

## The impact of changes to the welfare benefit system Social Work Scotland response to the Welfare Reform Committee

Social Work Scotland welcomes the opportunity to provide written evidence to the Welfare Reform Committee on-

- the impact of welfare reforms on local authority services.
- the impact of welfare reforms on social work services.
- the impact of welfare reform on children in need and in need of protection.

Social Work Scotland (formerly the Association of Directors of Social Work-ADSW) is the leadership organisation for the social work profession in Scotland.

Social Work Scotland has experienced some challenges in providing the requested information as-

- the impact of welfare reform is not yet fully felt. At Spring 2015, 30% of the total financial loss was yet to be realised. Incapacity reforms have been significantly delayed; the changeover from DLA to PIP (Personal Independence Payments) - is mostly in the future.
- some of the reforms target households rather than individuals, making it difficult to accurately state the numbers affected.

### **The impact of welfare reforms on Scottish local authority services:**

- Local Authorities (LAs) anticipate loss of revenue as people begin to claim universal credit and find it difficult to pay rent directly from limited resources- leading to rent arrears and increased administration costs to councils.  
Payment of Universal Credit, where housing costs are included rather than paid direct to landlords, may cause hardship where an abusive relationship / addiction exists- with impact upon children in the household.
- whilst personal budgeting support (PBS) provided by LA's may assist some, many are suffering from the cumulative impact of welfare reforms with unmanageable debt. We anticipate an increase in homeless presentations.
- a possible loss of council tax revenue where people who claim Universal Credit will no longer make a claim for housing benefit to the LA and may miss claiming for Council Tax Reduction Scheme. Generally there is more onus on individuals to manage their affairs/ negotiate through a complex system which will present an unsurmountable challenge to the most vulnerable.

- pressure on the Scottish Welfare Fund (SWF) is likely to increase as people find budget management difficult- with an accumulative effect over time. There may be pressure on councils to make up any shortfall of demand over supply of SWF funds.
- single job seekers can't easily access SWF as, overall, they are less eligible ("exceptional pressure on families" for example). They can qualify for CG or CGG if they are vulnerable for any reason. There are reports of problems in accessing DWP hardship payments (when sanctioned) along with short term advances ahead of benefit payments. Food parcels may be the only option. Councils will have increasing interaction with food banks as they seek to mitigate the impact for local residents of reductions in welfare benefits and sanctions applied where conditionality is not met.
- councils have had to significantly mobilise and increase advice service provision locally to support local people with debt management and financial budgeting advice.
- similarly councils have had to invest in training and awareness raising for staff and for service users and carers.
- LA Welfare Rights Service's impartiality and ability to represent service users may be compromised where benefits, debt and budget advice services are co-located and where a claimant is referred to them by the DWP for personal budgeting support. There are issues of confidentiality relating to the LA confirming co-operation with support services.

### **The impact of welfare reforms on social work services:**

- there is potential for loss of income from SW charging as people migrate from DLA to PIP. As PIP doesn't include any replacement for the lowest care component of DLA, those with less visible needs are likely to lose out. Substantially fewer people are likely to receive the PIP enhanced rate mobility component that would have received the equivalent DLA component – resulting in isolation and increased pressure on SW and health services. Research shows, taking other factors into account, isolation significantly reduces life chances following major illness. For example, women who are socially isolated are twice as likely to die from breast cancer( Kroenke, 2006); research on clinical outcomes on women with ovarian cancer showed those who were socially isolated lived, on average, a year less( Lutgendorf S.K., 2012).
- where migration from DLA to PIP results in the loss of the daily living component, this may impact on the ability of a carer to keep caring. Currently an estimated 657 000 unpaid adult carers support individuals in the community. Support to this essential group is the subject of new legislation passing through Parliament – Carers (Scotland) Bill.
- many people in the community and their carers are supported by the 3<sup>rd</sup> sector, with services commissioned by social work. Scottish research by IRISS – 'The impact of welfare reform on third sector care and support services in Scotland.' (June 2014), highlighted the strain that welfare reform is placing on individual support workers and on wider statutory/ 3<sup>rd</sup> sector relationships. Support workers report an increase in

stress from trying to cope with complex benefit issues whilst being denied the necessary respect from government agencies. In addition, staff time is being diverted away from supporting independent living skills. The research concludes “...*the impact of welfare reform...is unequivocally the responsibility of government agencies*”. The 3<sup>rd</sup> sector is concerned that the additional pressure on LA resources will further squeeze their funding. Adequate funding is required to employ carers within the community and progress national ambitions around prompt discharge from hospital.

- the migration of Incapacity Benefit claimants to Employment and Support Allowance with more stringent criteria and documented medical assessment issues has resulted in vulnerable families being under more stress.
- families with dependent children are hit hard, as are lone parents and the disabled. Benefit sanctions may be applied to vulnerable claimants who are unable to clearly articulate genuine reasons why they are unable to meet all expectations due to medical appointments etc. Out of work claimants tend to have lower skills and poorer health. The stigma of claiming benefits can make claimants reluctant to challenge decisions. 40% of the cuts fall on sick and disabled people (DLA and Incapacity benefit plus other reforms).
- social work services have reported witnessing disabling anxiety in vulnerable individuals caused simply by the **threat** of welfare reforms-even when the individuals are not actually going to be affected.
- it is predicted that social work will increasingly take on the role of mediator/ advocate-helping people to access monies/food banks. Many food banks in England now require a social work referral. Many SWs are not experts on benefit issues but focus instead on challenging, high risk caseloads. They have limited time to help people complete forms.
- diverting social work resources to mitigate against the worst effects of this change will threaten crisis and preventative work due to already constrained budgets. The impact of lack of preventative work will be felt long term across all sectors.

