

WHAT IS WELFARE REFORM AND HOW IS IT AFFECTING FAMILIES?



A resource for people who work with low-income families. To help you think about how changes to the benefit system affect the families that you work with and what you can do to help.

The information in this booklet is based on findings from CPAG in Scotland's Early Warning System.

Child Poverty Action Group in Scotland

Child Poverty Action Group works on behalf of the one in five children in Scotland growing up in poverty. We work to understand what causes poverty, the impact it has on children's lives, and how it can be prevented and solved – for good. We develop and campaign for policy solutions to end child poverty. We also provide accurate information, training and advice to the people who work with hard-up families, to make sure they get the financial support they need.

Early Warning System

The Early Warning System (EWS) was developed by CPAG in Scotland to collect and analyse case studies about how changes to the benefit system are affecting the wellbeing of children, their families and the communities and services that support them. The case studies are helping us develop an in-depth understanding of the impact of changes to the benefit system and to identify how policies and services in Scotland can continue to contribute to the delivery of better outcomes for children.

Benefits glossary

Jobseeker's allowance – for people who are looking for work

Employment and support allowance – for people who are unable to work because of illness or disability

Income support – for people who have a low income and are ill or disabled, carers, or lone parents whose youngest child is under the age of five

Housing benefit – for people who have a low income and pay rent

Child tax credit – a benefit for low-income families with children

Working tax credit – a benefit for low-income workers

Universal credit – will replace all the means-tested benefits above

Department for Work and Pensions (DWP) – administers most benefits

Her Majesty's Revenue and Customs (HMRC) – administers tax credits and child benefit

Local authorities – administer housing benefit, council tax reduction and Scottish Welfare Fund

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WHAT IS WELFARE REFORM?

Welfare reform is the collective name for changes to the benefit (social security) system. The social security system refers to money paid by the government to provide:

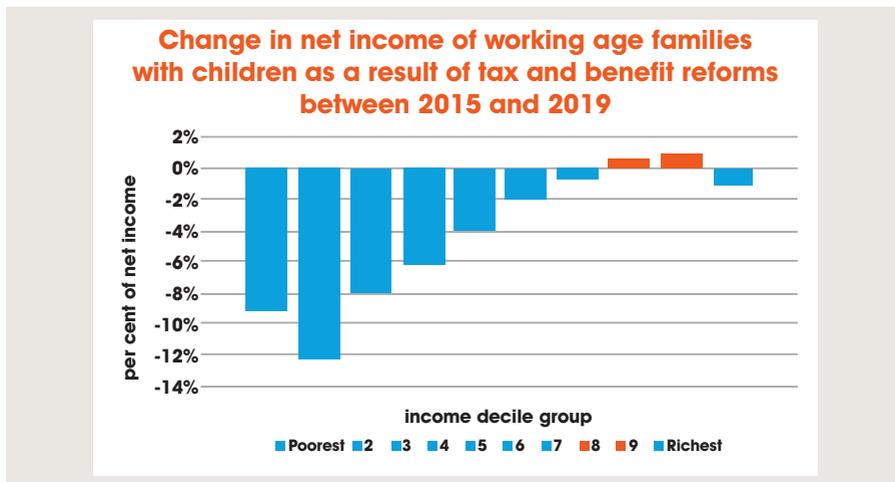
- a minimum income to live on
- additional income for a specific purpose, for example children
- additional income because of needs arising from a disability or illness

There have been a number of changes made to the social security system that have largely reduced the level of money paid to people to help them in these circumstances.

You will find a list of all the changes affecting families in CPAG in Scotland's factsheet, *Welfare reform and the impact on families*. You can view and download all our fact sheets on our website: www.cpag.org.uk/scotland/factsheets

WHY IS WELFARE REFORM IMPORTANT?

Overall current welfare reform is reducing the incomes of low income families and changes to the tax system also mean that people with the lowest incomes will lose a much bigger percentage of their income than people with higher incomes.



