

## Agenda – Equality, Local Government and Communities Committee

---

Meeting Venue:

Committee Room 2 – Senedd

Meeting date: 27 June 2019

Meeting time: 09.00

For further information contact:

Naomi Stocks

Committee Clerk

0300 200 6222

[SeneddCommunities@assembly.wales](mailto:SeneddCommunities@assembly.wales)

---

At its meeting on Wednesday 19 June, the Committee resolved to exclude the public from item 1 of this meeting under Standing Order 17.42 (vi)

- 1 Inquiry into the Blue Badge Scheme in Wales: consideration of draft report**  
(09.00–10.00) (Pages 1 – 55)
- 2 Introductions, apologies, substitutions and declarations of interest**  
(10.00)
- 3 Inquiry into benefits in Wales: options for better delivery – evidence session 3**  
(10.00–10.45) (Pages 56 – 85)  
Gareth Morgan, Welfare Rights Advisers Cymru  
Susan Lloyd-Selby, Trussell Trust
- 4 Inquiry into benefits in Wales: options for better delivery – evidence session 4**  
(10.45–11.30) (Pages 86 – 102)  
Matthew Kennedy, Chartered Institute of Housing Cymru  
Sam Lister, Chartered Institute of Housing Cymru  
Will Atkinson, Community Housing Cymru



**5 Inquiry into benefits in Wales: options for better delivery –  
evidence session 5**

(11.30–12.15)

(Pages 103 – 111)

Rachel Cable, Oxfam Cymru

Samia Mohamed

**6 Motion under Standing Order 17.42 (vi) to resolve to exclude the  
public for the remainder of the meeting**

(12.15)

**7 Inquiry into benefits in Wales: options for better delivery –  
consideration of evidence received**

(12.15–12.30)

Document is Restricted

# Agenda Item 3

By virtue of paragraph(s) ix of Standing Order 17.42

Document is Restricted

Document is Restricted

# Papur 1 – Welfare Rights Advisers Cymru

## Paper 1 – Welfare Rights Advisers Cymru Welsh

### Comments from Welfare Rights Advisers Cymru (WRAC)

#### WRAC

1. Welfare Rights Advisers Cymru 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.

#### Introduction

5. Unfortunately, this consultation did not come to our attention until the final day for submissions. We are unable therefore to fully respond to the Committee's invitation.
6. We would, however, be very happy to reply to any specific requests from the Committee for further evidence, either in writing or in person.
7. Our comments here are therefore limited in their scope and are largely focused on the questions that we believe raise further issues and concerns, rather than proposing solutions or concrete suggestions.

#### Background

8. The benefit system, across the UK, is in a mess. For most of the past decade it has been suffering the effects of three major issues:
  - Enormous cuts to the real value of benefits
  - Damaging changes to the support for the disabled and those incapable of work
  - The introduction of Universal Credit
9. £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.
10. 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.

11. Universal Credit, as the Committee will know, can be rightly seen as an exemplar of the wrong way to change a working system. 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, still leaves people without that support. 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.
12. The approach of recent administrations to those in need of support seems to professionals working in the sector to be reminiscent of the harshness of the Poor Laws, with its underlying presumption that support should come with punishment. Limits of support for those in circumstances that cannot be changed, including the bedroom tax, Local Housing Allowances, the overall benefits cap and the two child limit have little credible justification. Sanctions for minor or unavoidable breaches of rules are far more severe than the actions or inactions justify.

### Comments

13. The Committee may therefore expect us to welcome any proposals which might mitigate the effects of the damaging changes to the support system which have been introduced.
14. We believe that there are some ways, even with existing powers, that Welsh Government could, with relatively small expense or by using existing powers, improve the situation for benefit claimants and recipients in Wales, without devolved powers. We will briefly mention some of these after our comments on the potential for devolving some aspects of social security to Wales.
15. The Committee asked three main questions:
  - Do you think any powers over welfare benefits should be devolved to Wales?
  - In relation to Universal Credit in particular, should the Welsh Government be able to decide the frequency of payments, how payments are split between couples, or whether payments are made directly to the landlord?
  - Do you think the Welsh Government should have the power to create new benefits?
16. The second question is the easiest to answer – Yes. All of these issues are creating difficulties and hardship for claimants and also for landlords of rented properties, whether social or private.
17. Monthly payments of benefit, we are told by the government, reflect the reality of working life people receive regular earnings and must budget those across each month. The reality is that people who need the support of in-work benefits are still very commonly on weekly cycles of pay. Universal Credit is structured in such a way for these people that, even when earning the same amount of money every week, Universal Credit will vary, often dramatically, from month to month.
18. The way in which financial affairs are organised within households varies from family to family. Child Benefit has often been the only income directly going to mothers, for example, and cases of financial abuse are not uncommon. As Universal Credit brings more and more

benefits into one single payment, we believe that the power to determine how that payment is shared would be welcome.

19. We know that social landlords are seeing large increases in rent arrears as their tenants move onto Universal Credit. Anecdotal evidence tells us that private landlords are increasingly reverting to the 'No DSS' rule that we had thought long gone. This may be because of the reality of the risk of increased arrears. The reasons for this may be complex and interrelated; reductions in the value of benefits, sanctions and difficulties in budgeting are amongst the factors involved. For some people direct payments of rent to landlords may be of assistance and a clearer method of asking for this will be welcome. We would caution against rent to the landlord being an absolute priority for Universal Credit payments however. Budgeting is an issue for everybody receiving benefits and, in the main, they are very good at it. That must mean flexibility to meet unexpected or large requirements remains under their control.
20. If Wales, as in Scotland and Northern Ireland, were able to exercise powers in these areas, and did so with the welfare of recipients as the priority, then we would welcome the devolution of these powers. The administrative requirements that would accompany these powers are substantial however and Welsh Government does not, currently, possess the infrastructure or experience of operating such determinations. Local authorities in Wales, through their housing benefit and council tax reduction work, do have such expertise.
21. Our support for these changes means that we are clearly in favour of devolving at least some powers over welfare benefits to Wales; answering question one.
22. The third question about the power to create new benefits is rather too open. There are few needs specific to Wales that would seem to demand a new benefit for them. 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.

## Conclusion

23. We said earlier that there are existing devolved powers which could be used within the benefit system to improve the position of claimants in Wales. For example, help with childcare within the benefit system, for those in work, is available only to those using registered and approved childcare. That rule is not devolved but Welsh Government has the power to determine what is approved childcare and could, for example, move to recognising kinship care. That could have an enormous effect on the amount of money being brought in directly from Westminster via the benefits system.
24. Finally, we would emphasise the amount of unclaimed benefits in Wales. For example, about half the households entitled to Pension Credit, the main means tested benefits for older people, do not receive it. The level of take-up for other benefits including disability benefits, housing benefits and in-work benefits are also extremely low.



25. Improving the level of take-up for these benefits in Wales does more than bring to those in financial need.
26. The way in which benefits operate in terms of the impact on the local economy is often poorly understood and not sufficiently considered. People who receive benefits spend their money a bit differently to those better off. They spend it immediately, they don't save it, they need the money now. They tend to spend it much more locally than people who are better off. They don't spend their money abroad on foreign holidays or buying exotic things across the internet, they spend it in the local economy, in the shops and the services where they live, and that means that there's an immediate local economic effect from raising or cutting benefits. That extra money from the benefits system comes directly from Westminster and falls outside normal settlements.
27. We welcome Welsh Government making increasing use of its powers to support advice and information work in Wales and would encourage the Committee to emphasise the value of the work of our members to the people and economy of Wales.

1. The Trussell Trust is an anti-poverty charity which supports a nationwide network of food banks and whose mission is to end hunger and poverty in the UK. Together our network provides emergency food and support to people locked in poverty, and campaigns for change to end the need for food banks in the UK. The Trussell Trust has been operating in Wales for 10 years, and there are 37 Trussell Trust food banks delivering volunteer-led support through 110 centres.
2. In Wales between 1<sup>st</sup> April 2018 and 30<sup>th</sup> September 2018, 48,571 three day emergency food supplies were provided to people in crisis by food banks in The Trussell Trust network. This was a 13% rise compared to the same time period the previous year.

