Joint Briefing: 2nd Reading of the Welfare Reform Bill  
House of Lords, 13th September 2011

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This briefing is from an association of leading organisations who work to reduce poverty and have expertise on the UK welfare system, and reflects core concerns common to the group. Organisations will also present their own briefings with more detailed focus on their particular areas of expertise.

We are supportive of the Government’s stated overall aims to increase simplicity and fairness in the benefit system, and to ensure that work is an effective route out of poverty. However, we have serious concerns about specific provisions in the Bill.

Whilst we are pleased that the Government introduced an amendment to the Bill in the Commons that meant that many of the most important aspects of the Bill will be subject to affirmative resolution, we are nonetheless concerned about the Bill’s heavy reliance on regulations - many of which are still unpublished, even in draft form. The Bill represents a once in a generation reform of the welfare system: it is therefore important that the Government provides as much detail as possible about its plans in order that they can be debated in Parliament as fully as possible.

On a number of key issues, we have not been reassured by the responses received from ministers in the debates during the Bill’s Commons Committee stage. We have concerns around the following areas of the Bill:

- Taper rates and disregards (clause 8)  
- Disabled children and carers (clause 10)  
- Passported benefits (clause 10)  
- Calculation of housing costs within Universal Credit (clause 11)  
- Childcare (clause 12)  
- Disabled adults (clause 12)  
- Family and friends carers and conditionality (clause 19)  
- Conditionality (clauses 26 and 44)  
- Time limiting of (Contribution) Employment and Support Allowance (CESA) (clause 51)  
- Under occupancy in the social rented sector (clause 68)  
- Reform of the Social Fund (clause 69)  
- Qualifying period for Personal Independence Payment (PIP) (clause 79)  
- Benefit cap (clause 93)  
- Payment of Universal Credit joint claimants (clause 97)
- Civil penalties (clause 111)
- Child maintenance (clauses 131-134)
- Self employed people (schedule 1)
- Eligibility for Universal Credit and savings (schedule 1)
- Access to welfare advice (schedule 6)
- Social mobility and child poverty commission (schedule 13)
- Administration of Universal Credit

Taper rates and disregards (clause 8)

The two key components of Universal Credit that should deliver improvements over the present benefits system are the generous and tailored earnings disregard for most families and the unified taper.

It is surprising therefore that there is hardly any mention of either in the primary legislation. They are mentioned only once, in clause 8(3), in brackets, and the language used seems to imply that regulations could set out a way to calculate Universal Credit payments which do not necessarily involve the tailoring of the disregard to family circumstances.

Government has stated that the taper rate will be set at 65% initially. The system would clearly function far better for claimants if the taper rate were to be set at 55%, as originally proposed by the Centre for Social Justice when developing the initial policy ideas around welfare reform.1

If it is not possible for the taper to be set at 55% initially, the Secretary of State should be required to review it regularly in light of improvements in the economy.

Passported benefits (clause 10)

Currently, eligibility for passported benefits is determined by the other benefits someone is receiving (that is, it is passported based upon them). Since the benefits used to determine eligibility for passported benefits will cease to exist under Universal Credit, it is critical that provision is modelled on, or integrated within, the structure of Universal Credit. If this is not the case, then they will create disincentives to work (because claimants may choose not to work more hours because they will lose their passported benefits if they do so.)

We are pleased that the Government has asked the Social Security Advisory Committee to look into this matter, and many of the groups that have signed up to this briefing will be presenting options to them to consider.

Disabled children and carers (clause 10)

The Government has announced that the additions for disabled children within the Universal Credit will change to align with the additions for disabled adults.2

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1 CSJ (2009) Dynamic Benefits: towards welfare that works
2 http://www.dwp.gov.uk/docs/uwpbn-1-additions.pdf
While severely disabled children will receive a very slight increase from current rates, many other children with disabilities will receive less than half of their current rates under Universal Credit, through replacement of the disability element of child tax credit with a “disability addition” for a child.

These changes could cost some disabled children up to £1,400 per year. Government estimates that around 100,000 families could be affected by this change, however we believe that this policy could impact on significantly more families as this figure does not take into account out-of-work families. We believe that in fact this policy will potentially impact on up to 170,000 families and 187,000 disabled children in the UK.

Disabled children are disproportionately likely to live in poverty and this policy proposal is likely to increase child poverty for these children.

