

## WHO ARE WE?

The Cliff Edge Coalition NI is a group of over 100 organisations from across Northern Ireland which came together to highlight our shared concerns about the potential 'cliff edge' of the end of the welfare reform mitigations in March 2020. Following the welcome extension of the existing mitigations beyond March 2020 we continue to work together to highlight the negative impacts of a range of new welfare challenges which have emerged since the original mitigations were introduced.

## WHAT ARE THE WELFARE REFORM MITIGATIONS?

In 2015, Northern Ireland made the decision that people here should be protected from the harshest impacts of welfare reform. The NI Executive, through the Fresh Start Agreement, committed £585 million over four years to the welfare mitigations package. This has meant that people have been protected from a range of welfare reforms, including the 'Bedroom Tax' and Benefit Cap. However, the [NI Audit Office](#) highlighted a significant underspend in the funding for mitigations in the first two years. In early 2020 the Minister for Communities extended the existing welfare mitigations package to the end of September 2020 in the absence of legislation which is to follow.

## IMMEDIATE PRIORITIES

The Cliff Edge Coalition welcomes the Minister's statement on 8th September 2020 that she intends to introduce legislation to provide for an extension of welfare mitigation payments for those affected by the Bedroom Tax and to bring forward Regulations to extend other mitigations.

**The Cliff Edge Coalition is urgently calling for the NI Assembly to pass legislation to extend the existing mitigations and to ensure the legislation:**

- **Closes the current loopholes in the Bedroom Tax and the Benefit Cap mitigations**
- **Extends the mitigations indefinitely to avoid another 'Cliff Edge'**
- **Earmarks any underspend in the extended mitigations package for specific anti-poverty initiatives<sup>1</sup>.**

The Cliff Edge Coalition welcomed the commitment from the Minister for Communities to review the mitigations package through a co-design process. **The Coalition is calling for this review to be progressed in a timely manner in order to:**

- **Meaningfully involve people who are directly impacted by welfare reform, as well as organisations working to support them;**
- **Identify mechanisms to strengthen the current mitigation package to address new challenges as more people move onto Universal Credit, specifically to protect them from the hardship of the five-week wait and the two-child limit, as well as to support low-income households living in the private rented sector.**

## WHY IS IT IMPORTANT TO CLOSE THE EXISTING LOOPHOLES?

Those individuals who were not in receipt of the relevant benefits in 2016, when the welfare reform mitigation package was first introduced, are unable to access mitigation from the Benefit Cap. This loophole is excluding increasing numbers of households from accessing additional support and plunging them into poverty.

The number of households capped is likely to rise due to the Covid-19 pandemic, resulting recession and anticipated end of the furlough scheme which is predicted to push thousands more onto Universal Credit.

**The average cap is £50 per week with lone parents and bigger families the hardest hit** – 23% of the total capped households were couples with children while 77% were single parent households.

Protection from the Bedroom Tax will currently be lost if a household moves to another social home where they under occupy to the same or a greater extent than in their previous property. By March 2020 over 300 households had lost this important protection, losing an average of £50 per month and heightening their risk of housing stress and homelessness.

## WHY IS IT IMPORTANT THAT THE MITIGATIONS ARE STRENGTHENED TO REFLECT NEW CHALLENGES?

In 2015 when the mitigations package was agreed, the immediate challenges were protecting people in NI from the impact of the 'Bedroom Tax', the Benefit Cap and the transition from DLA to PIP. Since then, Universal Credit has rolled out across NI and presents new challenges. In addition, the Cliff Edge Coalition is concerned about the devastating impact of Covid-19 on people who are relying on the social security system at this time. The current economic crisis throws into sharp focus the need to have a strong, fair safety net. There is now an opportunity to take account of the new challenges people are facing.

NI specific mitigations should be developed to address these new challenges (and help to aid economic recovery) including:

### UNIVERSAL CREDIT

- **The five-week wait before people receive their first Universal Credit payment has led to hardship, debt and increased reliance on foodbanks.** Participants in a Joseph Rowntree Foundation study in NI unanimously associated the early stages of a Universal Credit claim with financial hardship and usually debt<sup>2</sup>.
- **Uptake of the Universal Credit Contingency Fund which provides non-repayable emergency payments where hardship occurs has been low.** In highlighting the underspend [the NI Audit Office](#) suggested difficulties in accessing these payments and/or a lack of awareness of the Fund.

### UNIVERSAL CREDIT TWO-CHILD LIMIT

- The child element of Universal Credit 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 Universal Credit support in a small number of exceptional cases.
- **Families unable to claim Universal Credit for a third, or additional child, will lose out on £2,780 per child, per year.**
- The two-child limit now [affects almost one million children](#) across the UK.
- **NI will be disproportionately affected** by the Universal Credit two-child limit given the region's larger average family sizes compared to GB.

### LOCAL HOUSING ALLOWANCE CUTS IN THE PRIVATE RENTED SECTOR

- Over the past decade **cuts to housing benefits in the private rented sector have made it increasingly difficult for low income private renters to find and keep their homes.** There are [significantly more households at-risk-of-poverty after housing costs in the private rented sector in NI](#) than in the social rented sector.
- Despite the welcome realignment of the Local Housing Allowance rate to the 30th percentile of private rents, there remains a significant shortfall for many private renters between their rent and the amount of housing benefit they receive, as well as a lack of affordable properties available.
- Social landlords have designed an effective infrastructure of support to help their tenants deal with changes to social security but no such infrastructure exists for private tenants.

1. The original mitigations package made it impossible to redirect the significant underspend. We therefore echo the NI Human Rights Commission's recommendation that any underspend in the extended package be earmarked for specific anti-poverty initiatives.

2. Universal Credit could be a lifeline in Northern Ireland, but it must be designed with people who use it, Ruth Patrick and Mark Simpson with UC:Us, Joseph Rowntree Foundation, June 2020