NORTHERN IRELAND WELFARE REFORM GROUP

Social Development Committee: Welfare Reform Bill (Northern Ireland) 2012

October 2012
About the Welfare Reform Group

The Welfare Reform Group is an umbrella grouping of organisations that campaign for positive and progressive changes to policy, service provision and legislation for those in receipt of social security while also providing advice and support to other advice giving organisations and disadvantaged persons in their capacity as individual members of the Group.

The Group supports an equality and human rights-based approach to the provision of social security which demonstrates an understanding of and focus on the needs and choices of all in receipt of benefits. In this paper we outline the significant equality issues likely to be presented by implementation of the draft Bill in Northern Ireland.

This response has been prepared by the following organisations:

Advice NI  
Age NI  
Barnardos  
Children’s Law Centre  
Citizens Advice Bureau  
Council for the Homeless  
Disability Action  
Employers for Childcare  
Include Youth  
ICTU  
Law Centre NI  
Macmillian Cancer  
Mencap  
Multiple Sclerosis Society Northern Ireland  
Niamh  
NICVA  
Office of the Commissioner for Older People  
WRDA  
Save the Children
The NI Welfare Reform Group welcomes the opportunity to comment on the publication of the Welfare Reform (Northern Ireland) Bill 2012. The NI Welfare Reform Group looks forward to continuing to work with the Social Development Committee during the parliamentary passage of this important legislation.

1. The Northern Ireland Context

Northern Ireland presents particular circumstances with regards to welfare reform and arrangements to move people into employment. There is considerable evidence of multiple disadvantage in Northern Ireland including lower average wages, higher fuel costs, lack of childcare provision, greater incidence of mental health and higher trends of economic inactivity. In addition, economic forecasts from a variety of sources all suggest that Northern Ireland will take longer to emerge from the recession than Britain.

While benefit rates are universal across the UK there are significant differences in social security provision which recognise the particular circumstances applying in Northern Ireland. While the Department of Social Development is unlikely to move away from the major welfare reform proposals, it is possible that a different approach may be taken to the operational arrangements of Universal Credit, conditionality and sanctions, and a number of the other initiatives contained in the Welfare Reform Bill. Moreover, the Northern Ireland Executive has set aside £20 million a year as a Social Protection Fund. This provides scope to tailor the welfare reform agenda to specific needs locally. In practice, we are not seeking an alternative social security system for Northern Ireland. In effect, we seek an approach that will work taking account of Northern Ireland’s particular circumstances and context.

2. Introduction

The Welfare Reform Group supports a number of the principles behind the Government’s package for reform, namely, to simplify the social security system and to make work pay. At present, we remain unconvinced that the proposals will actually deliver these principles. We also have considerable concerns regarding the outworking of some of the proposals in the Bill for example, the introduction of Universal Credit and Personal Independence Payment and outline these and other recommendations below, many of which relate to proposed regulations which will be drafted following the Bill. Our response is aimed at improving the proposals designed for Britain taking into account the specific circumstances and needs of Northern
Ireland. We aim to flag up issues which we think require scrutiny by the Committee and require further clarification from the Department.

The Welfare Reform Group welcomed the Minister for Social Development’s announcement that changes had been secured in relation to the way Universal Credit is paid. We are cautious that while these flexibilities have been achieved, the Committee needs to closely examine what other steps can be taken to protect households affected by the changes. The Committee needs to carefully scrutinize, for example, the under-occupation penalty in public rented housing, the level of conditionality and sanctions proposed under the Welfare Reform Bill and the lack of childcare provision across Northern Ireland.

3. Regulation Making Procedures of the Welfare Reform Bill

We are concerned that many of the regulations governing critical parts of the Welfare Reform Bill will proceed through the confirmatory process with scrutiny only happening after the regulations have been laid. Given that the Welfare Reform Bill is significantly enabling legislation with detail left to regulations, this is a retrograde step.

DWP in Great Britain have yet to publish the final version of the Universal Credit regulations which will not be laid until after the pre-budget report on 5th December. Particular areas of concern to address are the crucial details governing entitlement to housing credit within Universal Credit, confirmation of the rates of personal allowances, and other additions, childcare costs, earnings disregards and the details of what will be required of people in all the work related requirements. In addition, the details of daily living activities and daily mobility activities which will govern entitlement to Personal Independence Payment are left to the regulations. These will clearly be central issues relating to work incentives and the level of support for people in and out of work and people with disabilities.