Figures taken from "Are we all in this together" Institute of Fiscal Studies March 2016
www.ifs.org.uk/publications/8210

Increase in child poverty

It is projected that the percentage of children living in poverty in the UK will rise from 17 per cent to 25 per cent by 2020. This is largely due to tax and benefit changes but also low wages and insecure employment. This is important because poverty can have devastating impacts for children.



Impact on health

Three-year-olds in households with incomes below £10,000 are two and a half times more likely to suffer chronic illness than children in households with incomes above £52,000.

Children living in low-income households are nearly three times more likely to suffer mental health problems than their more affluent peers.

Children living in poverty are almost twice as likely to live in bad housing and in homes that are damp or insufficiently heated. This can have significant effects on both their physical and mental health, as well as educational achievement.

Impact on education

On average, children from low-income backgrounds lag behind at all stages of education. By the age of three, children from lower income families are estimated to be, on average, nine months behind children from wealthier backgrounds.

Children from low-income families often have to do without events that most would take for granted including school trips and social events with friends.



Impact on safety

Children from the lowest income group are over four times more likely to be killed in road accidents as pedestrians as children in the highest income group.

Impact on play

Studies show that there are more play areas in deprived areas, but that their quality is generally poorer. Vandalism, playground misuse and danger of injury all act as deterrents to using what otherwise might be good facilities.

Young people from less affluent backgrounds are more likely to report that they have been recently bullied than their peers from more affluent backgrounds.

WHAT ARE YOU LIKELY TO SEE AS A RESULT OF WELFARE REFORM?

Falling incomes for families receiving benefits

Why? - In the past, the value of benefits would rise in line with the cost of living. This is no longer the case and from 2016 to 2020 the value of most working age benefits won't go up at all. This means that even if the cost of living increases, the value of many benefits won't. As a result, many families' incomes won't stretch as far as they used to.



There's been quite a few times towards the end of the month that I've had to borrow money off my mother in order to get the petrol to get to work. Wednesdays, the day before tax credit days, we really are sort of pulling the scraps together to eat. It's been completely hand to mouth. There hasn't been any new clothes bought... we've been improvising.

Graham receives an occupational pension and a small amount of employment and support allowance which has only risen by three per cent in the last three years. During the same period his rent has risen by 14 per cent. He does not get any help with his rent so has had to spend a greater proportion of his income on his rent every year.

Falling incomes for larger families

Why? - At the moment, an award of child tax credit or universal credit can include money for each child in the household – no matter how many children there are. From 2017, in most cases, the award will be limited to the first two children in the household. This will substantially reduce the support available to larger families.

JUST OVER HALF OF CHILDREN LIVING IN POVERTY ARE IN FAMILIES WHERE AT LEAST ONE PARENT IS IN WORK



Families in work struggling to make ends meet

Why? - Low-income families in work may receive support from working tax credit or universal credit. A number of changes mean that fewer people receive working tax credit and that the level of support has been reduced.

Working tax credit is one of the benefits being replaced by a new benefit - universal credit. Support for low-income families through universal credit will be much less generous than working tax credit and working families may be considerably worse off as a result. Universal credit might better support people working less than 16 hours who would not have been entitled to working tax credit.

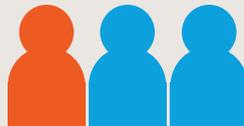
Fiona and Ian were receiving tax credits but were affected by the reform to the number of hours a couple are required to work in order to receive working tax credit. They were working 16 and 6 hours a week respectively, however the reform required that they were working at least 24 hours between them, with one of them working at least 16. This was only discovered after the family had been overpaid for a year and they were asked to pay the money back.

Falling incomes for families with a disabled person in the household

Why? - Changes to eligibility criteria for disability benefits mean that fewer people will qualify for disability benefits or will be paid at a lower rate. Cases gathered through CPAG in Scotland's Early Warning System highlight that assessments and the fear of losing or having their disability benefits decreased is causing stress and anxiety for claimants and in some cases making their condition worse.

Stephen, who has serious mental health problems, had his award of employment and support allowance reassessed and as a result was paid at a lower rate. He asked for the decision to be looked at again and it was overturned at an appeal to a tribunal, but the stress of the appeal process led to increased appointments for the client with his GP.

