Children 1st response to the Welfare Reform Committee's Inquiry into the Future Delivery of Social Security in Scotland

September 2015

Children 1st is Scotland's National Children's Charity. We help Scotland's families to put children first, with practical advice and support in difficult times. And when the worst happens, we support survivors of abuse, neglect, and other traumatic events in childhood, to recover. We help Scotland's communities to play their part in looking out for and protecting children. We listen to Scotland's children and families and when government or society fails to hear them or fails to respect their rights, we speak out.

Our family support services work with up to a hundred families a year, many of whom are living on low incomes, experiencing financial difficulties and receiving support from the state. Our services have raised growing concerns around child poverty, structural socio-economic inequalities and the impact of welfare reform on the families that we work with. Anecdotally we have heard about the increasing use of food banks and levels of fuel poverty, the use of short-term, high-interest loan companies and significant levels of hunger amongst the children and young people that we work with. We have particular concerns about the impact of the introduction of Universal Credit in Scotland on the most vulnerable families, such as those living in kinship care arrangements or who have a disability.

Children 1st also runs a specialist service, the Glasgow Supporting Families Service (Tackling Money Worries), which aims to improve outcomes for low-income families with children who are facing a change in circumstances that places them at a higher risk of debt and money problems. In the four months since a Money Advisor was appointed to our service she has supported families to access £90,000 in unclaimed benefits and Welfare Fund Payments. Around 30% of the families that access Children 1st's service present with complex financial and debt problems that are near or at crisis point. These severely impact on their ability to cope with other stresses and significant events in their lives.

We are pleased to have the opportunity to provide evidence to the Welfare Reform Committee on the future of social security in Scotland. Our service users' experience of the welfare benefits system has given us some insights into the difficulties in navigating the system and understanding entitlements. We believe that this Inquiry is an important opportunity to fully ensure that our welfare system is fully equipped to be rights-based and person-centred so that the best interests of children and young people are fully taken into account and their voices are heard in the decisions that affect them. Our social security system should be fair, simple to engage with and its processes should be easy to understand and to explain. It should take account of the needs of the most vulnerable, offering them respect and dignity at often challenging and difficult times in their lives, without sanctioning families for changes in health or social circumstances which may affect their ability to fully comply with regulations. Any changes to the existing system must also take account of the impact of trauma on many of the people who may wish to engage with it, and should encourage resilience, capacity building and autonomy where appropriate.

In terms of the constitutional settlement, our view is that any changes to the existing welfare system should be thoroughly considered to ensure that there are no unintended consequences that will negatively impact on the most vulnerable families and that proposals should be subject to a Child Rights and Wellbeing Impact Assessment, where possible. We also support the Child Poverty Action Group's call that further devolution should not be used as a cover for further cuts at a time when families are already feeling the pressure. Any additional devolved welfare powers should fully be viewed through the lens of existing Scottish Government agendas relating to child poverty, child protection, community engagement and planning processes and the changes that will be brought in through the Children and Young People (Scotland) Act 2014. We agree with Barnardo's that every effort should be made to align elements of Universal Credit that are devolved with the Scottish Government's existing strategies, including the Child Poverty Strategy and GIRFEC.

In our response we have focused on providing comment where our expertise lies within the workstreams identified by the Welfare Reform Committee and have therefore highlighted areas of concern relating to the existing arrangements—and those anticipated in the coming years—that we hope will be addressed, regardless of the specific arrangements of devolution. Throughout our evidence we have highlighted the key principles of dignity, support, respect and equality. We encourage the Committee to consider what powers are required to address these key issues.

Personal Independence Payments, Disability Living Allowance Attendance Allowance and Carer's Allowance

Our services report that families often have difficulty accessing disability benefits for themselves and children, particularly where there is no diagnosis in place. This often happens in Disability Living Allowance (DLA) claims for children where there is a suspected developmental disorder such as Autism Spectrum Disorder (ASD) or Attention Deficit Disorder (ADD). For parents, we find that there can be difficulty in securing awards for mental health difficulties. Reasons for this include difficulties in accessing medical support services (for multiple reasons), and obtaining written support from medical professionals.

We also work with families where the adult is in receipt of DLA and has not yet migrated to Personal Independence Payments, and therefore anticipate these families will require additional support during this assessment phase.

Universal Credit (housing element and administrative arrangements arrangements) and Discretionary Housing Payments

From April 2016 under Universal Credit, home owners will only receive support with mortgage interest payments after a waiting period of 39 weeks rather than the current 13 weeks. We anticipate that this will put families at risk of homelessness as mortgage arrears accrue. Should families need to be placed in temporary homeless accommodation, they will be subject to Local Housing Allowances which will be insufficient to meet the cost of the temporary accommodation.