The flexibility to do things differently in a Northern Ireland context lies very much within the detail of the regulations. As a result the scrutiny process must find a way of addressing where the scope for specific flexibilities exists. It is unlikely that following ‘the bedding in period’ of the confirmatory procedure, that there will be much scope to amend the legislation in the future.

We recommend that the Committee asks the Department to provide a draft plan to include a timetable for publishing the regulations due to be made under the Bill.
4. Universal Credit - Part 1

Part 1 of the Bill contains provisions and confers regulation making powers for the new integrated benefit Universal Credit. Claims will be made on the basis of households rather than individuals.

Clause 1 - 4

The introduction of Universal Credit will change the way that couples are treated where one is a pensioner and the other is of working age, described here as ‘mixed age couples’. Currently as long as one partner in a couple has reached Pension Credit age they are treated as a pensioner couple for the purpose of means-tested benefits. Those already receiving Pension Credit will continue to be entitled but in the future mixed age couples will be assessed under Universal Credit. This could result in one member of a couple being well above pensionable age and still subject to work related requirements and claimants commitment conditions required of their younger partner. For example, a woman aged 60 with a male partner aged 70 who has already retired claiming a means tested benefit for the first time in April 2014 will move to Universal Credit rather than Pension Credit. Not only could this impact on the actual income of the couple, (mixed age couples where neither work could receive £100 less per week under Universal Credit compared to the current Pension Credit system – Age UK 2012 Universal Credit Briefing) but the older person who would currently be in receipt of Guaranteed Element of Pension Credit would lose out on passport benefits such as free dental and optical care and full rate rebate. We would welcome further exploration of these types of cases with the Department.

The Welfare Reform Group welcomed the Minister’s announcement that split payments may happen as a positive development to ensure that the main carer receives some of the Universal Credit payment. We would, however, welcome further clarification as to the delivery of this mechanism. Will it apply universally or to specific claimant groups only?

In order to claim Universal Credit, an individual must be 18 years old unless in prescribed circumstances as set out in subsection 3 e.g. lone parents less than 18 years old or young people estranged from their family. The Welfare Reform Group would welcome the inclusion to the list of specified groups of 16 and 17 year olds who are registered with the Work Programme, but without an immediate placement.

Furthermore, young people leaving care will continue to receive support outside the social security system. Under the current rules, payment can be made on a discretionary basis where severe hardship occurs. We would welcome the retention of this provision.
Clause 5

This clause introduces a savings rule for Universal Credit which we understand will mirror the current capital limit for IS, JSA and ESA i.e. £16,000 with a tariff income for savings between £6,000 and £16,000. This will represent a significant change as currently tax credits and pension credit have no upper capital limit.

This measure is likely to impact disproportionately on older claimants who have spent time saving towards retirement. Two issues need to be considered. First, will tax credit claimants transferred to Universal Credit be able to remain entitled under transitional arrangements? We would welcome such safeguards. Secondly, would the capital threshold be appropriate for people on Universal Credit where the claimant or one member of the couple has reached state pension age?

Clause 11

Almost all of the detail about the payment of housing credit is left to the regulations. These payments essentially are rent, mortgage interest and service charges. The Welfare Reform Group recommends that the Committee seeks confirmation of what will be included within housing costs, for example further clarification is needed in relation to service charges.

In particular, we are concerned that the DWP has signaled that an owner occupier on Universal Credit will lose help with housing costs should they do any paid work. For example, a lone parent who takes up a mini job on a temporary basis could lose all help with mortgage interest. This will act as a financial disincentive for many owner occupiers with mortgage arrears and runs against the aim of encouraging people into employment. The Committee should, therefore, request the Department to set out its intentions and the ramifications of such an approach for claimants in Northern Ireland.

Although we welcomed the recent confirmation that SMI will continue to be made directly to lenders, the Department has yet to confirm the waiting period for assistance with Support for Mortgage Interest. It is considering extending the waiting period from 13 to 39 weeks. Early clarity of this waiting period is important. We recommend that the Committee seeks clarification regarding the DWP’s policy intentions in this area.
5. Working Age Benefits - Part 2

Part 2 of the Bill makes provision for changes to the responsibilities of claimants of Jobseeker’s Allowance and Employment and Support Allowance and subsequently Universal Credit and the contributory Employment and Support Allowance and Jobseekers Allowance.