Calculation of housing costs within Universal Credit (clause 11)

Clause 11 of the Bill deals with housing costs as part of Universal Credit.

The clause provides for regulations to specify the basis of the amount to be paid in respect of housing costs. It does not provide for benefit entitlement to be related to actual rents in the locality, as existing legislation governing housing benefit does.

We believe that the Bill should be amended to require annual reviews (conducted jointly between DWP and DCLG) of the extent to which Universal Credit housing costs provision is keeping track of actual rents, and for the calculation of housing costs provision to be amended where necessary to ensure that at least the 30th percentile of properties in the private rented sector are affordable. This would require the review to take account of the list of private rents in each area in a similar manner to that currently used by rent officers to determine the 30th percentile.

There is nothing in the Bill to allow for housing costs run-ons (also known as extended payments) when the claimants starts work. Under the current system Housing Benefit (or support for mortgage interest) continues for 4 weeks, helping the claimant with the transition from benefit payments to payments of wages in arrears. Extended payments are widely acknowledged to be the most successful work incentive feature in the current system, but the Bill does provide the facility for them to continue.

Childcare (clause 12)

When introducing the Bill, ministers stressed that the key to the success of the Universal Credit will be ensuring that work always pays and is always seen to pay. The success of the Government's reforms in this regard will depend on the level of childcare support available.

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3 Families currently receive £2800 p.a but under the new system would receive 26.75 p.w (or £1391 p.a). The latter figure was clarified by Chris Grayling MP in Parliament: HC Deb, 16 June 2011, c930W
4 Every Disabled Child Matters (2011) Disabled Children and the Universal Credit
4 In Scotland there is no statutory duty on local authorities to provide sufficient childcare for working parents, which exists in England and Wales as part of the Childcare Act 2006. Children’s groups in Scotland have issued a separate briefing on childcare which is available on request.
Analysis by the OECD shows that Britain has some of the most expensive childcare in the developed world and that this causes significant disincentives to work for parents on low and middle incomes.\(^7\)

We know that providing financial help with childcare costs is vital to making moving into, and progressing in, employment a realistic option for working parents. Under the current system, the childcare element of Working Tax Credit provides parents with support covering up to 70%\(^8\) of eligible childcare costs, up to a maximum of childcare costs of £175 for one child, or £300 for two or more children. Significantly, childcare costs are also currently disregarded for the purposes of calculating entitlement to Housing Benefit and Council Tax Benefit, resulting in some households receiving help for up to 95.5% of their childcare costs.

The Government have shared their latest proposals for childcare under Universal Credit with the voluntary sector. We are pleased that they are engaging with the sector and have offered us a chance to respond to their proposals: however, we are extremely concerned at the level of childcare support that they have proposed. Both of the options presented by the Government involve substantially reducing the cap on maximum eligible childcare costs; to 80% of £100 for one child and £150 for two or more children; or 70% of £125 for one child and £210 for two or more children. When their childcare costs are in excess of the cap, families could face paying to take on additional work which incurs childcare costs, which clearly undermines the principle that work will always pay. The alternative is that working parents – particularly single parents and second earners in couples – will be trapped in part-time work, unable to extend up to full-time hours.

The only realistic solution to the problem of providing adequate funding for childcare under Universal Credit is for the Government to increase the level of funding available. As a minimum the Government should provide a level of support for childcare costs which is equivalent to the 80% of the current caps, as was available up to April 2011. To aid simplicity, this should be incorporated as a specific additional element of Universal Credit.

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**Disabled adults (clause 12)**

The Severe Disability Premium (SDP) is a vital benefit for people who have very frequent care needs, but who live alone and do not have a carer. They therefore have considerably more expense arising from their disability. It appears that the support offered by SDP is not going to be offered in the same way under Universal Credit.

The Government’s proposals will result in all disabled adults losing out, except those in the support group. Those who will lose out most are those who are currently receiving the SDP, but who are not in the support group.

Calculations by The Children’s Society show that loss of the SDP will cost families with a young carer up to £55.30 per week (£2876 per year).\(^9\)

Many people only able to work part time due to sickness or disability will also lose out under Universal Credit. The support available to those in low paid work will be in the form of a higher earnings disregard for disabled people but it looks likely that a narrower group will be able to access this than those currently getting support from the disability element of working tax credit.

