

Written evidence submitted by Welfare Rights Advisers Cymru (BRW0027)

WRAC

1. Welfare Rights Advisers Cymru (WRAC) is the all-Wales body which brings together advisers working across advice organisations, local authorities, social landlords, charities, the wider third sector and other organisations across Wales.
2. As specialist advisers dealing with welfare benefits information, advice, and appeals, at all levels, WRAC's members have extensive knowledge and experience of the benefits system and its impact on clients and their families.
3. WRAC responds to consultations and provides a forum for benefits experts to meet and share their expertise with each other.
4. WRAC also aims to provide a resource that can be called on for policy development and comment by government, academia, and media.
5. The timing of the call, together with the effects of Covid-19 on members and member organisations, has made it impractical to provide as full a response as we would have wished.
6. We do, however, welcome the committee's concern about these important questions and are grateful for the opportunity to provide some input to the inquiry.

Responses to the inquiry's questions

What are the key challenges for the benefits system in Wales and how do they differ from the other nations and regions of the UK

7. The key challenge for the benefits system in Wales, and in the rest of the UK, is that it is not fit for purpose. Four main areas are prominent in this failure, and therefore present challenges which should be addressed.
 - a) Enormous cuts to the real value of benefits have occurred over the last decade. £37 billion a year has been taken out of the real value of working age benefits alone. The means tested benefit system has never been generous but had been designed to provide a minimum decent standard of living. For too many people it no longer does that.
 - b) Damaging changes to the support for the disabled and those incapable of work have been introduced over the same period. The changes to Employment and Support Allowance and to Personal Independence Payment, in particular, have reduced help for those in need, often the most vulnerable and most in need of support. Worse than that is the way in which the

administrative and assessment processes are now clearly seen to be unfair, flawed, and unjust. The extremely high success rates for appeals in these benefits, for those who succeed in hurdling the administrative barriers in place during the process, demonstrate this. More than half the families living below the poverty line contain at least one person with a disability.

- c) Universal Credit has provided an astonishingly clear example of how not to change a functioning system. Administrations over the last 10 years have taken proposals, which were broadly welcomed, to simplify and improve the existing benefit complexities and made the system worse. Whatever the flaws of the legacy benefits, which will still be with us for many years, they provided people with support from the time their needs and circumstances changed. The waiting period for Universal Credit, even when eased a little, still leaves people without that support. The time gap between changes of circumstance and the reflection of that change in benefits is now too long. The way in which consistent, regular, earnings produce varying amounts of benefit is bizarre. The very serious reduction in the real value of the benefit, since its original design, means that many people moving onto it suffer large financial penalties.
 - d) Take-up of benefits, in many cases, is still extremely low. About 40%, for example, of households entitled to Pension Credit do not receive it. While annual estimates of non-take-up of benefits may fall in the immediate future, that will be because current estimates do not include any figures for Universal Credit, though it is noteworthy that 20% of UC claims are do not make it through to completion. As these benefits are intended to lift people's income to a fairly basic minimum level, it can be assumed that very many people are existing, unnecessarily, below that level.
8. None of these challenges are unique to Wales but, as they disproportionately impact on the poorer members of the community, the more disadvantaged communities that are found throughout Wales will be more affected by them.

Pre-pandemic, how effectively did the UK benefits system tackle poverty and socio-economic inequalities in Wales as compared to England and Scotland?

9. Again, the UK benefits system, in particular over the past decade, has operated to increase poverty and increase socio-economic inequalities across all of the nations. The devolved administrations have, in the main, attempted to ameliorate some, at least, of the cuts to the benefit system but with limited success.

How has the COVID-19 pandemic changed the type and amount of support needed by people in Wales?

How effectively has the UK benefits system responded to these needs, and what else should the UK Government do to deliver the right support in Wales?

10. Answering these questions together, Wales has seen, in common with the rest of the UK, an increase in the support needed because of the pandemic. The impact of the pandemic on the hospitality industry, vital to many parts of Wales, has been particularly severe but all of Wales has felt the effects.
11. It is undeniable that the benefit system has responded effectively, in many ways, to the need for support, albeit somewhat patchily. There have been a number of gaps, where support has not been appropriately provided. Increasing delays in the assessment of health-related benefits have become apparent, partially caused by difficulties in medical assessments during the pandemic. Self-employment has been a difficult area with some of the SEISS grants not being available to recent start-ups, and for those qualifying, always paid significantly after the period to which they relate.
12. The temporary easing of sanctions, the lifting of the minimum income floor for self-employed people and the temporary increase in the main in-work means-tested benefits (but notably not the legacy benefits) have, together with an increase in the level of housing support, been welcome. It is noticeable that many new recipients of benefit under the eased rules, still speak of their shock at the low level of support being received.
13. The ending of the increased support, over the next couple of months, will create a great deal of hardship and increased calls on the support from other bodies, which may place them under intolerable pressure. It should be remembered that this extra help effectively amounted to little more than a restoration of cuts in those basic rates since 2010 and will coincide with significant increases in energy costs.
14. We do not know what the longer-term effects of the pandemic will mean for support needs. There will be the economic effects to face but also issues such as long-Covid. If, as commentators predict, the UK government is now focusing on reducing expenditure and recovering expenditure already incurred, this does not bode well for those most in need.

