoccupancy or certain categories of underoccupancy victims, if you want to put it like that, is that it undermines the point of having discretionary support. It is discretionary, which, in a way, is problematic because it is not an entitlement. As it is discretionary, it is, therefore, subject to all sorts of budgetary pressures and everything else.

It also confuses the people who are delivering the service through the agency in the Department, because they are having to balance different priorities. On the one hand, they are being told that they are there to help people in a crisis, and on the other hand, they are there to bolster a flaw in public policy implementation. In that context, what people are doing is admitting that they are implementing a flawed public policy and are then saying that they are going to try to fix it through a device for fixing crises. That is just not really satisfactory.

Jumping to the issue of hate crime; we work a lot with the Equality Commission, in particular, on a number of things, and Louisa has done some of her training with the commission. We have not spoken to the commission about the hate crime idea. The Committee might want to gather more evidence from the PSNI, the Housing Executive and others about the stipulations for that. Certainly, it is probably worth asking their views. I think that that would send out a positive message, given some of the recent stuff about hate crime. The Committee is probably aware of the Channel 4 reports on victims of disability hate crime here. I think that that would be a good message to send out. However, you are quite right, sectarianism is still a major problem.

I will pass over to Rose to answer the question on rate relief.

Dr Henderson: Unfortunately, we have very little information about what will happen to rate relief. Given that the changes are going to come from next April, it is quite worrying that we have not seen more. The indication is that there will be a 10% cut in the subsidy. Earlier this week, I saw something about the DWP making additional money available to local authorities that will handle rate relief in England. I do not know whether we will get the same here. Our worry is that unless the rate relief scheme is very well integrated into universal credit, we could get those cliff edges that universal credit is supposed to be ironing out. This is also true of other passported benefits such as school meals. By taking on extra hours, you are not suddenly going to lose your rate relief as long as it is all tapered. It is really important that rate relief is well integrated into the universal credit system. Of course, come next April, universal credit will not be in place, but these new rate relief arrangements will have to be in place. I am afraid we do not have the information, but I know you have other people coming in who might have that.

Mr Callaghan: Mark, you used the phrase "waiting for answers". I think that we are in the same boat as other people. Louisa will deal with the one on PIP.

Ms McKee: As you have seen from our submission, we expressed grave concerns about the 28-day turnaround for PIP. It will not be as bad for them as it will be for those on contribution-based ESA, because, next April, the Social Security Agency will at least send out some information in the uprating letters to forewarn people. I am concerned — again speaking with my other hat on — about people with a mental health condition, and I do not even mean those with a severely chronic mental health condition. I am thinking of one client in particular who received a DLA form and just put it away, because her strategy for dealing with life is avoidance. We have serious concerns about what safety nets are being put in place to ensure the turnaround of the migration process to PIP. The follow-up phone call is all very well, but who among us answers the phone if we do not know the number of the person calling?

If there is going to be a phone call from the Social Security Agency to remind somebody that they need to get their PIP application in, that person is unlikely to answer the phone. The second letter is likely to get the same treatment as the initial prompting to get the form. Also, with the likely increase in demand on our services and the other advice services, people may not be able to get advice within four weeks, especially as they probably will not bring their forms to us until the day before it is due back. We all avoid what we do not want to take on.

Mr Callaghan: With ESA, we had a 40% increase in the number of clients and cases due last year. That was not even the first year of the ESA migration, so the problem had been building even before that. There have been some questions about anticipated demand, but we have not finished our own modelling exercise. This is different on many levels to the changes in tax credits nine or 10 years ago, when our business went up 25%, or the ESA migration. Take the 40% increase in workload due to ESA as a benchmark and compare the PIP migration with the ESA migration. With ESA migration, we were not talking about a digital-by-default system and lots of clients who, whether it is done by computer or not, will not be able to understand the application process. It is effectively as though we will be suddenly generating a lot of illiterate clients who cannot fill in the forms. That is what it will amount to.

So, you will end up with advice providers, whether it is ourselves or others in the independent sector, having to deal with people who are seeking advice about their entitlement and how the change will affect them and also having to deal with those who are having problems with the complexity of the process. Lots of people who will be on PIP will also be affected by the universal credit change, so there will be compound problems, housing credit coming into that and a myriad of issues. There will not just be an increase in the number of clients affected compared to the increase after ESA migration, there will also be an increase in the complexity of the effects on every client who comes in. Then, there will be the functional aspect, because of the online stuff, and issues around personal security and how we access systems. The whole advice sector is still a little bit in the dark about how all of that is going to work out. That could build-in problems, because there will be at least two appointments required, whether they are by phone or otherwise, for a lot of claimants who seek advice from us. That will add to the workload, and that is only the start of it.

Dr Henderson: As we said in our submission, PIP is a significant change from DLA. At the moment, if we are giving phone advice to a client and think that they should be applying for DLA, we can phone up and request a DLA form for them. That form will be dated, which will mark the start of their claim. They then have a month to submit the form, and we can fill it in for them if they make an appointment with us. Under PIP, we can only ring up and request a form for someone who is sitting beside us. So, if we establish over the phone that a client should be applying for PIP, we then have to make another appointment for them and bring them in. It is extra work. Is it really necessary?

Mr Douglas: On clauses 28 and 47, you mention hardship payments. You go on to say in your submission:

> *"Any decisions to recover hardship payments are likely to deter the entry of claimants into the workplace."*

Do you have any evidence to support that?