**Summary:**

- The benefits system should lift people out of poverty – however, too often, it can lock people in and leave them needing a food bank’s help. The devolution of welfare benefits provides an opportunity for the Welsh Government to build a more compassionate and dignified system.
- The devolution of welfare benefits in Scotland offers positive examples of how Wales could improve benefits delivery – in particular: the reshaping of the principles of benefits delivery with rights and dignity at its heart; the commitment to a well-resourced ring-fenced crisis fund; and the creation of new benefits which give payment top-ups to some people on low incomes.
- An effective programme of devolved welfare benefits requires adequate funding from Westminster, both for administering the transition and for any additional benefit payments created through devolution.
- We propose six key principles which the Welsh Government should use to lead the devolution of welfare benefits: dignity; valuing lived experience; income maximisation; learning and evolving; strengthening statutory local support; and investing to save.

**Arguments for and against the devolution of welfare benefits**

3. The benefits system can and should lift people out of poverty – however in its current form it can lock people into poverty and leave them needing a food bank’s help. A wide-ranging project from the University of Oxford found that households referred to food banks are generally in receipt of working-age benefits, either: to supplement low pay; due to being unable to work; or while looking for work<sup>1</sup>. The most common reasons for food bank referrals include issues with benefit payments – either due to benefit changes or delays or due to benefits not covering the cost of living<sup>2</sup>.
4. The Trussell Trust conducted research in 2018 to understand the impact of the roll-out of Universal Credit across the U.K. We found a 52% average increase in food bank use twelve

---

<sup>1</sup>Loopstra et al, ‘Financial insecurity, food insecurity, and disability: The profile of people receiving emergency food assistance from The Trussell Trust Foodbank Network in Britain’, 2017, University of Oxford and Kings College London, available at: [https://www.trusselltrust.org/wp-content/uploads/sites/2/2017/07/OU\\_Report\\_final\\_01\\_08\\_online2.pdf](https://www.trusselltrust.org/wp-content/uploads/sites/2/2017/07/OU_Report_final_01_08_online2.pdf)

<sup>2</sup> Trussell Trust 2017-18 end of year statistics, available at: <https://www.trusselltrust.org/news-and-blog/latest-stats/end-year-stats/>

months after Universal Credit rolled out in an area. Food banks not in Universal Credit areas, or that had only had the system for up to three months, showed an average increase of 13%.<sup>3</sup> Universal Credit was fully rolled out to every Jobcentre Plus in Wales at the end of 2018. When Universal Credit migration is complete, it is estimated that 400,000 households in Wales will be on Universal Credit.<sup>4</sup> This brings particular challenges to the Welsh Government, whether they choose a more devolved approach to benefits administration or not, it is likely that innovative and wide-ranging solutions will be required to ensure that households on Universal Credit get the support that they need.

5. Making sure benefits are administered with compassion and dignity, and ensuring benefit payments cover at least the basic costs of living, is the best way to reduce the need for food banks. There has also been growing criticism that benefits systems that do not treat individuals with compassion, such as through the use of sanctions, can lead to detrimental impacts. Research conducted by the University of Oxford found a 'strong, dynamic relationship' between benefit sanctions and food bank referrals<sup>5</sup>. Sanctions policies have been implemented by the UK government who say that there is evidence to show that they enable people into work. However, most studies do not find a link between sanctions and entry into work, but only a link between sanctions and exit from unemployment<sup>6</sup>. The studies that did find a link between sanctions and employment also found that sanctions led to people accepting jobs with lower wages and fewer hours.<sup>7,8</sup>
6. The devolution of welfare benefits provides an opportunity for the Welsh Government to build a poverty-fighting benefits system built on these values. The example set by the other devolved administrations suggests there is a wide scope to improve benefits delivery which Wales could follow.

### Lessons learned from the devolution of some social security powers to Scotland

7. The devolution of social security powers to Scotland has given the Government an opportunity to reshape the values of social security delivery to create a more compassionate and dignified system. The Trussell Trust particularly welcomes the new Scottish Social Security Agency's charter, particularly (a) **the inclusion of people with lived experience of the benefits system in its design**, (b) **the focus on a quality service for the customer**, (c)

---

<sup>3</sup> The Trussell Trust, 2018, 'The next stage of Universal Credit: Moving onto the new benefit system and foodbank use', available at: <https://www.trusselltrust.org/wp-content/uploads/sites/2/2018/10/The-next-stage-of-Universal-Credit-Report-Final.pdf>

<sup>4</sup> Welsh Government, 'Analysis of the impact of the UK Government's welfare reforms on households in Wales', 2019, available at: <https://gov.wales/sites/default/files/publications/2019-03/impact-of-welfare-reform-on-households-in-wales.pdf>

<sup>5</sup> R Loopstra et al, 'The impact of benefit sanctioning on food insecurity: a dynamic cross-area study of food bank usage in the UK', 2016, available at: <https://www.trusselltrust.org/wp-content/uploads/sites/2/2017/07/loopstrasociologyworkingpaper27oct16sanctioningfoodbankuse032016-update.pdf>

<sup>6</sup> Economic and Social Research Council, 'Overview: Final Findings of the Welfare Conditionality Project (2013-2018)', 2018, [http://www.welfareconditionality.ac.uk/wp-content/uploads/2018/05/40414\\_Overview-HR4.pdf](http://www.welfareconditionality.ac.uk/wp-content/uploads/2018/05/40414_Overview-HR4.pdf)

<sup>7</sup> Webster, D., 'Government Response to the Work and Pensions Committee Report on Benefit Sanctions February 2019: Commentary', 1 April 2019, available at: <http://www.cpag.org.uk/sites/default/files/uploads/Commentary%20on%20govt%20response%20to%20WP%20Comm%201%20Apr%202019.docx>

<sup>8</sup> National Audit Office, 'Benefit Sanctions', HC 628, 30 November 2016, at <https://www.nao.org.uk/report/benefit-sanctions/>

**building wraparound support to navigate the system into delivery, (d) redesigning the agency tasked with administering benefits, the Scottish Social Security Agency, to make benefits delivery more dignified and compassionate, and (e) stipulating the role of Scottish Ministers in ensuring that individuals are getting what they are entitled to under the Scottish social security system.**

8. We particularly welcome the Scottish Government's commitment to a centrally funded but locally administered and ring-fenced crisis fund. Research from organisations including The Trussell Trust has shown the dwindling of local statutory crisis grants and support following the devolution of the Social Fund, particularly as this support was no longer ring-fenced<sup>9</sup>. In its absence, food banks have stepped in to provide crisis support, but cannot be a replacement for a statutory service providing cash and advice, which gives people more control over their circumstances and can help alleviate and/or prevent future crises. Local delivery has been supported by robust guidance which sets minimum standards but offers councils the opportunity to innovate. For example, in North Lanarkshire the council has interpreted the guidance to build a Referral Pathway in which the council's Scottish Welfare Fund team perform income and eligibility assessments for a grant before a food bank voucher is offered so people are able to access statutory support before a food parcel, reducing food bank use to some projects in the area<sup>10</sup>.

9. Devolution has also allowed for the opportunity to give financial support to groups with additional needs, particularly groups negatively affected by welfare reform. Researchers found that groups with higher inescapable costs – like disabled people, larger families, and single parent families – would be most likely to fall into financial hardship and need a food bank. The Scottish mitigation of the spare room subsidy, or 'bedroom tax', and the additional top-ups announced for disabled people, carers, young people moving into work, and low-income families in particular will go some way to reduce the financial hardship of groups on the lowest incomes.