**ONE IN THREE
CHILDREN LIVING
IN DISABLED
HOUSEHOLDS LIVE IN
POVERTY**



WHAT CAN YOU DO?

Help increase families' incomes

Find out which of your clients might be affected – that way you can look out for potential problems and refer for help at an early stage. Details of which households are likely to be most affected can be found in our factsheet, *Welfare reform and the impact on families*. It's also worth knowing that people often experience a change of entitlement when their circumstances change. This might include having a baby or starting work. People in these circumstances might particularly benefit from specialist information and advice.

Refer your client for a benefit check - this can make a real difference. For example, did you know that even when benefits are limited to two children, there will still be extra help for disabled children that could be worth up to £350 a month. See page 13 for contact details.

Zoe, mother of a child with autism and ADHD applied for a crisis grant because she did not have any money to put in her electricity meter. When a benefit check was carried out it became apparent that Zoe's income was so low that she should have been receiving income support but had not known to claim.

Help reduce families' outgoings

Refer your client for an energy check – this might reduce the amount that the household are spending on energy bills. See page 13 for contact details.

Help families deal with debt – debt advice might reduce the amount the household are spending on debt repayments and budgeting advice may prevent a household getting into debt in the first place. See page 13 for contact details.

What can your service do?

Reduce the cost of engaging with your service

- Do you have a free phone number?
- Can people access your service at times that coincide with public transport?
- Are parts of your service costly (eg, nursery school snacks, afterschool club trips)?

Make links with other organisations

- Who do you know who provides benefit advice locally?
- Can you make arrangements for referring clients?

More parents looking for work or trying to increase their hours

Why? - People working part time and claiming universal credit may be expected to increase their hours or to increase their wages so that they are earning the same as someone who is working full time (35 hours a week) for the national minimum wage. If they are deemed not to be taking steps towards this their benefit may be stopped or reduced (sanctioned).

From April 2017 parents who are not prevented from working by disability or caring responsibilities for a disabled person, will be expected to prepare for work when their youngest child turns two and to look for work when their youngest child turns three.

WHAT CAN YOU DO?

Find out which of your clients might be affected - that way you can look for potential problems and refer for help at an earlier stage. Details of which households are likely to be most affected can be found in our factsheet, *Welfare reform and the impact on families*. It's also worth knowing that people often experience a change of entitlement when their circumstances change. This might include having a baby or starting work. People in these circumstances might particularly benefit from specialist information and advice.

Refer your client for a benefit check - this is a really good time for a family to check that they are getting all the support that they are entitled to, whether in or out of work.

Help to avoid a sanction - claimants who have to look for or prepare for work have to sign a 'claimant commitment' agreeing the steps they will take. It is really important that this contains any information about any circumstances that may limit someone looking for, or accepting work, for example looking after a child outside school hours.

Families having little income because of sanctions

In return for receiving some benefits, claimants are expected to carry out tasks that will help them prepare or look for work. If they don't, their benefit might be stopped or reduced (sanctioned).

Susan, a young lone parent who suffers from regular, but intermittent periods of depression, failed to attend an appointment at the Jobcentre due to her depression and was sanctioned for 13 weeks. Her mental health deteriorated and she stopped engaging with the Jobcentre. Her jobseeker's allowance and subsequently her housing benefit stopped and she and the children had to survive on their child benefit and child tax credits for 10 weeks.

WHAT CAN YOU DO?

Ask for a hardship payment - if someone has no money because their benefit has been sanctioned they may be able to claim a hardship payment. This is 60 per cent of the normal basic rate of their benefit (80 per cent if the claimant, or a member of their family, is pregnant or seriously ill). Hardship payments of universal credit will have to be paid back from future payments of universal credit.

Phone numbers can be found on GOV.UK: www.gov.uk/contact-jobcentre-plus

Make an application to the Scottish Welfare Fund - it provides grants for people on low incomes in the event of a crisis, to ease exceptional pressures on a family or to aid independent living. Contact your local council for information about applying to the Scottish Welfare Fund.