**Clause 13**

In respect of the work related requirements and imposition of sanctions clauses the NI Welfare Reform Group would welcome the insertion of a clause requiring the Department to have regard to the prevailing economic conditions perhaps at Clause 13 or in the subsequent regulations:

*When considering the requirements with which claimants must comply in this Part the Department must have regard for the prevailing economic conditions and how they may impact on the claimants ability to meet those requirements.*

**Clause 14**

In order to receive Universal Credit, both members of a joint couple will have to sign a claimant commitment. We would welcome assurance from the Department that there will be an alternative procedure, recognizing relationship breakdown and situations where one partner will not sign the commitment, to enable payment to the member that does sign. The alternative process could, for example, allow the partner committing to receive the single rate of Universal Credit plus appropriate additions e.g. child allowances and housing costs.

**Clauses 15 - 24**

These clauses outline the four types of work requirements that will be imposed on claimants and introduce significantly increased sanctions for claimants who fail to meet the conditionality requirements under Universal Credit.

Clause 16 (4) introduces a work focused health related assessment. This was originally a requirement for claiming ESA but was later suspended. There does not appear to be a need to reintroduce this additional assessment. The Committee may wish to seek whether it should be reintroduced and on what basis.

Clause 22 presents a number of issues that warrant scrutiny by the Committee:
i) DWP has signalled that most claimants will be expected to spend 35 hours a week looking for or preparing for employment. In practical terms this will be impossible to maintain on an ongoing basis, for example, where the claimant is waiting on a response from a prospective employer. This is an area where proportionate operational arrangements should be put in place.

ii) DWP has stated that EU workers or jobseekers will always be placed in the ‘all work related requirement group’ (provided for in Schedule 1, paragraph 7 of the Bill). This is clearly discriminatory and is likely to be unlawful, with little purpose. The Committee should ensure that no such prejudicial arrangements are introduced in Northern Ireland.

iii) This clause also outlines that all work requirements can be imposed on claimants in work who earn below a specific threshold. Currently claimants in part time work on tax credits are not expected to seek work on top of their part time commitments. It is unclear how this will work in practice. The Committee should determine what approach should be taken in Northern Ireland.

There are also a number of issues for the Committee to consider in relation to the sanctions presented within this clause:

i) Is the level of sanctions appropriate given its impact on the rest of the household including children? Due regard must be given to the impact on dependent children of sanctions applied to parents – especially the most extreme proposal to suspend benefit payments for up to three years. The Department is obliged by Article 3 of the UN Convention on the Rights of the Child to ensure the best interests of children are a primary consideration in all matters affecting children. We believe that the increase is disproportionate and the periods of sanction of 13 weeks, 26 weeks and 3 years are too long. Moreover, this will further contribute to severe child poverty and works against the grain of the Northern Ireland Executive’s child poverty strategy and target to reduce severe child poverty.

ii) The regulations proposed in Britain only allow five days for a claimant to show good reason before a sanction is applied. There may be myriad reasons why a person misses an appointment and it takes more than five days to explain why (e.g. a family emergency). This will result in some particularly harsh cases, for example if a family member is rushed to hospital in an emergency and is seriously ill resulting in the claimant taking a week to explain why an appointment is missed then a sanction will still be applied. In our view, as the penalty for non-compliance will rise, so too should the time to provide details of good reason. We therefore recommend an increase to at least 15 days.

iii) The DWP has introduced the claimant commitment and some of the increased sanctions for JSA and ESA in advance to broadly align with UC. This appears unnecessary given that many of the apparent advantages of Universal Credit are not available to claimants in the interim. We
would support the delay of its implementation in Northern Ireland until the introduction of Universal Credit.

Sanctions are an area that could be subject to operational flexibilities and we would recommend that the Committee urges the Department to take a different path from Britain. These could include specific safeguards for people with mental health and learning disabilities, those people whose first language is not English and people with literacy problems. Research has shown that people in these groups are disproportionately prone to be being sanctioned.¹

Conditions placed on claimants should be reasonable and claimants with a learning disability will need extra support to help them understand and make decisions about the process they are involved in and what they have to do to meet any requirements.