We believe therefore that SDP should remain as currently provided.

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\(^7\) OECD (2011), Doing Better By Families.
\(^8\) This was 80% prior to April 2011
\(^9\) Available on request
Family and friends carers and conditionality (clause 19)

We believe that family and friends carers who are bringing up a child who would otherwise be in local authority care, or whose parent has died or is seriously ill, should be exempted from conditionality requirements under Universal Credit for a period of a year.

Evidence suggests that 28% of kinship carers give up work when taking on the care of a child and a further 29% reduce their hours.\textsuperscript{10} Children can move into kinship care at any age, and for some carers, a year’s exemption from being available for work would give them enough time to manage the upheaval in their lives and support the child before having to juggle work and care. Maternity leave and adoption leave recognise this adjustment period for other carers, but there is no such adjustment period in law for family and friends carers, despite the often considerable needs of the children they are taking on.

Due to changes in the Bill and other policy developments, many more family and friends carers will be affected by conditionality requirements. For example, from October 2011 carers will have to be available to work when the child is 5 years old rather than 7 years old. In addition, the increase in the state pension age for women means that many older carers will in future be affected by conditionality requirements. The combined impact of these changes will make it more difficult for family and friends to step in and bring up vulnerable children, potentially resulting in higher numbers of children in care.

Conditionality (clauses 26 and 44)

We believe that the claimant commitment should be co-designed to encourage mutual responsibility and engage the claimant. Conditionality should be tailored to each claimant’s barriers as much as support is tailored to their needs. The maximum higher level sanctions period should be reduced from 3 years to 26 weeks.

In the Committee stage in the Commons, the Minister’s response on this subject was that there are certain things that the State has to impose, and a claimant may not agree with this, therefore co-design would not work. We would like the Minister to reconsider the purpose of conditionality and the claimant commitment in supporting people back to work. A claimant commitment should be reciprocal, so that a claimant is empowered to gain access to the support needed to increase employability and gain work.

If the employment support a claimant is provided with is not adequate, this should be considered as ‘good cause’ for failing to comply with an order in some cases.

Time limiting of Contributory Employment and Support Allowance (CESA) (clause 51)

We oppose the proposal to limit receipt of CESA to 12 months for people in the work related activity group. This contradicts the principle that people who have paid National Insurance

\textsuperscript{10} Wellard, S. and Wheatey, B. (2010) \textit{What if we said no? Survey Findings Report, Family and Friends Care, Grandparents Plus.}
contributions will be supported if they become too ill to work, and will leave some people facing an unmanageable drop in income at a time when they most need support.

In Committee stage in the Commons, the Minister acknowledged that the decision to introduce a time limit in this way has not been taken on the basis of any evidence which shows that this is a reasonable time frame in which to expect people with a health condition or disability to have recovered, where appropriate, or found employment.\(^\text{11}\) It is regrettable that the Government has not taken this into account when developing this proposal.

**Under-occupancy in the social rented sector (clause 68)**

The Government has announced plans to introduce, through regulations, cuts to the amount of benefit that working-age tenants can receive if they are deemed to have a spare bedroom in their council or housing association home.

Under the new size criteria, any household deemed to be ‘under-occupying’ their home by one bedroom stands to lose 13% of their housing benefit and those ‘under-occupying’ by two or more bedrooms will lose 23%.\(^\text{12}\)

Some 670,000 households across Great Britain would lose an average of £676 per year.\(^\text{13}\) Two-thirds of those affected (450,000) are disabled,\(^\text{14}\) and the National Housing Federation estimates 100,000 live in social homes that have been adapted to be accessible for people with disabilities. If they are able to move to a smaller property, fresh adaptations – tailored to each person’s specific needs and often funded by government grants – will be required. The average cost of a Disabled Facilities Grant exceeds £6,500; a ramp costs £500, and a level access shower £3,500. Their administration can also be extremely slow at present. Failure to exempt disabled people living in adapted or specially designed properties could therefore lead to a net cost for the taxpayer, as well as disrupting the lives of the people concerned.

The under-occupancy rules do not explicitly exempt foster carers and we are concerned that as it stands they may force existing carers to give up their roles, as well as discouraging prospective foster carers (because if they currently live in homes with an extra room they will, in many cases, be forced to move to accommodation where they will not be penalised). This will make it difficult for social workers to place children in an emergency.