We also understand that support for mortgage interest awarded will be repayable to the DWP upon sale of the home or when the claimant returns to work. Families' budgets will therefore be vulnerable in returning to work as other additional costs are often associated with working, such as childcare and travel in addition to the added burden of housing debt repayments. There is also concern that if adequate money advice is not available to vulnerable households, families could find themselves in negative equity or at risk of homelessness as housing debt continues to accrue alongside debt to the DWP. Mortgage repayment options are limited where there is existing mortgage arrears, which is usually when money advice is sought.

Children 1st believes that backdating of housing benefit will be reduced from 6 months to 4 weeks, which will affect the most vulnerable families significantly. Our service highlighted a case where one family needed to make a backdated claim for a dual tenancy, one of which was homeless accommodation. The family had become homeless having had to flee violence and racial abuse.

We also understand that the Family Element of housing benefit will be lost at £11.34 per week. Housing benefit will be paid directly to claimants rather than landlords, which may precipitate rent arrears as families struggle to adjust to change in payment frequencies.

Finally, we are concerned that decisions are being made, and will be made in the future, based on resources rather than need. We are aware of an urgent application to the Discretionary Housing Fund that was unsuccessful despite a risk of homelessness to a single parent family with a disabled child. The reason given was that the fund was finite, and that the family was not classed as a priority. Due to the imminent threat of homelessness, the appeal process would take too long so funds to secure the deposit were secured from a charity. We encourage the Committee to consider how to ensure that Scotland's social security funding is based on need.

The Regulated Social Fund, new benefits, top-ups and delivery of benefits overall

The families that we work with are often living in poor conditions but have difficulty in securing awards from the Scottish Welfare Fund for decorating costs. In one case Social Work imposed a condition on the family that the interior standard of the home was improved to ensure the children remained at home but, to date, these claims have been largely unsuccessful as decorating is assessed as low priority, with little recognition of the potential impact on mental health and wellbeing.

As the fund is discretionary, it is accepted that what may be deemed high priority will vary throughout the financial year, therefore decisions can be inconsistent. Moving costs for a family who had to move due to disability needs were refused funds for a van, but as they had to abandon a double bed and two mattresses, they were granted these items under a subsequent application. This process exacerbated a stressful situation for a lone parent family where the mother is a cancer survivor and has been sleeping on the floor pending award of a bed from the Fund.

We would welcome consideration on how these issues can be addressed so that the Fund works in a more intuitive manner that puts the best interests of families first.

To demonstrate the existing complexities, in the Annex to this evidence we have set out a case study of one of our service users who could be affected by the changes under Universal Credit. In terms of the delivery of benefits overall, we wish to highlight four key concerns:

1. Access to services

Children 1st has experience of families who are affected by literacy issues which can be difficult to overcome in seeking advice. Other barriers to seeking advice include location of advice services (i.e. in housing associations where a service user owes significant arrears) or opening hours of advice agencies which are during working hours or are held at times when service users cannot obtain childcare.

Vulnerable families affected by disability, mental health issues and addictions all report difficulties in engaging with organisations such as the DWP or HMRC. Many families only use mobile phones and telephoning these organisations can be cost prohibitive—or prohibitive if they do not have any call credit. These families are often affected by low self-esteem and poor confidence for multiple and complex reasons, which can impact ability to initiate contact with organisations or challenge decisions.

Additionally, moving claims to exclusively online will present difficulties for families with no internet access. Although there are provisions in local libraries to access the internet, literacy, ability to travel or library memberships may present barriers for many of our service users. We are also concerned that there is a lack of professional support available to help people claim benefits, which may leave vulnerable families open to fraud or abuse if they have to rely on support from others.

2. Local approaches

The limiting of the child element within Universal Credit and freezing of Child Benefit will exacerbate the financial difficulties of our families, who—due to their background and experiences may already have poor outcomes. The realignment of child poverty definitions to 'life chances' may be better dealt with locally as the negative impact of the 'Glasgow Effect' is well documented and yet the causes unclear.[1] Collaborative approaches involving families in both urban and rural areas will help identify needs and strengths rather than a blanket approach.