Mr Callaghan: We do not have a comparable sanctions system. However, it stands to reason that if you have a system in which a sanction is going to apply even after someone goes back to work, you are, at the very least, removing an incentive for them to do so, which goes against what we have been all been told is the fundamental point of universal credit.

Iain Duncan Smith and others have consistently talked about how universal credit is about engaging people who are disengaged from "constructive" or "productive" life and preparing them for the workforce. They also say it is about treating people like they are in the workforce, which is how the whole debate about monthly payments arose. If you look at sanctions, perjury results in a sanction in a criminal court. However, Once you purge your contempt of the court, the punitive consequences of that offence come to an end. You will have heard about that in some of the debate about what is going on in the courts in Dublin with a well-known family. What we are doing here is saying that norms and conventions that apply in other established institutions of the state, such as the courts — whether in the North, the South, England, Scotland or anywhere else — will not apply to people on benefits, who have to be treated more punitively. That goes back to our discussion about people on benefits are stigmatised and, as the Chair said, demonised. It seems to us that on the basis of fairness, it should be done differently. It is not for me to say, but if you consulted a lawyer on that issue, they would probably say that they could at least give it a crack under the article 6 right to due process. Whether it would go anywhere is a whole other kettle of fish.

Mr Brady: You suggested amending the claimant commitment to ensure that it is done in partnership and with due regard to the person's knowledge, skill, etc. You were right to make the point that a lot of the people who are being sanctioned currently and will be in the future do not know that they have been sanctioned. That information is not apparent. I watched an interesting programme about food banks in Coventry, and the majority of people interviewed were there because of sanctions. Yet, the vast majority of them did not know that they had been sanctioned; their benefit just stopped or was reduced. That is an important issue. However, at the moment, the claimant commitment is very much down to the terms laid down by the Department. It is in no sense a reciprocal arrangement. The Department will dictate what is required and the claimant does not have much input. Your proposed amendment might strike a balance.

Mr Callaghan: We obviously agree, Mickey. Interestingly, by happy coincidence, as I did some last minute reading-up on the internet last night, and I found that the London-based Centre for Economic and Social Inclusion had commissioned work to be undertaken on universal credit through the University of Portsmouth with the Joseph Rowntree Foundation. They picked up on the idea that the claimant commitment should be more partnership driven. We were pleased to see them pick up on an idea that we had had a couple of weeks ago. *[Laughter.]* Leaving that aside, there are two points about our proposed amendment that I did not make because I was conscious of trying to get through a lot. You touched on them, Mickey, but they are two separate issues. The first is that the client should be engaged. In a way, this is about respecting the client as a citizen, which feeds back to some of the things that President Higgins said at our AGM yesterday. However, it is also about enabling the claimant's potential rights of appeal and all that stuff, including understanding, learning and development, which, again, fit into the idea of the workplace model. Most of us in work will have training plans and what not because we are supposed to develop over time.

The other point is one of having a public policy that is advantageous to the client but goes wider. So, there is the issue of consultation, but also that of having regard to the client's skills, knowledge and experience.
The feedback to our bureaux is that lots of people who never thought that they would end up in benefit offices are now going to them. All of the people that I have talked to who are going into benefit offices say the same thing, and I am sure that you have heard it too. They are probably the likes of those who worked in FG Wilson or umpteen other places around the region, and the benefits system and the jobs service that we have is not cut out to deal with them. I do not think that I am being unfair in saying that.

The experience of many clients is similar to that of the man I talked to in the past week. This guy has a degree and two Masters, including an MBA, and he ended up unemployed. He is claiming JSA and the response he got was, in effect, "Oh, you've got a degree; that's great". When he said that he had an MBA, the response was almost, "That's amazing". He felt a bit patronised but, more importantly, he said that the service was not much use to him and that the stipulations set for him were not very demanding, given what he should have been doing to get a job. He was doing far more than the agency required of him.

It is not about people who are in a position to earn less in the economy, because many of them will be well educated or whatever else, and it is not about being biased towards people who have a higher earnings potential. It is about being more reflective of the different realities across our labour market. If we have a system that can deal with people who have basic training and basic education needs, that is great. It is obvious that we need to develop that and the Committee is aware of that. However, we will have a problem if we have people with higher skills, whether technical or engineering skills, or former professionals, such as architects. We need a jobs service that can work with people to maximise their potential, not just, necessarily, for them but for the Northern Ireland economy as a whole. If we end up with people falling into a rut and not only falling out of the labour market but not having the aspiration to get back into the part of the labour market they were in or that they can usefully contribute to, that will not good for any of us in our attempts to rebalance the economy in the long term.

The Chairperson: No other members have indicated that they want to ask a question. Pól, Rose and Louisa, I thank you for your very helpful and useful contribution in writing, your oral submission and your deft handling of a lot of the questions that were put to you.

Obviously, the Committee is involved in what I would consider to be quite an intense stakeholder engagement. We have received more than 40 written submissions and, by the end of this process, we will have received over 20 oral submissions. A number of those responses are coalition-based. Given the complexity of the Bill, thankfully and importantly for us, there has been widespread engagement. Although it has been a relatively short period of time in people's minds, you and others have been over the Welfare Reform Bill on a number of occasions over the past year and a half. Everybody is well versed in its provisions, and everybody has pointed out the big difficulty is that a lot of it will be dealt with by way of regulations down the track that are not available to us.

I thank you for helping us in our deliberations. We look forward to completing our report by 27 November. I have no doubt that your contribution will assist us in doing that.

Mr Callaghan: If there is anything else, Chair, we are, obviously, happy to help.

The Chairperson: That is not a problem. No doubt we will engage with you again.