There is a national shortage of foster carers, with an estimated additional 10,000 foster families needed across the UK.\(^\text{15}\) There is a need for spare capacity in the system, as many foster carers are short-term carers, looking after some of the most vulnerable children – for example, children who have been abused.

As it stands, the under-occupation measures take no account of local housing market conditions. Many social landlords operate in areas of low demand and have difficult-to-let stock. There is a risk that tenants may leave unpopular and low-demand areas and move into private rented housing resulting in higher benefit bills, unused social stock and the further decline of areas that are in need of regeneration.

\(^{11}\) Hansard, House of Commons, Welfare Reform Bill Committee, 3 May 2011, column 650

\(^{12}\) National Housing Federation, [http://www.housing.org.uk/publications/find_a_publication/legislation/under-occupation_disability.aspx](http://www.housing.org.uk/publications/find_a_publication/legislation/under-occupation_disability.aspx)

\(^{13}\) DWP Impact report – Under Occupation of Social Housing p. 8 & 9

\(^{14}\) DWP Equality Impact Assessment - Housing Benefit: Size Criteria for People Renting in the Social Rented Sector, p.13

Reform of the Social Fund (clause 69)

The Social Fund includes both discretionary and regulated elements. The Government’s reforms apply to the discretionary elements (Crisis Loans, Community Care Grants and Budgeting Loans).

Budgeting Loans

Budgeting loans will be replaced by an expansion of the rules on payment of benefits on account, with payments being made where there is a reasonable expectation that they will be recovered, and payment by account allowing for repayments to be taken from future benefit payments.

Community Care Grants and Crisis Loans

The Community Care Grant and Crisis Loan budgets will be transferred to local authorities and the devolved administrations. We are seriously concerned at the intention that the money will not be ring-fenced.

The details of how they will be administered at a local level is not yet known, but DWP accept there will be an initial set up cost and continued cost of administering the services (if local authorities choose to set up services – we understand that they will have complete discretion over what to do with the funding).

Additionally, the post of the Social Fund Commissioner is to be abolished.

We are also greatly concerned about the changes announced to the Crisis Loan system on the 3 March 2011, especially that help will no longer be available to purchase beds and cookers, and the plans to reduce the rate paid for living expenses from 75% to 60%. This will have a great impact on the most vulnerable families with whom we work and could force many to go to doorstep lenders.

The Social Fund is a lifeline for many of the poorest and most disadvantaged people. The decentralisation of the Social Fund will, in the current financial situation, inevitably lead to less money getting through to people who need it unless it is accompanied by robust guidance. Without such guidance and tight monitoring by the DWP as to how local authorities administer the Fund there is a risk of inappropriate and confusing regional variation. We also oppose the abolition of the post of Social Fund Commissioner, the independence of which makes an important contribution to the operation of the Fund.

These provisions were included in the legislation whilst the DWP consultation on them was still open. The Government response to the consultation, published on 23rd June16, highlighted that many organisations had concerns over lack of ring-fenced funding, funding allocations, postcode lotteries, appeals mechanisms and no duty on local authorities to deliver the Social Fund. The Government has failed to address our concerns about the above mentioned issues and the impact this will have on the most vulnerable families.

We believe that the Government should:

- Publish a detailed proposal for a replacement scheme, or schemes, based on wide consultation with relevant stakeholders
- Ensure that such a scheme, or schemes, will provide financial protection for all UK citizens for basic living expenses in an emergency or crisis

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• Demonstrate the feasibility of such a scheme, or schemes, through a pilot or pathfinder process, and
• Demonstrate how an independent appeals mechanism will be implemented as part of a replacement scheme, or schemes.

Qualifying period for Personal Independence Payment (PIP) (clause 79)

We oppose the proposal to extend the qualifying period for PIP to 6 months – double the time required to qualify for Disability Living Allowance (DLA) in the current system.

We do not agree with the arguments made by the minister during the Commons Committee stage to justify the extension. The Minister argued that PIP, like Disability Living Allowance in the current system, is not an income replacement benefit and that individuals faced with a sudden onset of disability should initially rely on means-tested support.17

Our common experience is that many people facing illness or disability, especially when diagnosed suddenly, face significant additional costs as a result, even in the first few months of their diagnosis, and often end up in debt as a result. PIP, like Disability Living Allowance in the current system, is intended to meet these additional costs and we can see no reason to double the current qualifying period of 3 months.