10. Devolution in Scotland has allowed the Scottish Government to introduce greater flexibility into the Universal Credit system. For example from 2018 their system enables more frequent payments of Universal Credit and it can more easily allow for alternative payment arrangements such as direct payments to landlords. The Scottish Government is also exploring a process to provide split Universal Credit payments (paid to each adult in the household) as standard, to avoid issues of domestic and financial abuse that can arise from the current system. These examples illustrate the flexibility that devolution provides to test alternative ways to deliver benefits. However, more research still needs to be done to understand the impact of these reforms.

11. There are opportunities to go even further than the wide-ranging work in Scotland, particularly with additional financial support from Westminster. In Northern Ireland the mitigations package has taken the form of top-up payments for groups particularly at risk of

---

<sup>9</sup> Trussell Trust; Children's Society; GM Poverty Action; Church Action on Poverty; Centre for Responsible Credit; LGA

<sup>10</sup>North Lanarkshire Council, 'North Lanarkshire Council: Food Poverty & Insecurity', available at: <http://www.cpag.org.uk/sites/default/files/UC%20and%20income%20crisis%20-%20John.pdf>

needing food banks, such as families in work and disabled people. Investing in support for people moving onto Universal Credit through transitional payments, freely available welfare and debt advice, and training for claimants to manage their claims and money, would go a long way to ensure people do not find themselves referred to a foodbank because of an issue with Universal Credit.

**Options for different forms of devolution (i.e. Universal Credit flexibilities, the devolution of specific benefits, the ability to create new benefits etc.)**

12. We would welcome the Welsh Government utilising the full range of powers through the devolution of welfare benefits, particularly flexibilities to Universal Credit payments (alternative payment arrangements), bolstering local statutory crisis support through the Discretionary Assistance Fund, and top-up payments for people particularly at risk of falling into severe food insecurity. An evidence-based approach that is grounded in practical outcomes for people

**Practical considerations of devolution (i.e. the financial implications, integration of devolved and non-devolved systems, delivery infrastructure etc.)**

13. The Welsh Government will need to balance the costs of additional administration with better benefits delivery and a more supportive benefits system. An effective programme of devolved welfare benefits requires adequate funding from Westminster, both for administering the transition and for any additional benefit payments created through devolution. However, investing in a robust and sensitive benefits system benefits other services, such as health and social care, and the criminal justice system.

14. The Welsh Government will need to consider a realistic timetable to any welfare devolution, and to consider what is possible within the current infrastructure (for example, any logistical barriers regarding data-sharing and technology with the Department for Work and Pensions). A recent parliament debate suggested that a significant amount of investment of time is needed on both sides, and the Scottish Government has not kept to their original timetable.<sup>11</sup>

**The principles that could underpin the delivery of benefits in Wales**

15. We created our public services – like the police, health service, and the benefits system – to support people when they need it most and unlock people from poverty. However, the current benefits system can pull people under the tide of poverty and leave people needing a food bank's help. The Trussell Trust believes that there should be a well-functioning social safety net in place, and that food banks should only be there as a last resort for those who fall through the safety net; they should not be replacing the safety net. The Welsh Government has the opportunity to build a truly supportive benefits system which helps end the need for food banks. The devolution of welfare benefits could, and should, be an opportunity to test ways that people needing food banks can access statutory financial support and advice to prevent a first or second referral and build resilience in the long term.

---

<sup>11</sup> <https://www.parliamentlive.tv/Event/Index/2ac959ae-8b53-4b99-847d-1c44c11eed6e>

16. We propose six key principles which the Welsh Government should use to lead the devolution of welfare benefits: dignity; valuing lived experience; income maximisation; learning and evolving; strengthening statutory local support; and investing to save:

- **Dignity:** Ensuring claimants are treated with dignity throughout their interactions with the benefits system should be its central principle. Dignity should inform all aspects of the claimant's experience, including interactions with case managers, how assessments for entitlements are conducted and decisions communicated, how conditionality is applied, and how official errors are handled. Case managers should receive training to ensure they can interact with people sensitively, particularly disabled people and people with mental health issues. One suggestion for a more dignified approach would be for the claimant commitments to be rewritten to include not only the obligations of the claimants, but the obligations of the institutions that are delivering benefits as well.<sup>12</sup>
- **Valuing lived experience:** The Scottish Social Security Agency has taken a refreshing and much-needed step in building people with lived experience of the benefits system into its development and oversight. The Welsh Government has an opportunity to create a benefits system that respects the experience of its customers, and should do so. We would also welcome the inclusion of lived experience as a form of evidence for any 'test and learn' evaluation of benefits delivery.
- **Income maximisation:** The benefits system should be focused on ensuring people have enough financial support to cover at least their basic costs of living, and people are made aware of their entitlements. This can take the form of top-up payments, like Northern Ireland's Welfare Reform Mitigations Package or Scotland's mitigation of the spare room subsidy ('bedroom tax'). Mitigating the cuts to entitlements for groups with higher inescapable costs, like the reductions to disability benefits<sup>13</sup> and to payments for families<sup>14</sup> in particular would be useful. People should also be able to access free advice (welfare rights, legal advice, debt advice) alongside financial support so they are aware of their entitlements, know how to claim, and can get help claiming if necessary.
- **Learning and evolving:** Any devolution in welfare benefits should build in learning and evaluation from the start – to test effectiveness and outcomes, to continue to make the case for having some devolved powers, and to influence Westminster-driven policy where lessons can be learnt. This will be particularly important as the integration of devolved and non-devolved infrastructure may be difficult and require resource and development.
- **Strengthening local statutory support:**
  - The Discretionary Assistance Fund (DAF) can be a lifeline for a household in short-term crisis, and it is a testament to the commitment of the Welsh Government to reducing poverty that this remains ring-fenced. However, the fund must be properly resourced to ensure people can get the help they need, and eligibility reflects the reality of short-term income crisis today – for example, the five-week wait for

---

<sup>12</sup> Bright Blue, 'Helping Hand? Improving Universal Credit', 2019, available at: <http://brightblue.org.uk/wp-content/uploads/2019/03/Helping-hand.pdf>

<sup>13</sup> The cuts to Employment Support Allowance 'Work-related activity group' (WRAG) and the Universal Credit 'Limited capability for work' element to the same level as Jobseeker's allowance and the standard allowance respectively, which came into force in April 2017

<sup>14</sup> The '2 child limit' policy in particular, which came into force in April 2017 and was extended in April 2018, which restricts Child Tax Credits and the Child Element of Universal Credit to the first two children in a family (with some rare exemptions)

Universal Credit is not a reason for eligibility for a crisis grant, despite the wait being a trigger for financial hardship.

- While third sector organisations have a role to play in supporting people, volunteers and volunteer-led organisations cannot be a replacement for a well-resourced benefits system. Reduced spending on the benefits system has left a postcode lottery of statutory support and a reliance on voluntary services. Food banks should not be institutionalised and become a part of the social security landscape – ending the need for food banks will necessitate a focus on statutory support and ensuring emergency food is a last resort.
- **Invest to save:** The Scottish Government has estimated that £125 million will have been spent on their welfare reform mitigation package in the 2018/19 financial year. It's important for public services to offer value to the taxpayer. However, that shouldn't be a rationale to reduce spending on benefits - investing in a benefits system that lifts people out of poverty has direct positive impacts for other services, such as the health service and criminal justice system.

17. In conclusion, the Trussell Trust thinks that there are a number of potential benefits to devolved administration of benefits in Wales, as long as such administration is properly costed for. However, the Trussell Trust believes that there are still significant and pressing issues with the design of benefits across the UK, not limited to: the five week wait for Universal Credit payments, the freeze in benefits payments, the increasing harshness of benefit sanctions, and the reduction in benefit payments to disabled people. The Trussell Trust will continue to campaign on all of these issues, and thinks that ultimately the changes need to be made in Westminster to ensure that the benefits system can be a poverty-fighting force as intended. Ultimately any devolution of benefits administration may be able to improve the benefits system and ameliorate some of the impacts identified for people in Wales, but it will not have the power to make the more significant redesign to welfare policy which we believe is needed.