Furthermore, it is vital that Personal Advisers working with people with disabilities and mental health issues have a good understanding of the particular difficulties they may face and the impact this may have on their health in returning to work. In addition, personal advisers should receive clear guidance aimed at ensuring that sanctions are used as a very last resort. We also recommend that certain groups are visited before a sanction is applied to ensure they are aware of the effect of the sanction. We understand that DWP is considering carrying out home visits to those with mental health and learning disability issues and we would urge the Department to do similar.

Clause 26-27

Clause 26 and 27 provide for a reduction of the amount of a claimant’s award in the event of certain failures. We recommend the insertion of the following clause after these two clauses:

‘The Minister may not impose a sanction under section 26 or 27 on a claimant falling under section 22 where the claimant does not have guaranteed and predictable access to childcare meeting the needs of any child for which the claimant is the responsible carer.’

This clause also helps to further confirm the importance of the availability of affordable childcare to a number of the proposals within the Bill. We foresee a number of difficulties in introducing legislative powers for this purpose in Northern Ireland when the childcare infrastructure in Northern Ireland required to underpin these proposals is not in place. It is not appropriate to simply transfer these provisions from the Westminster Act to Northern Ireland as the infrastructure to implement the proposals is not available in Northern Ireland. Arguments of parity must take into account the lack of parity of provision of affordable childcare. If the infrastructure to support the introduction of many of the clauses within the Bill

¹ Sanctions in the benefit system: Evidence review of JSA, IS and IB sanctions SSAC occasional paper No1 (2006)
is not in place, we would urge the Assembly to work on developing and implementing an effective childcare strategy to enable lone parents and others to take up work. Further, with high unemployment the current economic climate will make it difficult for lone parents to secure jobs that allow them to combine their work and family life. Finally, there is a potentially adverse impact on child poverty if lone parents are exposed to the risk of benefit sanctions.

Furthermore, given the difficulties accessing affordable childcare in Northern Ireland we would urge the Committee to examine the costs of allowing lone parents to remain exempt from work related requirements until the child they are responsible for reaches the age of five which would require a change to Clause 19 (2)( c ) from the age of one to the age of five.

Clause 28

This clause provides a power for regulations to provide hardship payments for a claimant who has been sanctioned.

A concerning new feature of the hardship payments is that they will be recoverable rendering them loans in effect. The DWP has signalled that the hardship rate will be 60% of the daily amount. The Welfare Reform Group does not support hardship payments becoming recoverable.

6. Chapter 3 - Supplementary and General

Clause 42

This clause provides for pilot schemes to be introduced for specific purposes as part of the implementation of Universal Credit. We are concerned that the pathfinders for Universal Credit will be running in England only and the evaluation of these pilots will be based on a totally different infrastructure to that in Northern Ireland.

We would therefore welcome the insertion of a clause that insists that the Department should take on board any learning experiences from the pathfinders and initial introduction of Universal Credit in Great Britain before implementation in Northern Ireland in April 2014. The Department for Social Development should provide a report on the findings and outcomes of the pathfinders highlighting specific ramifications for Northern Ireland and action that can be taken to mitigate disproportionate impact locally.
Clause 44

This clause sets out the statutory rules procedures for regulations. As outlined earlier in our response, the Committee should seek a plan with a timeframe for the regulations from the Department as they remain a critical part of the scrutiny process.

Clause 52

ESA is a benefit for people who are out of work because of illness or disability. Following a 13 week assessment stage – during which the claimant undergoes the Work Capability Assessment - if assessed for ESA, they are either placed in the Support Group or the Work Related Activity Group. There is currently no time limit to the amount of time a person can remain in either the ESA Support Group or the WRAG.

This clause limits the amount of time someone in the WRAG is eligible to receive ESA on a contributory basis to twelve months. Thereafter a means test will apply. The proposed changes will be very rapid – time limiting will start once the Bill is implemented and will be applied retrospectively. We strongly recommend that the Committee should consider either not implementing this clause or amending it to tie the provision to the age of a claimant e.g. those under 50 or 55 years of age.