## The impact of welfare reforms on vulnerable children:

- as universal credit is rolled out across the country, the payment of all benefits to one person in the household is likely to result in deprivation where addiction and domestic abuse problems exist.
- 620 000 households/ individuals will lose money in Scotland from the Child Benefit freeze- with an average loss of £170 a year.

The average impact of the welfare benefit changes by household type are-

- couple, one dependent child -	average income loss per year	=£1,430
- couple, 2 + dependent children -	“ “ “	=£1,480
- couple , non-dependent children -	“ “ “	= £ 490
- lone parent, one dependent child -	“ “ “	=£1,770
- lone parent, 2+ “ -	“ “ “	=£1,850
- lone parent, children non-dependent -	“ “ “	= £ 530
- single person household -	“ “ “	= £ 490
- other with 1 dependent child -	“ “ “	= £1,410
- other with 2+ “ “ “ “ “	“ “ “	=£1,500

*(Sheffield Hallam University Centre for Regional Economic and Social Research)*

- young adults have been hit hard by reforms to housing/ other benefit sanctions. Research by the New Policy Institute and Joseph Rowntree Foundation found that young people under the age of 30 are at highest risk of poverty in Scotland. 25% of young adults are at risk from poverty in Scotland.
- poverty remains one of the biggest barriers to improving outcomes for children in the UK today. In 2011, the Institute for Fiscal studies estimated 400 000 more children will be living in relative poverty by 2015-16 as a result of tax and benefit changes.
- UNICEF looked at the % of households living with income below 50% of the national median ('relative poverty' is defined as households with incomes less than 60% of current median income after housing costs). UK was ranked 22<sup>nd</sup> out of 35 of the richest nations for child poverty rates in 2012.
- the Child Poverty Act 2010 placed a duty on Scotland, as part of the UK, to publish a strategy for tackling child poverty. It established, in law, the Child Poverty Commission to advise the government and hold it to account on progress in meeting child poverty targets.
- Scotland has achieved a decrease in child poverty rates in recent years; it is anticipated that welfare reform will undermine this progress.
- long term damage to children's outcomes is caused not just by absolute poverty – i.e. when income is insufficient to provide for basic needs but by social injustice, exclusion and disadvantage. 'Relative poverty', as described within social policy theory, acknowledges that human needs are relative and socially derived. Relative poverty includes food poverty (unable to provide healthy foods due to finance/ education/ availability etc ) and poverty of opportunity and experience- leading to social exclusion- "... a lack of resources to obtain the types of diet, participate in the

*activities and have the living conditions and amenities which are customary..”*  
(Townsend, 1979.)

- child maltreatment occurs in all socio economic groups and most parents who live in poverty do not maltreat their children. However, research consistently shows that children who grow up in poverty are vulnerable to certain types of maltreatment – particularly neglect and physical abuse.
- the exact nature of the relationship is unclear but theories centre on stress factors associated with poverty and social deprivation. These factors are exacerbated if addiction and mental health issues co-exist.
- children in poverty have an increased risk of adverse experiences/ negative outcomes- both long and short term. These include poor health, (physical and mental), death from illness or accident, educational disadvantage and disaffection, unemployment, poverty during adulthood, criminalisation from ASB or offending and are more likely to be victims of crime.
- poverty and crime is geographically concentrated in a strikingly consistent way. Poverty is linked to violence, criminal damage and drug use more than other types of offending. It results in poorer health and poorer outcomes as adults.
- Scotland is recognised as having the best homeless legislation in Western Europe and has achieved a reduction in homelessness in recent years. In 2003, Scotland passed ground breaking legislation stating everyone who is homeless would have the right to a home by 2012 – with the removal of the ‘priority/ non priority’ distinction by December 2012. In December 2014, Housing Minister Margaret Burgess stated “..the lack of suitable housing can be a major barrier preventing (people) from achieving their full potential.”
- research commissioned by Shelter ‘*Chance of a Lifetime: the Impact of bad Housing on Children’s Lives*’ (2006) evidenced the detrimental effects of homelessness on children’s’ health, well-being and future life chances. Basically, children who experience homelessness are more likely to group up with respiratory illness, poor mental health and are twice as likely to leave school without basic qualifications. Increased homelessness is widely anticipated as a result of Universal Credit being paid directly to individuals.

## General points:

- the tax allowance is not likely to assist vulnerable people as only a proportion of claimants pay tax- the part-time, low paid workers tend not to- or claimants on means tested benefits. Regardless, the tax allowance is not enough to offset benefit reductions – the average loss from welfare reform is £1550 a year (Scotland) for claimants with dependent children; the increase in personal allowance is £300 for a sole earner or £600 for double income household.
- Westminster stated that reforms will lead to more people seeking work. However, in the vast majority of cases affected, claimants were already financially better off in work. It is unclear how the 'extra work' will be generated. It is felt to be unlikely that the reform will lead to significantly higher employment in Scotland.
- if the current Westminster government is re-elected they have said that a further £12b of welfare savings by 2017/18 will be pursued. Some of the proposals mooted include-
  - cutting HB payments to people under 25 years.
  - reduction of benefit cap to £23 000.
  - restricting access to universal credit to EEA migrants out of work.
  - 7 day waiting period for universal credit claimants.
- an accurate picture of the impact of changes to the welfare benefits system on the most vulnerable in society will only be possible if ongoing, focused research is commissioned centrally.