We are pleased that the Work and Pensions Select Committee is holding an inquiry into the proposal to replace DLA with PIP and that the inquiry will cover the issue of the extended qualifying period.

Benefit cap (clause 93)

Clause 93 will bring in a new cap on the maximum amount of benefits households can claim, targeted at households in which the adults are out of work but also affecting part-time workers. The cap has been set at the average household income of approximately £500 per week (£26k per annum) for couples and single parents, and £350 per week for single people. Prior to the introduction of the Universal Credit, local authorities will impose the cap by cutting Housing Benefit, therefore this measure is in practice a second cut to housing support following the cuts to local housing allowance which will be introduced from this year.

Our concerns about this policy are as follows:

• There is no clearly stated aim, nor sound evidence to suggest that it will work – it appears to be based simply on popularity with sections of the press and public.
• It is illogical to award benefit according to needs and circumstances, and then remove it arbitrarily by applying a cap.
• The basis for the figures is spurious, because not all income is included - the cap would need to consider wages plus benefits received by working people to make a fairer comparison (made equivalent for family size).
• It is a blunt tool that does not take into account household size or housing costs.
• Many claimants will be forced to move to areas of the country where rents are cheaper but job prospects are lower.
• There is no definition of ‘out of work’.

17 Hansard, House of Commons, Welfare Reform Bill Committee, 10 May 2011, Column 849
• Where childcare costs are not covered, claimants will be trapped out of work.
• The benefit cap creates a couple penalty as couples will have a higher benefit entitlement than single people.
• The cap treats Housing Benefit and Child Benefit in an illogical way. Both of these benefits are payable to families both in and out of work. The Government has not chosen to use them in its calculation of the average income that in-work families receive to the level of the cap. However, they will count towards calculating the cap for families who are out of work.

We believe that the benefits cap will be unworkable and extremely punitive in practice, and therefore the provisions should be removed from the Bill.

If the provisions are to remain in the Bill then it is critical that there are exemptions for those who will be unfairly affected. This includes:

- People recently made redundant. Following redundancy a claimant may within a reasonable timeframe (for example six months) succeed in finding new employment. Delay in the application of the cap for such a family would prevent unnecessary disruption caused by inevitable debt or moving home.

- Claimants leaving work due to sudden sickness or disability such as a stroke or a cancer diagnosis. The Government has stated that households that include a child or an adult entitled to Disability Living Allowance (DLA) will be exempt from the cap. We would expect that once DLA is replaced by the Personal Independence Payment (PIP), a similar exemption would apply. However, there will be a six month qualifying period before a claimant will be entitled to PIP and therefore exempt from the cap on this basis. The Bill should therefore be amended so that claimants leaving work due to sickness or disability are exempt from the cap for a prescribed period, such as six months.

- Single parents who are unable to work. Flexibilities currently exist in the Jobseekers Allowance regime to prevent a single parent from being sanctioned for failing to take a job or leaving a job because of a lack of suitable childcare or breakdown in childcare arrangements. A parent who has to leave work for reasons of childcare or because their child is sick should be exempt from the benefit cap for a prescribed period.

- It is also important that, if support for childcare is extended to those working fewer than 16 hours a week (as the Government intend) that the extra benefit is not counted when determining whether families hit the benefits cap.

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**Payment of Universal Credit to joint claimants (clause 97)**

The current proposals for the Universal Credit will mean that where a couple claim is made, payment will be received as a single payment to one person only.

We would like to see further investigation into the most appropriate payment method for Universal Credit which supports the Government’s aims of promoting gender equality and ending child poverty. Within this, the Government should:

- take into account unequal distribution of finances within some relationships and households.
- ensure that money allocated for childcare and other children’s needs reaches them by taking into account evidence which shows that income which comes into a family
through the woman is more likely to be spent on children’s needs,\textsuperscript{18} and ensuring payments for childcare go directly to the main carer.

- undertake a thorough investigation into how payment of Universal Credit will impact on people experiencing domestic violence, including financial abuse. We know from our work that money can be used as a form of control in relationships and it is essential that there is a full understanding of this when looking at payment methods.

\underline{Civil penalties (clause 111)}

We would like to see the removal of the proposal to introduce civil penalties in cases of claimant error.