Clause 54

This clause provides that no new claims for contributory ESA may be made on the grounds of youth after the coming into force of the Bill. It also abolishes youth ESA and time limits existing claimants to 12 months.

The Committee should consider not implementing this clause. Alternatively, an amendment could be included which preserves ESA in youth cases for those in further education. The current cost of the benefit is estimated at £390,000 a year. It is still unclear whether this is net of the displacement costs of moving claimants to other benefits, e.g. JSA. Furthermore, data is not currently held by the DSD in respect of youth cases and the information provided in the EQIA was assessed on the basis of ‘IS’ youth cases.² According to these figures 2990 individuals are currently claiming Incapacity Youth. The Committee should press the Department on this matter.

Clause 59

Clause 59 amends the regulations to provide for IS to be available where a lone parent has a child under 5.

²http://www.dsdni.gov.uk/index/publications/other_reports/equality.htm
We are very concerned by the proposals to require lone parents with children aged under seven years of age to actively seek work as a condition of JSA. While we support a policy of positively encouraging lone parents into paid work at an appropriate time, efforts to move lone parents back to work should be through measures tailored to support and encourage lone parents rather than through sanctions.

7. Other Benefit Changes – Part 3

The Welfare Reform Group does not support the move to up-rate Local Housing Allowance by CPI rather or local rents, whichever is the lower. This approach breaks the long established principle of linking HB payments with actual or representative housing costs in the private rented sector. The Committee should seek to have the impact of CPI reviewed with a commitment to re-linking LHA to at least the 30th percentile if necessary.

The amendments made by Clause 69 will ensure the Department has the power to bring forward regulations to introduce size criteria into the calculation of housing benefit for working age tenants in the social rented sector. In GB, it was advised that £30 million annually would be added to the discretionary housing payments specifically for those under occupying disabled people living in significantly adapted accommodation and foster carers who keep a spare bedroom between foster placements. We believe that mitigation for these groups should be through specific amendments to the Bill and in subsequent regulations rather than by discretionary support.

We agree that genuine under-occupancy should be sensitively tackled and that there is best use made of existing stock through proportionate and targeted measures. We are concerned that the under-occupancy tax is not the most appropriate and sensitive means of doing so given the makeup of Northern Ireland social housing stock. According to NIHE approximately 32,000 households will be affected (26,000 NIHE and 6,000 Housing Association) by this measure.

We propose that the Committee should seek to withdraw this clause from the Bill completely. Alternatively, we propose that the definition of under-occupancy should be amended to allow claimants to have one spare bedroom where the spare bedroom serves a legitimate person such as a family member returning home, or serves a purpose such as required for treatment e.g., dialyses and/or storage of large items of equipment - for example hoists, showering equipment. It should also allow for circumstances where there is no alternative accommodation available to move to. In addition, the Department should exempt households with disabled children from the measure, as well as foster families, prisoners who intend to return to the family home and where one person is of pension age. We would also urge the Committee to examine provision within this clause for non-resident parents who have children stay as part of contact arrangements. We believe this amendment has the potential to mitigate the Bill’s policy of tackling under occupation.
Clause 70

Clause 70 repeals the payments of crisis loans, community care grants and budgeting loans from the discretionary social fund. It also abolishes the office of the Social Fund Commissioner. We understand that the Department is considering the retention of the Social Fund beyond April 2013 as its replacement scheme will have to be consulted on and may require additional legislation which will be time consuming. We, therefore, do not envisage this clause being introduced immediately. We would advise the Committee to seek clarification from the Department about its intention and timetable for replacing the Social Fund.

8. Personal Independence Payment – Part 4

This part of the Bill introduces the new framework for Personal Independence Payment that will replace Disability Living Allowance. In Northern Ireland, the projected savings of this change are £22.19 million from 2013/2014 and £65.94 million from 2014/2015.

The new assessment will measure the ability of an individual to perform specific tasks, which will be provided by a contractor outside of DSD. The Committee may wish to press the Department on the terms of any new contract taking into account the problems associated with the delivery of the ESA Work Capability Assessment by Atos Healthcare. We recommend that the contract with the medical assessment provider in Northern Ireland should contain the following aspects: (i) annual reviews of performance; (ii) penalties for under-performance (including complaints, number / percentage of decisions based on the medical report that are subsequently overturned at appeal). This approach will ensure that the assessment provider is aware that service delivery is about process and outcome. We note the recent Audit report in Britain which suggested that the Department for Work and Pensions was not effectively applying penalty clauses to the ESA assessment contract with Atos Healthcare.