Help to avoid a sanction - claimants who have to look for or prepare for work have to sign a 'claimant commitment' agreeing the steps they will take. It is really important that this contains any information about any circumstances that may limit someone looking for, or accepting work, for example looking after a child outside school hours.

Ask for the sanction decision to be looked at again - if someone thinks that a sanction decision is wrong, they can ask for it to be looked at again. It is important to avoid a sanction if possible because any further sanction periods will be longer.

Families having no income while waiting for the first payment of benefit

There is often a delay waiting for the first payment of benefit from two to six weeks. If someone has made a new claim for a benefit but has not yet been paid, they may be able to get an advance if there is a serious risk to their family's health and safety. The advance will be recovered from future payments of benefit.

WHAT CAN YOU DO?

Ask the DWP for an advance - phone numbers can be found on GOV.UK: www.gov.uk/contact-jobcentre-plus

There is more information about advances and a sample letter requesting an advance on the CPAG website: www.cpag.org.uk/stba

Families of European nationals having no income

Why? – A number of reforms have made it harder for European nationals who are not in work to gain access to benefits. Cases gathered by the Early Warning System highlight the many European nationals who are not able to work because of illness, disabilities or caring responsibilities for small children or other dependent family members. The rules regarding European nationals' entitlement to benefits are complex complicated and often result in them being incorrectly refused benefits.

Anka, a European national, came to the UK with her parents as a child. She recently had a baby and tried to claim income support as a lone parent, but was refused on the basis that she is not working in the UK. However Anka should have been entitled because her parents have worked in the UK for more than five years while she was still living with them.

WHAT CAN YOU DO?

Refer for a benefits check - a refusal of benefit might be wrong and other entitlements are often missed. See page 13 for how to refer.

Make an application to the Scottish Welfare Fund - European nationals who are not entitled to any benefits may still be able to make an application to Scottish Welfare Fund for a crisis grant to support them in the short term. Contact your local council for information about how to apply.

Mistakes administering benefits

The most surprising finding from the Early Warning System is the number of case studies that include people who have had their benefit claim processed incorrectly or who have been given misleading or inaccurate information about benefits. 30 per cent of cases added to the Early Warning System include administrative error and 10 per cent include misinformation.

The cases in relation to administrative error illustrate:

- people refused benefits they should be entitled to
- people facing barriers to making claims, for example getting hold of a claim form
- benefit entitlement calculated incorrectly
- benefit not being put into payment following an award
- failure to add extra premiums to awards

The cases in relation to misinformation highlight:

- people misadvised about entitlement to benefit
- people advised to claim the wrong benefit
- misleading information supplied about information required to support a claim
- clients incorrectly advised to stop claiming a benefit that they are entitled to



....feeling cheated by the housing benefit... feeling trampled on and knowing that the figures are wrong, I just know that the figures are wrong, but going into town to the main office to deal with it there is like, that's, it's just a big thing.



And I didn't bother appealing it because I had so much stress appealing the ESA. I just didn't have the energy left to actually... Because everyone was saying "appeal it again you'll get it" but I think I was that low at that point, and then I had to be using food banks...

WHAT CAN YOU DO?

Ask for the benefit decision to be looked at again - if someone thinks that a benefit decision is wrong, they can ask for it to be looked at again within one month of the decision. A late request might be accepted within 13 months if there is good reason for not asking earlier. Contact details should be on the letter telling them about the benefit decision.

Families struggling to pay their rent

Changes to help that people can get towards their rent mean that you may see many more people who have a gap between their rent and the help that they receive towards this. These people will be expected to pay the shortfall from their own pocket.

Rebecca, a lone parent with four children separated from her husband and had the benefit cap applied, reducing her housing benefit and leaving a shortfall of £330 a month, which she had to pay from her other benefits. The benefit cap limits the total amount of benefits that families who are not in work and do not have a disabled household member. Rebecca was awarded help from the local authority (a discretionary housing payment) for three months initially, but until she received this she had to use her children's savings to pay the rent.