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals with the advice, support and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world. Further information is available at: [www.cih.org](http://www.cih.org)

In Wales, we aim to provide a professional and impartial voice for housing across all sectors to emphasise the particular context of housing in Wales and to work with organisations to identify housing solutions.



## General Comments

CIH Cymru welcomes the opportunity to provide a information to support the Equality, Local Government & Community committee as it undertakes its inquiry into Benefits in Wales: Options for better delivery

Our response is informed by feedback from our members, our knowledge of the housing industry and expertise from our policy and practice teams.

CIH Cymru supports the development of Welsh policies, practices and legislation that aim to address the key housing challenges we face, to improve standards and supply, promote community cohesion, tackle poverty and promote equality. We promote a *one housing system* approach that:

- places the delivery of additional affordable housing at the top of national, regional and local strategies as a primary method of tackling the housing crisis;
- secures investment to ensure the high and sustainable quality of all homes in a sustainable framework;
- improves standards and develops the consumer voice within the private rented sector
- promotes the concept of housing led regeneration to capture the added value that housing brings in terms of economic, social and environmental outcomes;
- recognises that meeting the housing needs of our communities is a key aspect of tackling inequality and poverty;
- ensures that that there are properly resourced support services in place to prevent homelessness and protect the most vulnerable;
- uses current and potential legislative and financial powers to intervene in housing markets and benefit schemes;
- promotes consumer rights & tenant involvement;
- and supports the continued professional development of housing practitioners.

## **1. Introduction**

- 1.1 The devolution, either in part or in full, of the welfare benefits system to Wales has been a consistent feature of the debate around public policy for many years, particularly following the devolution of powers over council tax. In 2012 the Silk Commission tasked with reviewing the Welsh Assembly's powers concluded at that time it would not recommend the devolution of the social security system, suggesting that developments in this area should continue to be monitored and options for Wales explored further in the future<sup>1</sup>.
- 1.2 With Wales gaining further tax making powers in recent times, we believe this inquiry provides a timely opportunity to revisit and explore contemporary evidence in relation to welfare benefits that could improve its delivery and positive impact on people's lives in Wales.
- 1.3 It is a timely area of focus given that welfare is by far and away the largest item of UK expenditure being (historically) between 30% and 40% of UK spending (currently a low at 30%). By comparison the next biggest item (health) is around 22%. By comparison the whole of the Welsh block is about 1.5% of UK spending.
- 1.4 The welfare benefits system is an area of huge focus for housing professionals/organisations working across Wales. These benefits play a vital role in supporting a variety of people in a wide range of circumstances; including people living with disabilities, people seeking employment, and families requiring support with living costs.
- 1.5 However, research by a range of bodies (including CIH) and individual stories combine to create a concerning picture of the effectiveness of UK-wide reforms to the welfare benefits system. Our response reflects on both the merits and drawbacks of devolution and also highlights where at present the system of delivering benefits is having a potentially damaging impact on people's lives.

## **2. The current picture**

- 2.1 Reform of the welfare benefits system has changed the face of how housing professionals and organisations work with people in receipt of benefits. This has been particularly true since the creation of Universal Credit (UC), and whilst we agree with the principle of simplifying the welfare system; these changes are often having a detrimental impact on the lives of tenants and those organisations tasked with implementing the system.
- 2.2 Our members have reported that since the introduction of UC and the roll-out of the live system initially, and the full service (over the course of 2018) aspects of housing management and the role of housing officers has changed considerably. Our members report the need to invest time in more intensive activities at the front-end of tenancies, working with individuals to identify any factors that could lead to a delay in payment, the need for increased support or require that an alternative payment be made to ensure an individual feels able to meet their housing costs.

<sup>1</sup>

<https://webarchive.nationalarchives.gov.uk/20140605075122/http://commissionondevolutioninwales.independent.gov.uk/>

2.3 The negative experiences of claimants on UC has demonstrated the ways through which many people aren't well served by the current programme of reforms. The Audit Office report focussing on UC reflected:

- 1 in 5 claimants do not receive their payments on time
- UC has created additional costs of organisations delivering or supporting those navigating the welfare benefits system
- Some claimants have struggled to adjust to UC

2.4 In two roundtables held for housing professionals in Wales to engage with DWP staff involved in managing the roll-out in Wales, a number of issues reflecting these findings were highlighted, including:

- Verifying a claimant's identity is causing delays in processing claims
- Third-party consent to discuss each aspect of a claim resulting in delays
- Issues for private landlords accessing information / engaging with the process fully – different from the experience of social landlords with access to the online portal
- More awareness is needed of the role partnership managers can play in highlighting issues and the system through which the DWP prioritises areas to be addressed
- The feeling that the voice of claimants was not a prominent force behind the changes being made in an effort to improve the system

2.5 These challenges have been exacerbated for many through the implementation of the benefit cap. The Work and Pensions Select Committee inquiry into this area revealed that the cap is having little benefit in incentivising people into employment, highlighting:

*“The cap works by taking away some of the money that the Department has calculated that people need to live on. Even without the cap, families on benefits have been left behind: because of the freeze on working-age benefits, income has reduced compared to the cost of living. It is therefore not surprising that the benefit cap often leaves people without enough money to meet their basic needs. As a result, many families face unspeakable hardship and are left with the impossible choices of deciding, for example, whether to pay their rent and not have enough to feed their children, or to feed their children and risk losing their homes.”<sup>2</sup>*

The report also reflects that only 5% of those households capped move into employment as a result. Which in our views does not indicate that this measure is an effective means of incentivising or enabling individuals to gain employment.

2.6 These measures combined are increasing the pressure on local authority services (broadly speaking) and impacting the ability of those services to provide support at a time where local authorities in Wales are experiencing their eighth consecutive year of budget cuts. Local authorities play an important role in supporting people to

<sup>2</sup> <https://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/news-parliament-2017/benefit-cap-report-published-17-19/>

access digital skills vital to the online process of completing a claim for UC. Despite the ability to claim back the cost of providing this support, last year local authorities in Wales reported a cost of £1.2m in 2018 associated with this activity, after the overall reclaim cost was deducted from their spending.<sup>3</sup>

- 2.7 With progress towards placing all claimants on to UC at around 11% in Wales, we are concerned that the current operational challenges being experienced will only intensify under the process of managed migration; which in itself will be complex particularly given that the pilot in Harrogate will deal with those regularly engaged with the job centre – rather than more complex cases.

### **3. The Scottish experience**

3.1 The Scotland Act 2016 devolved responsibility for a range of benefits such as personal independence payments and disability living allowance. The combined package of benefits account for a small proportion of expenditure in Scotland. The underpinning principles put forward at the time are those we would welcome seeing broadly underpinning the welfare benefits system as a whole. The approach talks of seven principles:

- Social security is an investment in the people of Scotland.
- Social security is itself a human right and essential to the realisation of other human rights.
- The delivery of social security is a public service.
- Respect for the dignity of individuals is to be set at the heart of the Scottish social security system.
- The Scottish social security system is to contribute to reducing poverty in Scotland.
- The Scottish social security system is to be designed with the people of Scotland on the basis of evidence.
- Opportunities are to be sought to continuously improve the Scottish social security system in ways which put the needs of those who require assistance first, and advance equality and non-discrimination.
- The Scottish social security system is to be efficient and deliver value for money.

3.2 We believe language such as this could perform a positive role in addressing the stigma linked to people claiming some form of benefit. In addition, the approach is underpinned by a Charter, setting out what people can expect from the system and what is expected of individuals. This was a welcome development and CIH Scotland called for learning to be drawn from the experiences of social landlords in establishing similar charters underpinning tenant scrutiny and accountability – we would be supportive of a similar approach in Wales.

3.3 The approach in Scotland demonstrated how devolution could provide an instant benefit with the Scottish Government committing to offsetting the impact of the bedroom tax. Whilst strongly welcomed by the sector initially, CIH Scotland have voiced concerns over the longer-term sustainability of this approach. This is similar for short-term assistance where claimants may be challenging a claim but can receive short term support to ensure their finances are not harmed through this

<sup>3</sup> <https://www.bbc.co.uk/news/uk-wales-politics-47254382>

activity, however the same support is not available to those challenging a payment outside of the Scottish Government's competency.