The penalty will be set at £50, which the Minister claimed during Commons Committee is not draconian.\textsuperscript{19} £50 might not seem like a large amount of money, but for many this could represent a significant proportion of their weekly income. In our combined experience of working with claimants, the prospect of incurring a sizeable overpayment which they will have to repay, is already enough of an incentive for people to provide the correct information when they can and are required to. The current system also allows for appropriate recovery of overpaid benefits.

We believe strongly that if the Government proceeds with the proposal to introduce civil penalties, a penalty should be introduced against the state for official error, in the form of compensation for the claimant. This would also send a clear and important message to claimants that the Government has confidence in the reformed benefit system.

\underline{Child maintenance (clauses 131-134)}

Clauses 131-134 make provision to reform the child maintenance system.

The above provisions give the Government the power to implement policies in the recent Green Paper \textit{Strengthening families, promoting parental responsibility}.

The aim of the provisions is to encourage private voluntary agreements between parents on the payment of child maintenance and reduce the number of parents using the statutory system.

If a parent wishes to make use of the statutory service\textsuperscript{20}, they will have to demonstrate why a private voluntary agreement with the other parent is not possible. Although not part of this Bill, under the government’s proposals they will also face application and collection charges, intended to incentivise them to try to agree child maintenance on a voluntary basis instead. Encouraging voluntary arrangements is a policy which we would support but there are some families (for example parents who have become completely estranged from their children) where a voluntary arrangement is not going to be realistic.

We have serious concerns over the implementation of a ‘gateway’ prior to being able to access the statutory service, including the warning to parents about the prospect of charges if they persist. For

\footnotesize{\textsuperscript{18} \url{http://www.oxfam.org.uk/resources/policy/gender/downloads/gender-perspective-welfare-reform.pdf}
\textsuperscript{19} Hansard, House of Commons, Welfare Reform Bill Committee, 19 May 2011
\textsuperscript{20} Currently the CSA. A new service to be designed by CMEC and implemented in 2012}
many of the most vulnerable and disadvantaged families (such as those affected by physical, emotional or sexual abuse; drug and alcohol addiction; homelessness; disability; mental health issues and poverty) adding another barrier to getting child maintenance is likely to lead to a lack of engagement with the statutory service, potentially leading to children being left without support.

We are also concerned that non-resident parents will have a veto on the parent with care’s access to the statutory collection service, so that parents with main responsibility for children will only be able to use the service to collect maintenance and enforce arrears if the non-resident parent either consents to this or it can be demonstrated that payments will be irregular or incomplete. This is likely to result in the parent with care going without child maintenance for a period in order to demonstrate this.

The Government issued a response to their consultation Strengthening Families, promoting parental responsibility: the future of child maintenance on 12th July. We are extremely concerned by the Government’s response, which does not include any significant policy changes.

Self-employed people (Schedule 1)

Schedule 1(4) provides for self-employed people to be considered to be earning a set wage. The Government proposed in Universal Credit: Welfare that works that this would be set at the national minimum wage. This is unrealistic and is likely to discourage self-employment as a route to work.

We are calling for a removal of the assumption that self-employed people are earning the national minimum wage. The Government should instead use a similar model to that already used for Working Tax Credits, which allows for projected income to be taken account.

Eligibility for Universal Credit and savings (schedule 1)

The Government is proposing that Universal Credit should not be available to families with savings above a certain threshold. The level of this threshold is to be set out in regulations, but the Government has stated that the limit will be £16,000.

If Universal Credit is not payable to people with savings above a certain threshold, it could become impossible for people to save – for example for a house, or for retirement.

This will particularly affect people with childcare costs and those with disabled children – who currently receive tax credits, but who will not receive any help under Universal Credit.

We believe that the Government should re-assess these provisions, which will penalise families who save.

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Access to welfare advice (schedule 6)

Our experience shows that any changes to the welfare benefits system can create significant increases in demand for advice, as can job losses due to recession. Those who need support from welfare benefits include the most vulnerable, who are least able to manage change to their finances independently, meaning that even the smoothest implementation of new systems may lead to an increased need for advice.