The NI Welfare Reform Group agrees with the Work and Pensions Committee report, Government support towards the additional living costs of working-age disabled people, that reassessment of existing DLA claimants should only proceed once [the Department] is confident that the assessment process produces accurate results and is working properly for new claimants.

We would therefore welcome the insertion at Clause 76 of the following:

(a) a trial period before any assessment process is implemented fully for new applicants and those transferring from DLA;
The NI Welfare Reform Group would like to see an amendment to Clause 87 which takes account of circumstances where a person is held on remand and there is no sentence of imprisonment or detention, or charges are dropped or they have their sentence quashed. We believe that in these circumstances a claim for PIP should be backdated for the entire period of custody as long as the individual continued to meet the qualifying disability conditions for PIP. Under PIP, unlike DLA, no arrears will be paid. The arrangements for PIP are unfair to people wrongly held on remand. The Committee should seek to restore the position that applies to DLA.


Clauses 95 and 96 allow for a cap on the total amount of benefit received. Regulations will set out the cap, how the cap will be calculated, the benefits that will be taken into account and power to provide for exceptions from the cap. The intention is to use this power to exempt households where a member of the household is working above a certain level, has a disability and is entitled to disability living allowance, PIP or constant attendance allowance, or is a war widow or widower.

The estimated savings of this measure are £7.26 million in 2013/2014 and £8.58 million in 2014/2015. We believe that the Committee should seek detailed figures from the Department as to the number of claimants likely to be affected by the introduction of the Benefit Cap. This exercise was recently conducted by DWP in Britain.

We believe that regulations under this section should also provide for an exemption from the application of the benefit cap for individuals or couple who are:

i) in receipt of Carers allowance
ii) in receipt of Bereavement Benefits
iii) as a result of the benefit cap, considered by NIHE to be threatened with homelessness and in priority need; or
iv) accepted by the NIHE as homeless and in priority need.

Impact monitoring

It is vitally important that the impact of significant benefit changes on vulnerable claimants is monitored from the outset. It is our experience that key outcomes have not always been measured under previous benefit reforms. For example, the number of sickness benefit
claimants finding employment after being found fit for work under Employment and Support Allowance (ESA) was not initially monitored, despite this being the key aim of the welfare change. A number of outputs were recorded, including the results of the assessments, but not the final outcome for the claimant. It is essential that outcomes rather than just outputs are monitored.

We suggest the following outcomes, based on the points raised in our response, should be monitored and subject to statutory scrutiny by the Committee for Social Development under the Welfare Reform Bill.

- The impact of increased sanctions on jobseekers, including whether this had a positive effect on employability and whether sanctions lead to increased demand for charitable support.
- The impact of Universal Credit on claimants with disabilities or illness who are fit for work. Analysis of the regulations suggest that these claimants will be worse off under Universal Credit although it is difficult to estimate the scale of this loss of support.
- The impact of Universal Credit on child poverty levels given the commitment in the Child Poverty Act to end child poverty by 2020
- The direct and indirect consequences of the implementation of welfare reform, in recognition of the significant impact on the working age population and the knock on impact within other sectors creating increased ‘displaced expenditure’.
- The performance of the medical given its central role in the implementation of PIP and the knock on consequences of below par performance.

Furthermore, we would welcome the introduction of a statutory right to independent advice for those negatively impacted by welfare, recognising the key role advice service play in addressing the negative impact of welfare reform.

**Conclusion**
The Welfare Reform Group believes it is appropriate to tailor a Northern Ireland approach to issues raised in the Bill. As enabling legislation, much of the opportunity for flexibility lies within the regulations and it is therefore vital that they are subject to comprehensive scrutiny by the Committee. We support the recommendations of the recent Children’s Society, Citizens Advice and Disability Rights UK report, Holes in the Safety Net, which highlighted specific groups of disabled people who will lose out under Universal Credit.  

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The Welfare Reform Group welcomes the opportunity to respond to this consultation. We trust you will find our comments helpful. If there is any further way in which we could contribute to this process we would welcome the opportunity to do so.

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