- 3.4 The Scottish approach demonstrated that whilst some flexibility has shielded claimants and organisations from some of the worst effects of benefit changes felt more keenly elsewhere in the UK, the ability to provide long-term reassurance is still curtailed. Careful consideration is required over the capacity and resources available to Welsh Government to provide similar protections over the longer-term.

#### **4. Considerations for devolving welfare benefits in Wales**

- 4.1 At present, we do not believe the evidence base exists upon which to conclude that devolution of the full welfare benefit system would bring the desirable outcome in offsetting some or all of the challenges highlighted in the previous section. There is however a compelling case for exploring the opportunity to part-devolve the housing-cost element of Universal Credit and potentially the benefit cap, similar to the Scottish model operating on a top-up basis.
- 4.2 We believe these areas merit further exploration due to:
- Housing being a devolved matter and decisions about eligible housing costs inevitably have an impact on housing markets in Wales
  - Housing costs (unlike other living expenses) vary hugely according to location
  - A top up model would maximise the tax transfer payments from Westminster, while maintaining an ability to protect citizens in Wales from the impact of any future cuts
- 4.3 Wales accounts for 4.8 per cent of the UK population. The nature of the tax base in Wales is an important factor in this discussion. The Wales Centre for Public Policy note the distinguishing features of the tax base in Wales as being:
- A much higher share of the Welsh income tax base derives from public sector employment and pension incomes than the UK.
  - Wales has a heavier reliance on the manufacturing industry which account for 22 per cent of employment income through the tax base compared with 13 per cent in the rest of the UK
  - Wales has higher levels of economic inactivity, rather than higher levels of unemployment which has created an employment gap rate of 3.6 percentage points over the past decade between Wales and the rest of the UK.<sup>4</sup>
- 4.4 The current social security system is predicated on spreading the cost across a large population. The tax base in Wales makes up a relatively small proportion of the overall tax base. For example, on income tax Wales represents 2.7 per cent.<sup>5</sup> The income tax base in Wales also suffers as a result of possessing a lower number of contributors earning higher wages when compared to the rest of the UK. Taking three of the largest tax bases together (income tax, VAT and National Insurance) they account for 61% of overall expenditure with land-based taxes being much smaller in comparison, and given the lower land values in Wales, this is a factor further weakening the tax base. We believe that the current approach, which spreads social

<sup>4</sup> <https://www.wcpp.org.uk/wp-content/uploads/2018/07/The-Welsh-Tax-Base-WCPP-Final-180627.pdf>

<sup>5</sup> <https://www.gov.uk/government/statistics/disaggregation-of-hmrc-tax-receipts>

security spending over a larger demographic base is one that at present is advantageous to Wales.

- 4.5 Benefit expenditure for the UK is around £177bn and of that £94bn is accounted for by state pension expenditure alone.<sup>6</sup> In Wales £4.8bn represents the state pension spend set against an overall benefit expenditure of £9.8bn<sup>7</sup>. By 2041, the population of Wales is projected to increase by 4.6%, to 3.26 million, with the number of those aged 65 and older projected to increase by 36.6%, to 232,000. Wales has the highest proportion of older people when compared to the rest of the UK – the pressure this will set against pension expenditure and the broader ability of Welsh Government to effectively fund all areas of benefits (if devolved) could be heavily hampered if the Welsh tax base is not resilient to this growing demand.
- 4.6 In this context it is important to highlight that Wales with its higher dependency on benefits effectively receives a transfer of income from England to Wales. However, there is a risk that this process could be reversed through a fully-devolved approach.
- 4.7 It is also important to consider the pressure benefit devolution could place on Welsh Government budgets. We've seen a continuing trend in NHS spending in Wales, representing a growing proportion of the block grant, a trend which is difficult to reverse in the shorter term. Add to this the impact of full benefit devolution and we may see a knock-on impact on other priority areas, such as housing, transport and community infrastructure.
- 4.8 We would also encourage the committee to consider leavers through which Wales could gain a greater say in how benefits are delivered on a non-devolved basis. One option we believe worth further consideration is exploring the potential to federalise the decision-making system so that nations could vote and equally veto decisions to provide greater equality and balance around how Wales is impacted by decisions taken at a Westminster level.

## **5. Broader considerations**

- 5.1 A clearer understanding is required of the administrative impact that part or full devolution will have on the block-grant to Wales and how the weaker tax-base and higher welfare-dependency in Wales would impact on the ability to maintain and wherever possible enhance the ability of the welfare benefits system to meet people's needs. With any large-scale systematic change of this kind, a clear timetable would be central to ensuring all services, and the public are well-prepared for what this could mean in practice.
- 5.2 The Scottish approach shows that powers to impact reserved benefits is an important aspect of any discussion in this area. This provision has provided the basis for discussions around more effective financial measures to top-up reserved benefits other than using Discretionary Housing Payments (DHPs). Members report that despite the effectiveness of utilising DHPs in Wales, this does not provide an

<sup>6</sup> <https://www.gov.uk/government/collections/benefit-expenditure-tables>

<sup>7</sup> <https://www.gov.uk/government/publications/benefit-expenditure-and-caseload-tables-2018>

effective means of certainty to households in terms of meeting their housing costs in the future.

- 5.3 Further measures could open possibilities of addressing some of the issues currently experienced through the implementation of UC. Such as the frequency of payments, standardising direct payment to the landlords (in some circumstances) and increasing the use of split payment where requested.
- 5.4 Any changes however small or large, if taken forward at a Welsh Government level need to be informed by the experiences of claimants. Experiences across the UK reflect that in some cases tenants are not aware of their rent liability, having always had this element paid directly to the landlord. And in a similar vein are not aware of the individual awards making up their overall UC claim – which in turn could cause issues in how readily claimants are able to highlight payment errors and manage their finances effectively. Preparing claimants for change should be a main consideration of any developments in this area.
- 5.5 Ultimately, if any changes in this area are to be realised we also need a clearer picture on the wider benefits to the housing sector and to society as a whole. To include how such changes could positively impact the supply of more social and affordable housing, local economic development and quality of life in Wales.



## Papur 4 – Cartrefi Cymunedol Cymru Paper 4 – Community Housing Cymru

1. Since 2010, welfare reform has had a significant impact on tenants in social housing. The removal of the spare room subsidy (bedroom tax), benefit cap and Universal Credit have reduced income and increased vulnerability of housing through erosion of housing support through the benefit system.
2. Although the decision to impose the Local Housing Allowance cap on social housing tenants was reversed by UK Government, the bedroom tax, benefit cap and instability caused by Universal Credit continue to place tenants claiming housing support through the benefits system at risk of developing rent arrears.
3. Welsh Housing Association tenants claiming Universal Credit are carrying an average of £434 in rent arrears, compared to £108 for those claiming Housing Benefit and £133 for tenants claiming no housing support through social security.<sup>1</sup> This is due to a number of factors, including the initial five-week wait for payment and instability in Universal Credit payments due to fluctuating income.
4. The benefits system in Wales is fragmented, with multiple benefits being delivered at local authority, Welsh Government and UK Government level. The links between UK Government benefits and locally delivered support have been broken. This creates significant risk of claimants failing to claim eligible benefits including Council Tax Reduction, previously linked to Housing Benefit delivered by local authorities. If benefits in Wales are to work for claimants, they must be integrated as far as possible to ensure that claimants are receiving all their entitlement.

### **Arguments for and against the devolution of administration of Universal Credit**

5. Universal Credit is replacing six large working age benefits, including support for housing costs, and tax credits with one single payment. In England and Wales, this payment is made monthly, in arrears. This differs from the legacy benefit system, where the majority of payments are made weekly and in advance.
6. Only claimants under the pension age are eligible for Universal Credit. Legacy benefits remain in place for those above pension age.
7. Universal Credit is in the process of being rolled out, replacing the six legacy benefits for working age claimants. Since December 2018 across Wales,

---

<sup>1</sup> CHC Impact of Universal Credit Survey (Opinion Research Service) October 2018





eligible new claimants, and those facing a change in circumstances, will need to claim Universal Credit. The movement of legacy benefits to Universal Credit following a change in circumstances is referred to as 'natural migration'.

