

# Member Briefing Summary

## March 2024

### INTRODUCTION

Welfare reform mitigations were first agreed by the Northern Ireland (NI) Executive in 2016 to alleviate some of the harshest impacts of the Westminster welfare reform agenda. With an impending 'cliff edge' of the mitigations in 2020, the Cliff Edge Coalition (the Coalition) formed in 2018 to campaign to sustain and strengthen these vital measures to protect people from poverty across NI. Following campaigning by the Coalition, the NI Assembly legislated to indefinitely retain the mitigations for the Social Sector Size Criteria (Bedroom Tax), close the loopholes which had prevented many claimants from accessing financial assistance through the mitigation scheme, and extend the Benefit Cap mitigations until 2025. However, there remains an urgent need for the Coalition to continue its campaign for a strengthening of the mitigations package in NI. The harsh impacts of new welfare challenges which have emerged since the original mitigations were introduced, and which have been exacerbated by the ongoing cost-of-living crisis, are increasingly affecting households causing financial hardship and poverty.

In light of the recent restoration of the Northern Ireland Executive, the Coalition has drafted this short briefing to update members and elected representatives on the Coalition's three central renewed asks. We have included new research findings which reinforce the rationale for our asks and support our recommendations. The Coalition encourages members and elected representatives to advocate for these asks.

### KEY ASK #1 — Resolve the five week wait in Universal Credit

**What is the five week wait?** Under Universal Credit (UC), the first payment for new claimants is made five weeks after a claim is made. UC is assessed and paid in arrears with information taken from the HMRC RTI (Real time Information) System before payments are calculated.

**What is the impact of the five week wait?** An advance is available to mitigate the five week wait, however, this help comes in the form of a loan which can be repaid over a period of up to 24 months. This means a claimant's income is reduced due to the repayment of debt for up to two years<sup>1</sup>, effectively starting their claim off in debt. The Joseph Rowntree Foundation (JRF), in its UK Poverty 2023 Report<sup>2</sup>, highlights the five week wait as one of the key elements designed in the benefit system that increases poverty. Furthermore, alarming figures from the Trussell Trust in February 2024 show the devastating consequences of the inadequacy of Universal Credit<sup>3</sup>.

**Recommendations:** The Mitigations Independent Review Panel Report<sup>4</sup>, (Review Report) made recommendations for both interim measures and longer-term solutions to the five week wait. The Coalition endorses these recommendations.

**Interim:** Amend guidance to interpret the Universal Credit Contingency Fund (UCCF) more widely; increase the Contingency Fund Budget to £5m; and wider promotion of the payment by the Department for Communities NI and beyond.

**Longer term:** Work is needed to examine a number of alternative solutions to the five week wait through a dedicated working group, with input from those with lived experience and the advice sector.



## KEY ASK #2 — Mitigate the two-child limit

**What is the two-child limit?** The child element of UC is replacing Child Tax Credit, which prior to April 2017 was available for all children in low-income families. Third (or additional) children born after 6 April 2017 now only qualify for UC support in a small number of exceptional cases.

**What is the impact of the two-child limit?** It is important to view this policy within the context of NI, as the particular unfairness of this policy becomes all the more stark when considering the average family size in NI is larger than in Great Britain (GB) with 21.4% of families in NI having three or more children compared to 14.7% in the UK<sup>5</sup>.

**Recommendations:** The Review Report has recommended mitigating the two-child limit through the introduction of a Welfare Supplementary Payment alongside the introduction of a “Better Start Larger Families payment”. Removal of the limit was also recommended in 2020 by the Expert Advisory Panel tasked to develop recommendations for the as-yet-unpublished Department for Communities Anti-Poverty Strategy. The Coalition endorses these recommendations.

## RECENT RESEARCH

The Coalition wishes to highlight a new report by the Institute for Public Policy Research (IPPR) and Changing Realities, *Snakes and Ladders tackling precarity in social security and employment support*<sup>7</sup> (February 2024), which has examined short-term goals to shift the focus of the social security and employment system in the UK to protect people from poverty and open opportunities for sustainable, good quality work.

The report proposes recommendations aimed at improving the social security system which would lift one million people throughout the UK out of poverty overnight and make work pay for thousands of people on Universal Credit. Notably, two of the key recommendations align with The Coalition’s asks:

- To protect households from debt: address the five-week wait for income at the start of a claim, backdating rules should be reformed so that financial support is payable from day one of a claim where there are no earnings in the previous month.
- Remove the two-child limit & benefit cap, which arbitrarily cap benefit entitlement with no regard for the costs families face.

## KEY ASK #3 — Provide support to private renters affected by the Local Housing Allowance

**What is Local Housing Allowance (LHA)?** LHA is used to calculate the maximum amount of housing costs allowed for benefit claimants in the private rented sector.

**What is the impact of Local Housing Allowance cuts?** Rent has been rising at unprecedented levels in NI, almost twice as fast as anywhere else in the UK. As of Q3 2023, the average price per month for a rental property in NI was £810 per month, a 17% increase on the same period in 2021, when it was £691. Whilst some support is available via Discretionary Housing Payments (DHPs), this is discretionary and often not sufficient to cover the shortfall and the support is temporary. The situation has been exacerbated further by recent restrictions to DHPs. Those on low income rely on DHPs to pay their rent, and it’s often the only thing keeping a roof over their family’s heads. If they fall into arrears, landlords will not wait to evict.

**Recommendation:** The Review Report recommended establishment of a Financial Inclusion Service to provide advice and money management for low-income families who have been impacted by shortfalls in the LHA. This will provide access to a grant to assist in meeting shortfalls between housing costs paid through benefit and contractual rent<sup>6</sup>. The Coalition endorses these recommendations.

## NEXT STEPS FOR COALITION MEMBERS & ELECTED REPRESENTATIVES

The Coalition encourages members and elected representatives to advocate for these asks in their daily work. The recommendations are evidence-based and pragmatic and will go a long way to protect those in Northern Ireland affected by financial hardship and poverty.



SCAN FOR MORE  
INFORMATION ON  
OUR WORK

1 <https://www.nidirect.gov.uk/articles/universal-credit-advance-payments>

2 UK Poverty 2023: The essential guide to understanding poverty in the UK | JRF

3 <https://www.trusselltrust.org/2024/02/21/over-half-of-people-receiving-universal-credit-unable-to-afford-enough-food/>

4 Welfare Mitigations Review - Independent Advisory Panel Report found at <https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-welfare-mitigations-review-independent-advisory-panel-report-2022.pdf>

5 Office for National Statistics – Families with dependent children by UK countries and English regions 2015

6 Welfare Mitigation Independent review panel report

7 <https://www.ippr.org/articles/snakes-and-ladders>