WHAT CAN YOU DO?

Make an application for a discretionary housing payment - local authorities can make discretionary payments to cover shortfalls in rent. Contact your local authority for details of how to apply.

Refer for a benefit check - the level of help towards rent might be wrong, or the client may be entitled to another benefit which would provide more income to pay towards the rent.

Keep in touch with the landlord - they are more likely to be sympathetic if they know what is going on.

WHAT CAN YOUR SERVICE DO?

If you work for a service that has contact with children and/or families it is worth taking time to consider whether there is more you could do to make sure your service is as accessible, easy-to-use and useful to low income families as possible. Steps to consider might include:

- Thinking about how someone with no money would access your service. Is there a Freephone number? Could you pay travel costs in advance? Is public transport reliable, timely and affordable?
- Are there hidden costs attached to using your service? For instance, if you offer free childcare, are families expected to cover the cost of any snacks, materials or outings?
- Do you have working links with local advice or income maximisation services? Could you develop these links and develop pathways to directly refer families?
- Do staff know about the Scottish Welfare Fund – which offers crisis grants and community care grants to some families experiencing financial hardship – and how to access it?
- Are your staff sensitive, approachable and aware of the growing problems related to welfare reform and child poverty?
- Could you regularly consider the accessibility of your service to low income families at staff meetings or reviews?

For more information on 'poverty proofing' and the hidden barriers to services see CPAG in Scotland's Cost of a School Day project.

www.cpag.org.uk/costoftheschoolday

USEFUL CONTACTS

Benefit check or support to ask for a decision to be looked at again

Citizens Advice Bureau - you can find your local Citizens Advice Bureau
www.cas.org.uk/bureaux

Local authority welfare rights service – many, but not all, local authorities have their own welfare rights service. You can check your local council website

Housing associations – many housing associations have a welfare rights service for their tenants

Questions about benefits and tax credits

CPAG in Scotland's advice line - provides advice to frontline staff working with the public
0141 552 0552 or advice@cpagscotland.org.uk

CPAG in Scotland's factsheets – provide information on a wide range of topics in relation to benefits and tax credits

www.cpag.org.uk/scotland/factsheets

Energy check

Home Energy Scotland - can provide free and impartial advice on ways to save energy and reduce your fuel costs

0808 808 2282

www.energysavingtrust.org.uk/home-energy-scotland

Debt advice

Scotland's Financial Health Service - you can find a local money adviser here
www.scotlandsfinancialhealthservice.gov.uk or use their helpline 0800 707 6696

National Debtline - 0808 808 4000

Housing advice

Shelter helpline 0808 800 444

Shelter's Scottish Welfare Reform Advisory Service - can provide housing advice to frontline advice agencies 0344 515 1310

Sources of financial support

Scottish Welfare Fund – provides grants to people on low income in the event of a crisis, to ease exceptional pressures on a family or to aid independent living. The grants do not have to be paid back. Contact your local council for details of how to apply. Your local council can be found here
www.gov.scot/About/Government/councils

Hardship payments – can be paid to people who have been sanctioned. Ask the DWP if hardship payments can be made. Phone numbers can be found here

www.gov.uk/contact-jobcentre-plus

Discretionary housing payments – can be paid to people who have a gap between help they receive to pay their rent and the rent due. Contact your local council for details of how to apply.

www.gov.scot/About/Government/councils

Who to contact about different benefits

Jobseeker's allowance, income support, employment and support allowance, universal credit
Phone numbers can be found here www.gov.uk/contact-jobcentre-plus

Disability living allowance, personal independence payment

Phone numbers can be found here www.gov.uk/disability-benefits-helpline

Tax credits

Phone numbers can be found here

www.gov.uk/government/organisations/hm-revenue-customs/contact/tax-credits-enquiries

Child benefit

Phone number can be found here

www.gov.uk/contact-child-benefit-office

Housing benefit, council tax reduction and Scottish Welfare Fund – are delivered by local councils. Find your local council here:

www.gov.scot/About/Government/councils

CONTACT DETAILS

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**CHILD
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IN SCOTLAND