8. In addition to the natural migration of legacy benefit claimants, and new claims to Universal Credit, UK Government intend to transfer remaining legacy benefit claimants onto Universal Credit, through a process referred to as 'managed migration'. This process is intended to begin with a small pilot in England in July 2019, and complete across the UK by the end of 2023. By this point, it is projected that around 400,000 households will be in receipt of Universal Credit in Wales.
9. The administration of Universal Credit in Scotland and Northern Ireland differs from the system common across England and Wales.
10. In Scotland, some powers over social security have been devolved, including powers over 10 UK benefits and powers over the administration of Universal Credit. In Scotland, Universal Credit claimants are eligible for 'Scottish Choices'. This allows claimants flexibility over two, and one additional future, flexibility not allowed to English or Welsh claimants. These are:
  - Increased frequency of payments (fortnightly instead of monthly)
  - Flexibility over whether the housing element of UC is paid directly to their landlord
  - Ability to split the household UC payment between couples (not yet delivered)
11. The two current flexibilities have been in place since October 2017. Based on the latest available data, from August 2018, 48% of claimants were taking up the offer of one or more of the Scottish Choices.
12. However, there are issues caused by the Scottish Choices. The current system for direct payments to landlords is common across Great Britain and is unfit for purpose, leading to payment delays to landlords which, in some cases, can lead to technical rent arrears. Direct payment to landlord can also create confusion where a claimant is sanctioned, leading to less than the full rent being paid to the landlord. Welsh Housing Associations understand these issues and are flexible with tenants claiming Universal Credit forced into



arrears due to the direct payment system. However, landlords with a less developed understanding of the system may struggle to absorb these technical rent arrears.

13. The Scottish Choice allowing more frequent payments is the most popular choice taken up by claimants. However, there have been cases of claimants choosing to switch back to monthly payments. This is due to only a fortnight's payment being delivered at the end of the five week wait, as opposed to a full monthly payment.
14. Scottish Choices have been in place for 19 months and their true impact is still under assessment.
15. Scottish Choices required a payment by Scottish Government to DWP of £529k for the initial set up, followed by an annual running payment. The same cost to Welsh Government for DWP to provide the same choices to Welsh Universal Credit claimants would likely be lower, due to the lower number of claimants in Wales. However, this figure is still likely to be of the order of hundreds of millions of pounds, which should be justified in terms of poverty reduction as a result of these additional choices.
16. Despite the flexibilities available to Scottish and Northern Irish claimants, fundamental principles of Universal Credit remain consistent across UK nations, as they are reserved to Westminster. These include:
  - The base rate of each of component of Universal Credit
  - The initial five week wait
  - The system used to calculate the UC award, over a monthly period
17. These fundamental principles are the key drivers of poverty and hardship caused by Universal Credit, and powers to change them would be unlikely to be devolved to Welsh Government, as they have not been to Scottish Government.
18. Scottish Government has the power to supplement reserved UK benefits, including Universal Credit. However, funding for this must be provided by Scottish Government.



19. Housing associations want to see a system that operates in the best interests of claimants, making it easy for them to claim integrated benefits. CHC believes that further experience of Scottish Choices and analysis of their real terms impact on reducing poverty by supporting accessibility and integration of the benefits system are required before exploring further the possibility of calling for similar devolution to Wales. This would support a full appreciation of the possible benefits alongside the risks involved in the devolution of administration of Universal Credit, including the cost of set up and annual running costs, which would need to be borne by Welsh Government.
20. Finally, it is absolutely crucial that a debate about future devolution of the administration of Universal Credit does not crowd out the crucial debate we need to have now about the changes that are necessary to the operation of Universal Credit. CHC has worked with its sister organisations across the UK to call for a range of changes to policy and practice<sup>2</sup>

#### **Lessons learned from the devolution of some social security powers to Scotland**

21. The devolution of social security powers to Scotland is at an early stage, following the creation of Scottish Choices under Universal Credit in October 2017 and the Social Security (Scotland) Act 2018, which legislated to deliver on the social security powers devolved through the Scotland Act 2016.
22. The Act includes principles for welfare benefit delivery in Scotland and includes a duty on Scottish Ministers to increase take up of benefits. The Act also provided for the creation of Social Security Scotland, an agency to deliver welfare benefits.
23. The Act also allows for the creation of new benefits to be delivered in Scotland by the Scottish Government, in addition to the ten UK benefits devolved under the Scotland Act 2016:
  - Carer's assistance (replacing carer's allowance (CA)).
  - Cold-spell heating assistance (replacing cold weather payments).
  - Winter heating assistance (replacing winter fuel payments).

---

<sup>2</sup> Four Federations Six Asks on Universal Credit (<https://chcymru.org.uk/en/view-news/chc-and-partner-federations-urge-six-changes-to-be-made-to-universal-credit>)



- Disability assistance (replacing disability living allowance, personal independence allowance, attendance allowance and severe disablement allowance).
- Best Start Grants (replacing Sure Start maternity grants).
- Employment-injury assistance (replacing industrial injuries benefits).
- Funeral expense assistance (replacing funeral payments)

24. These benefits are due to be rolled out over years, with only Best Start Grants and a supplement to the Carers Allowance are currently in payment. Therefore, there is limited evidence at this time over the impact of these devolved benefits on reducing poverty.

25. Discretionary Housing Payments (DHPs) were devolved to Scotland in 2017, and a decision was taken to practically end the bedroom tax for tenants claiming UC or HB in social housing, through making DHP available for this purpose. The Scottish DHP budget sat at £61m in 2018/19, with £50.1m of this budget dedicated to practically ending the bedroom tax.<sup>3</sup> This compares to an overall DHP budget of £9.34m in Wales in the same year<sup>4</sup>. Although the funding for DHP has been devolved to Scotland through the Block Grant, in practice the £50.1m dedicated to end the bedroom tax is additional to that provided from Westminster.

26. Discretionary Housing Payments are administered by local authorities in Scotland, as is the case in Wales. They are available to claimants of HB or in receipt of housing support through UC and are intended to support claimants with housing costs not met through their UC or HB.

27. Although DHPs in Wales remain reserved to Westminster. It is within the power of Welsh Government to top up the Welsh DHP budget, an action which has been taken in the past. CHC has suggested the use of DHP to partially mitigate some aspects of welfare reform, including the lack of funding under UC for the 53<sup>rd</sup> rent week in 2019/20.

---

<sup>3</sup> <https://www.gov.scot/policies/social-security/support-with-housing-costs/>

<sup>4</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/677103/s1-2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/677103/s1-2018.pdf)



28. Scottish Government administer the Scottish Welfare Fund, similar to the Discretionary Assistance Fund in Wales. Scottish Government have used this fund to mitigate past welfare reforms. This included the ending to automatic entitlement to housing costs through Universal Credit for claimants aged 18-21, which although has now been reinstated by UK Government, Scottish Government altered the Scottish Welfare Fund guidance to allow for payments to be made to cover housing costs for 18-21 year olds.
29. Scottish Government action to mitigate the impact of welfare reform and reduce poverty have, in the most part, taken the form of providing additional budget to welfare benefits already in existence in Scotland prior to the Scotland Act 2016. We believe that similar action could be taken in Wales with or without any additional powers. However, this would require significant investment from Welsh Government, which could prove difficult without actions taken over income generation, similar to those taken in Scotland.