How effectively do the Welsh Government's allowances and grants meet the particular needs of people in Wales?

15. We welcome the fact that within its areas of devolved responsibility, the Welsh Government has recognised the needs of people in Wales for support. While we call for more support to be provided, we also recognise the budgetary reality of current funding.

16. The increased budget and the increase in frequency for applications for the Discretionary Assistance Fund have made a real difference to many people and we hope that these increases will continue, or improve, in the future. The topping up of cut funding means Wales has a system of crisis and care grants that is something of a post code lottery across the border.
17. We are glad that the Council Tax Reduction scheme in Wales is closely followed by Welsh local authorities, thanks to the Wales Government making up the funding shortfall . The devolution, in England, of this scheme to local authorities has led to largely regressive changes to local rules which have removed support from those most in need while having little effect on the more prosperous. The maintenance of a support scheme that provides for the needs of the more vulnerable is important.
18. The removal of the means test for most home adaptations is a welcome initiative and should help provide a safe and comfortable environment for many people with disabilities.
19. The provision of Educational Maintenance Allowances, despite their abolition in England, and of other educational support, such as the Financial Contingency Fund and student grant aid contribute to making it possible for young people in Wales to continue their educational development.

What reforms are needed to the benefits system and should there be further devolution of powers?

20. As we have said, the benefit system is in need of reform, but we are increasingly pessimistic that Universal Credit will contribute positively to this. Reversal of the past decades cuts to benefits, rather than reform, should be the priority.
21. While we have no doubt that the Welsh Government would wish to see a better benefit system in place, we are less sure this could be achieved through devolving more powers to Wales. If Wales were able, as Northern Ireland and Scotland are, to exercise powers so that, for example, the frequency of Universal Credit payments, direct payments to landlords at the claimant's request and forthcoming powers to split payments, could be applied then we would welcome this. These are administrative powers with limited costs but capable of making a real difference – it clearly is compatible with the UK wide operation of UC
22. We will be watching the new plans for "*dignity, fairness and respect*" in the planned changes in devolved disability benefits in Scotland with interest. – the criteria remaining essentially the same but a very different approach to claims and assessments should make any differences in experience easily comparable.

23. There are many needs, common across the UK, where increases in current benefits, changes to the entitlement criteria for current benefits or unmet needs exist. Meeting any of these needs would be difficult. Within Wales there are many, many competing budgetary priorities and the accompanying administrative load makes this, in our opinion, too aspirational in the short term. Whether the new tax-raising powers could be used in future is, of course, worthy of further study

How effectively do the UK and Welsh Governments work together in the delivery of benefits in Wales?

24. There are, we are sure, effective partnerships at a Welsh and a more local level in the sharper end delivery of benefits. We are less sure that this is true at any policy level. UK government and, at a departmental level the DWP, are prone to see consultation as a one-way process. They tend to pronounce but not to listen. All stakeholders are far too familiar with this experience. The danger that Welsh Government might be seen as a simple delivery channel in future should not be underestimated.

25. We are not, however, rejecting the possibility of effective joint working in future. The Welsh Government initiatives in the area of benefits take-up seem to us to offer particular opportunities for improvement. Joint working in this area, especially where claim processes could be involved, could prove beneficial to people in Wales, currently not receiving their benefit entitlement, and consequentially to the local economy. People receiving benefits tend to spend their income more quickly and more locally than those with higher incomes and the, outside Barnett, revenue from benefits take-up can substantially contribute here.

26. We are also glad that Welsh Government recognises the value of advice and information to citizens in Wales about benefits as well as many other areas. The complexity of the benefits system, in particular they move across different schemes, has introduced an element of choice for many people. That makes it vital that the choices that are made properly informed and that makes the provision of accessible information and expert advice even more important. The DWP funded 'help to claim Universal Credit' service is a welcome initiative, though it falls a long way short of the full Universal Support that was intended to run alongside UC.

What are the implications of the Universal Basic Income pilot in Wales?

27. This is impossible to answer until the details of any proposed scheme are known. UBI, by design, is expected to allow substantial behavioural changes by its recipients, because of the certainty, that they would have, of financial support, indefinitely, regardless of any change in their circumstances. To test that proposition, any pilot must be of sufficient time for that certainty to exist, if it is to genuinely assess the

system. We would also wish to see a broad range of circumstances reflected in the pilot's participants.

Conclusion

28. While many of our responses may lack a specific Welsh perspective, this is inescapable given the non-devolved systems and the shared lack of support, by the benefits system, across all the nations in the UK. We are confident that there is more support in Wales, at government, institutional and individual levels for improvement to the benefits system than the UK government demonstrates. We hope that this will be reflected in the outcome of this inquiry.

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