Current provision of welfare benefits advice will be unable to meet this additional demand, as funding is decreasing. Additional support for free independent advice on welfare benefits is needed to support the transition to Universal Credit. Specialist advice for the most complex cases, largely funded through legal aid, is under serious threat. Long-term funding for specialist advice on welfare benefits is essential to ensure that support for those with the most complex cases can be maintained. Local face-to-face advice must be available alongside online information and telephone advice, but because Universal Credit replaces Housing Benefit, its introduction will coincide with the winding down of local authority based benefit services. This is especially important due to the vulnerability of many benefit claimants.

Investing in early advice for those experiencing problems with the new system will achieve overall cost savings to the welfare benefits system, and wider public purse. Claimants’ experience of the Universal Credit will be key in determining public support for the reform, and adequate advice to support this will be a crucial factor in this experience.

Social Mobility and Child Poverty Commission (Schedule 13)

Whilst the Bill was in Committee Stage in the Commons, the Government announced amendments that would bring together child poverty and social mobility under the scope of the Commission.

The Government also wants to create what it believes will be a clearer accountability framework to ensure that government has full legal responsibility for the child poverty strategy and cannot, in the case of failure to make progress, avoid responsibility by claiming it was following the advice of the Commission. However, the amendments to the Child Poverty Act (CPA) in Schedule 13 will also have the effect of removing some important safeguards that must be there to ensure a strong accountability framework.

- **The expertise of the Commission** Under the CPA, Commissioners should be appointed such that, taken as a whole, the Commission has expertise in policy, research and direct work with children and families. The Social Mobility and Child Poverty Commission forms a key part of the accountability framework, with an important role in bringing together independent and expert critique to scrutinise government’s progress towards the 2020 targets. In order to do this effectively the Commission must be constituted of experts. The requirement for the Commission to have expertise in child poverty policy and research and direct experience of working with children and families must be reinstated. Without this, Ministerial accountability will be weakened and public confidence in the Commission will be limited.

- **The power of the Commission to request research** Under the CPA, the Commission has the power to request that the Secretary of State undertakes research, and can commission independent research on behalf of the Commission. The Minister (Maria Miller) told the Commons Bill Committee that this was not necessary as the Commission could make use of all available research from any source. This accepts that the Commission requires access to
relevant research, but leaves unanswered the problem of what the Commission can do where there are important gaps in the research available that, in the view of Commissioners, impede their work. The Commission has a new power to report annually on the Government’s progress towards the targets. This would indicate the need for more and not less research. The Commission’s power to request research from the Secretary of State must be reinstated.

- **The appointment of commissioners** Under the CPA, the Commission’s Chair, the Scottish and Welsh Ministers and the Northern Ireland Department must be consulted by the Secretary of State in making appointments to the Commission. Schedule 13 does not retain this requirement. (With the additional focus on social mobility, a new section 1 (2) is inserted which requires the Secretary of State to appoint one of the Commissioners as a deputy chair.) Although the devolved administrations can directly appoint a Commissioner each, this alone is not sufficient to ensure that, taken as a whole, the Commission can reflect the full factors that may be particular to the UK countries and regions. It also creates an accountability imbalance given that the strategies of the devolved administrations will be subject to reporting and critiquing by the Commission too, yet they have much more limited say over appointments made by the Secretary of State. The requirement that the Secretary of State consults with the Chair (with the addition of the Deputy Chair) and the Scottish and Welsh Ministers and the Northern Ireland Department before appointing Commission members must be reinstated.

- **Reporting requirements** The reporting requirement on government from the CPA is not retained by part 1 paragraph 3 of Schedule 13. The Government has given assurances during the Committee Stage that there will be annual responses laid before Parliament by Government in response to the annual reports of the Commission. We welcome this re-assurance and urge that the requirement for responses from the Government to the Commission’s annual reports be enshrined in legislation as this forms a key part of the accountability framework.

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**Administration of Universal Credit**

The Government’s reforms will require the development of major new IT system. The system will be required to keep track of how much each claimant is earning, and allow employers to submit data on earnings to HMRC.

Any errors in administration resulting delayed payments will likely to hit claimants hard, since their entire Universal Credit payment will be delayed (as opposed to losing a single benefit at present in the case of government error).

Universal Credit is set to be introduced in 2013, giving a tight deadline for this system to be designed and implemented.

We believe that the Secretary of State should report on the progress of the IT system regularly, and seek assurances that they will not implement any reforms until the system is fully tested and they can guarantee that it will work effectively.