#### **Options for different forms of devolution and practical considerations of devolution**

30. We believe that various options exist for devolution of welfare benefits to Wales. These options could be taken in combination.
- Devolution of the administration and resourcing of certain benefits
  - Welsh flexibilities over Universal Credit
  - No further powers sought but further investment made in Wales
31. The risks and benefits of seeking Welsh flexibilities over Universal Credit have been discussed above from paragraph 4 onwards.
32. The devolution of administration and resourcing of any number of welfare benefits to Wales carries significant risks. Wales has an increasingly ageing and disabled population in comparison to England. CHC's Housing Horizons Data Resource identified projections that in 2036, compared to 2016, the Welsh population will contain an additional 227,000 people aged over 65, and 96,000 fewer of working age.<sup>5</sup> This demographic shift, in addition to an

---

<sup>5</sup> [https://chcymru.org.uk/uploads/general/Housing\\_Horizons\\_Data\\_Resource\\_-\\_Establishing\\_the\\_Challenge\\_FINAL.pdf](https://chcymru.org.uk/uploads/general/Housing_Horizons_Data_Resource_-_Establishing_the_Challenge_FINAL.pdf)



increasing number of people with disabilities, could create an increasing welfare benefit demand, compared to England.

33. This could create additional burden on the Welsh Government budget if these demographic shifts follow a devolution of the resourcing and administration for certain benefits, which inevitably ends the reliance on funding these benefits from UK Government AME and places the funding responsibility on the Welsh Government budget.
34. An option for devolution of benefits which could enhance Welsh Government poverty reduction strategies could be the power to administer and resource Housing Benefit in Wales. Beyond the completion of the roll out of Universal Credit, planned for the end of 2023, only pensioners and people living in certain types of supported accommodation would be eligible and/or eligible for this benefit. The benefit of devolution of Housing Benefit would be the clear links available between housing policy, including capital finance and rent policy, and the revenue of HB. This would enable more strategic use of Welsh Government funds in delivering older persons' and supported accommodation. The risk involved in the devolution of Housing Benefit is the increasingly ageing population, as discussed in paragraph 32, which could place a strain on the revenue of Housing Benefit.
35. During the initial consultations around the development of Universal Credit, CHC was clear that housing costs should remain separate from Universal Credit and retained at a local or Welsh Government level.
36. Recent research undertaken by the Wales Governance Centre projects that Wales could in fact benefit financially following the devolution of the ten benefits currently devolved to Scotland, citing the reducing ratio of benefit cost per head of population in Wales compared to England. We agree that there could be a financial benefit to the devolution of the ten benefits currently devolved to Wales. However, we are unsure if the full implications and costs of setting up a social security agency to administer these benefits.
37. CHC believes that Wales should seek to integrate the existing benefits systems as far as possible and target funding into existing Welsh benefits or UK benefits that Welsh Government can supplement before calling for further powers over social security.



## **The principles that could underpin the delivery of benefits in Wales**

38. CHC member housing associations have developed a set of principles under which we believe the Welsh benefits system should operate, regardless of level of devolution. These principles should govern every level of the system, from the eligibility and entitlement of individual benefits, to the processes and actions undertaken by members of staff working in the administration of benefits. The system should:

- Be accessible to all, through one entry point, regardless of whether an individual is requiring assistance with Council Tax, Discretionary Assistance Fund or Discretionary Housing Payments (or any other benefit). Initial enquiries should be able to be made through a single entry point. This entry point should be primarily online, but accessible through phone and face-to-face contact where necessary. The system should be clear and transparent with regards to decision making.
- The system should provide wider than purely financial support. Particularly where a prospective claimant is found to be ineligible for support, advice, support and/or signposting to support should be offered. All claimants should be provided with employment and/or wellbeing support where appropriate.
- The system should be integrated with other public services, particularly housing and health and social care, to enable holistic support including social prescribing and target the root causes of financial deprivation.
- Welfare benefits should, at a minimum, provide close-to-immediate financial support in crisis. This is crucial to the prevention of increased hardship through development of debts and rent arrears.
- The system should be developed in such a way as to promote independence and resilience. It should be cash based, with the understanding that the best person to make decisions over their outgoings is the claimant themselves. Excessive use of voucher



schemes can lead to an othering of benefit claimants and lead to disempowerment.

## **Conclusion**

39. Community Housing Cymru believes that devolution of welfare benefits should be explored, but only sought if potential benefits are clearly identified and risks sufficiently reduced. The devolution of administration of Universal Credit is as yet unproven in terms of impact on poverty and hardship levels in Scotland. Further evidence is required before a decision should be made on pursuing similar devolution of the administration of Universal Credit.
40. Regardless of devolution of further powers, Welsh Government should pursue attempts to integrate and streamline the existing benefits system as far as practicable, in order to improve claimant experience and reduce unclaimed benefits.



**10<sup>th</sup> April 2019**

## **Context**

Wales faces the highest relative poverty rate in the United Kingdom, with almost one in four people living in relative income poverty. The latest data shows us that 710,000 people in Wales live in poverty. This figure consists of 185,000 children, 405,000 working-age adults and 120,000 pensioners. The poverty rate for Wales is higher than for England, Scotland and Northern Ireland.<sup>1</sup>

The UN Special Rapporteur on extreme poverty and human rights reported that employment has not proven to be an automatic route out of poverty in Wales. In-work poverty has grown over the last decade and continues to grow. Half of Welsh households experiencing poverty have someone bringing home a salary Twenty-five percent of jobs pay below the real Living Wage, and low-paid, part-time or insecure jobs are often disproportionately taken up by women, largely due to difficulties in balancing work and caring responsibilities. If we're to tackle poverty in Wales, we must also tackle gender imbalance.<sup>2</sup>

Forecasts of poverty in Wales predict that the situation is not set to improve. By 2021-22, it is estimated that 27% of the Welsh population will be living in poverty, and that 39% of children will live in poverty. The Welsh population living in poverty is expected to increase 3 percentage points (pp) by 2021-22. This is the third highest increase of all UK regions. The level of child poverty in Wales is projected to increase 10pp by 2021-22.<sup>3</sup>

That is why Oxfam works in Wales, to: tackle the root causes of poverty and inequality, create a fairer and more equal society and tell the truth about poverty in Wales, now and in the long term.

Oxfam Cymru believes any constitutional changes should be based on the fundamental objective of alleviating poverty within Wales. It is of paramount importance that any changes made to the social security system must be done with, and in, the best interests of those living in poverty in Wales.

## **Principles**

Social security should be seen as a valuable public service; with participation, human rights, dignity and a reduction in poverty and inequality, at its very core. Any constitutional change should have these principles at the heart of its development. This means involving those individuals affected by the system in its design and delivery. Participation and inclusion are core principles of Oxfam Cymru and our experience of delivering programmes in Wales demonstrates the importance of placing individuals voice at the centre. We therefore know the importance of raising the voices of those living in poverty.

This was the approach adopted by Scottish Government who brought together a 'core group of diverse people with lived experiences of claiming benefits' to 'co-produce a charter, describing what

<sup>1</sup> JRF, 2018 <https://www.jrf.org.uk/report/poverty-wales-2018>

<sup>2</sup> OHCHR, 2018 [https://www.ohchr.org/documents/issues/poverty/eom\\_gb\\_16nov2018.pdf](https://www.ohchr.org/documents/issues/poverty/eom_gb_16nov2018.pdf)

<sup>3</sup> WISERD, 2018 <https://wiserd.ac.uk/news/poverty-wales-are-we-getting-full-picture>



people engaging with the system should expect. Involved too were a plethora of third sector organisations, academics and assorted stakeholders.’ By ensuring the charter was people led not just created ‘alongside’ service users; the Scottish Government not only recognised the importance of dignity and respect, but rooted lived experience at the core of the design and delivery of the Charter. This ensured a focus beyond economic growth and took into account the foundations individuals needed to build a life free from poverty. Any constitutional change which takes place here in Wales must also adopt these principles.<sup>4</sup>

### **Lessons learnt from Scotland and practical considerations**

Whilst Wales can learn from the principled approach of Scotland, we must also examine how this has translated into policy implementation.