3. Universal credit and families with kinship care arrangements

Children 1st provides the National Kinship Care Service, which offers information, advice and support to families with kinship care arrangements. Kinship carers provide a vital role in Scotland, caring for vulnerable children and young people, often at difficult and challenging times. In doing so they enable children to maintain family connection and recover from loss and trauma, often stepping in so that children can remain with their families and saving the local authority the cost of expensive residential care placements. Our service users highlight to us the impact of the financial burden of caring for a child, often later in life and in urgent circumstances with little warning. They tell us about the need for clear and coherent information about how they can access funds to support the children in their care and about the impact that their additional caring responsibilities have on their daily lives in terms of their own physical and mental health and work and employment opportunities.[2]

Census research demonstrated that a disproportionate number of Scottish kinship carers and the children they care for live in disadvantaged areas, with 45% of children in kinship care living in the poorest 20% of areas and 27% of kinship carers being on benefits or unemployed.[3] Given this information we are concerned that the introduction of Universal Credit will have a negative impact on some kinship care families of looked

[1] Gray & Leyland, *A multilevel analysis of diet and socio-economic status in Scotland: investigating the 'Glasgow effect'*, Public Health Nutrition, 2009

[2] CHILDREN 1ST, *Kinship Care Financial Review,* 2013

[3] Sandy, S., et al, *Spotlight on Kinship Care: using Census microdata to examine the extent and nature of kinship care in the UK at the turn of the twentieth century,* Bristol University, 2011

after children in Scotland relating to their ability to maximise their income. Specifically, kinship carers of looked after children will not be able to claim the child element of Universal Credit and will therefore need to rely on local authorities' kinship care allowance payments to help support their children in care. Currently kinship carers of looked after children have the choice of either accepting the local authority's kinship care allowance, or instead they can accept the combination of Child Benefit and Child tax credit payments if they are eligible. Some kinship carers may chose to do this if the amount of Child Benefit and Child Tax Credit is higher than the kinship care allowance rate set by their Local Authority.[4]

Although the Scottish Government recently announced changes that will bring allowances for eligible kinship carers in line with foster carers, local authorities in Scotland vary significantly in terms of the rates that they offer and under different parts of the legislation. Under the changes in Universal Credit, kinship carers of looked after children will have to accept the local authorities' kinship care allowance payment, no matter how much is it.

The landscape of financial support for kinship care families in Scotland is confusing and alienating for carers, and we would welcome the Committee's consideration of how the future delivery of social security can address some of the issues leading to inconsistent and inequitable practice.

4. Stigma and discrimination

We have found that families have been affected by negative discourses that label benefit claimants as "scroungers" that is preventing them from claiming benefits to which they are entitled. Children 1st believes that vulnerable families should be supported and treated with respect and dignity to help them get back on their feet. We agree with other submissions that respect for human rights and dignity must be the cornerstone of a new approach to social security.

Finally, we are concerned that the existing system fails to take into account the intricacies and complexities of domestic abuse. We would welcome consideration of the current plans to pay Universal Credit to one claimant only, which we believe may cause difficulties in the case of complex or abusive relationships or with respect to service users with dependency issues. For example, we are aware of one service user who was left with a benefits overpayments and council tax arrears bill of over £16,500 after it was determined that she was living as part of a couple. We understand that in this case the service user's husband was refusing to leave the house. We would therefore welcome how changes can be made to ensure that there is full recognition of the disempowerment affecting individuals in abusive relationships and subsequent effects on children.

[4] Gillies, A. *Coping with complexity: Financial support for kinship carers in Scotland,* 2015

Annex

Below we undertook calculations with respect to one of our service users who is currently working and owns her own home. This service user would most likely be affected by Universal Credit as changes mean that the protection to benefit income will lapse if there is a change in circumstances. Currently tax credits are based on an average, but under Universal Credit there are fixed time periods.

Additionally, our service user’s working hours change week by week due to childcare issues and their own mental and physical health. If their hours fell below the agreed requirement then her income protection would end and her overall income would be reduced. Our service user would receive support with mortgage payments but this would be repayable when she returns to work, and significant debt has already been accrued, which means this would not be possible.

Under the current system, our service user receives a surplus income of £169.83 and she is able to pay all of her household bills.

Under Universal Credit, our service user would have a monthly deficit of £149.54.

Income	Current system	Universal Credit
Wages	£866.67	£866.67
Child Benefit	£208.43	£208.43
Child Tax Credit	£1,391.48	£0
Working tax Credit	£387.31	£0
Council Tax Reduction	£23.05	£23.05
Universal Credit	£0	£1,459.42
Total Income	£2,876.94	£2,557.57
Total monthly expenditure	£2,707.11	£2,707.11
Total disposable income	**£169.83**	**-£149.54**