**Capacity and skills:** Implementing the new financial and social security powers has been a large and complex operation. A considerable amount of work has been required to develop the ‘capacity and capability’ necessary to implement the necessary changes whilst simultaneously delivering on its existing responsibilities; all within a context of Brexit. Indeed, approximately ‘110 staff’ have been moved from other Scottish Government departments in order to meet the capacity need. Whilst steps were taken to assess workforce capacity this has still placed additional strain and pressure across a multitude of government departments. It is anticipated that the issue of workforce capacity will only increase given the government ‘expects the new social security agency to employ at least 1,500 people when fully operational.’<sup>5</sup> As a result, the government is currently developing a five year workforce model to plan for how it will deliver on its existing and new responsibilities given the lack of appropriately skilled staff. The staff capacity pressures that have been experienced by Scottish Government are almost certain to also be experienced by Welsh Government should a similar model be applied. Particularly given the Scottish Government has significantly more civil servants at 15,960 than the Welsh Government who have just 5,290. Welsh Government must therefore consider carefully and comprehensively how it would meet the required staff and skills gap whilst continuing to meet its current responsibilities.

### **Fiscal risks and opportunities**

Within Scotland a new role of Director General Scottish Exchequer was created with responsibility for fiscal policy and financial sustainability. Governance and organisational arrangements have had to be quickly created and implemented in order to manage the new risks and opportunities within the Scottish budget. Under the new fiscal framework, the UK Government contributes £200 million to the costs of implementing the new powers, however, it is not clear how much total implementation and delivery will cost. This means that any excess will have to be funded from the wider Scottish budget. Work is still ongoing to ensure the budgeting, financial monitoring and reporting processes are fully transparent in order to improve planning and decision making. The Welsh Government must therefore think carefully about its budget allocation and the potential impact and reduction this could cause to other elements of the Welsh Government budget. The Welsh Government would also need to consider transparent monitoring arrangements and how they would be created and implemented to ensure effective scrutiny.

---

<sup>4</sup> Fabian Society, 2019 <https://fabians.org.uk/breaking-ground/>

<sup>5</sup> Auditor General, 2018 [http://www.audit-scotland.gov.uk/uploads/docs/report/2018/nr\\_180328\\_managing\\_scotland\\_acts.pdf](http://www.audit-scotland.gov.uk/uploads/docs/report/2018/nr_180328_managing_scotland_acts.pdf)



OXFAM

**I.T systems:** Successful delivery of devolved social security powers relies on the development and integration of a number of complex IT systems. The Scottish Government has been forced to rely on interim IT systems whilst long term solutions are considered. The Welsh Government will therefore need to consider the implications of administering such a system and ensure a system is able to be developed which fully takes account of ‘interdependencies, assurance activities, contingency arrangements, key decision points, and risk management.’ This is a potential lengthy process which will require a ‘comprehensive assessments of the risks and benefits of each option.’<sup>6</sup>

**Key relationships:** It has been recognised that central to the smooth implantation and operation of the new powers in Scotland has been the effective working relationships at an official level with UK Government bodies, such as the DWP and HMRC.

Within Wales, Oxfam delivers a successful programme with the DWP using our Sustainable Livelihoods Approach.

The SLA is a method of understanding the experiences of people living in poverty and of analysing and changing the lives of people living in poverty and disadvantage. It is a participatory approach based on the recognition that all people have abilities and assets that can be developed to help them improve their lives.

Oxfam has long been using the Sustainable Livelihoods Approach in its work to combat economic disadvantage globally and in the UK. This approach assesses and addresses all of the assets that people have, alongside the barriers that they are facing, to give a much fuller picture of a person’s situation. This means it is particularly suited to addressing women’s disadvantage, as women often face a wider range of barriers. It looks at:

- Human assets – e.g. skills, knowledge and physical and mental strengths
- Social assets – e.g. friendships, family, neighbours and networks
- Physical assets – e.g. housing, transport, white goods, a computer, a smart phone
- Public assets – e.g. community centres, libraries, involvement in community activities
- Financial assets e.g. income, savings, credit facilities, etc.

Between 2012 and 2016, Oxfam Cymru delivered the Building Livelihoods and Strengthening Communities in Wales<sup>6</sup> project (hereafter ‘Livelihoods Project’) which piloted the use of the Sustainable Livelihoods Approach (SLA) working with different groups experiencing poverty and marginalisation. The Livelihoods Project activities included working with participants in a range of ways including: one-to-one support and guidance (with the SLA tools used as a starting point with); peer mentoring courses (to provide participants with the skills to enable them to support others); training courses and workshops (with many participants welcoming the opportunity to receive accreditation following completion of a course - some gained employment as a result of training provided, for example being able to renew licences required to work on specific machinery); excursions (opportunities for participants to visit places locally and further afield, aiming at broaden their horizons); volunteering; and other group activities. A Value Analysis of the Livelihoods Project was undertaken, and was able to demonstrate a social return on investment of £4.43 for every £1 spent. The SLA can be scaled up to deliver improved health and employment outcomes for people. The SLA was used during the Livelihoods Project, which benefited over 1000 participants, and partnered with nine organisations, who worked with individuals who are part of different marginalised groups in society, including people with physical and / or learning disabilities; young

---

<sup>6</sup> Auditor General, 2018 [http://www.audit-scotland.gov.uk/uploads/docs/report/2018/nr\\_180328\\_managing\\_scotland\\_acts.pdf](http://www.audit-scotland.gov.uk/uploads/docs/report/2018/nr_180328_managing_scotland_acts.pdf)



OXFAM

families, single parents and those with mental or physical health issues; geographically isolated and long term unemployed people; families with primary school age children; people from black and minority ethnic (BME) communities; young people not in education, employment or training (NEETs); older people refugees and asylum seekers; and people at risk of homelessness.

One of the main project outcomes was that 'Marginalised people will develop skills and build confidence to improve their livelihoods and life chances'. The external evaluation, conducted by Arad, showed that all participants and project workers interviewed believed there had been many and varied opportunities to develop skills. In many cases, the type of impact included 'hard' outcomes' such as skills improved through certified training (for example, manual handling and first aid), but also those 'softer' impacts relating to raised confidence and career aspirations amongst participants. There was recognition that, in many cases, the support provided through the project had acted as the very first step towards obtaining employment and had the effect of helping breakdown whatever barrier participants had in taking part more fully in training or employment or in their community. The external evaluation also identified synergy between the various types of impact the project had, for instance, a participant may have been supported into an employment or training opportunity, but often this would be accompanied by an increase in confidence or higher self esteem generally, increased awareness of where to seek help should problems arise, better time keeping, and a network of others to share experiences.

The Livelihoods Project comprised a diverse mix of projects and activities. The main commonality across the partners was the use of the SLA, as well an emphasis on providing intensive support, a flexible budget, the development of peer mentors, and the fact that the projects are targeted at certain groups.

The evidence stemming from Oxfam Cymru's programme work shows that that key to supporting people back into work, and helping them sustain that employment, is taking a holistic approach – not only to the individual, but to their family and wider situation. An individual starting a new job may have knock-on implications for other family members, for example, tax credits may be affected, those who require care may need their situation reconsidered, and so on. It is often the case that an individual may face multiple barriers to employment – not only their own health and wellbeing, but that of their dependents. Key for many individuals is building confidence and self-esteem, in parallel to any skills development or training they may need. If an individual has been out of employment for many years, starting employment may be a huge cultural shift for them.

We are currently training Jobcentre staff in the SLA approach in Wales, enabling them to better understand people's situations and how they relate to finding and staying in work; understand the factors that create social exclusion and poverty and the impact that has on people's lives; increase awareness of both personal and organisational values, attitudes and behaviours which impact on frontline delivery; and consider the benefits of a holistic approach to support service users. The SLA toolkit provides the practical tools needed to help people address their issues in an effective and sustainable manner. The participatory approach is based on the recognition that all people have abilities and assets that can be developed to help them improve their lives.

Oxfam Cymru's hypothesis for the project is that a service that understands the lived experiences of its users will be better placed to provide solutions and support befitting their needs, thereby reducing the need for sanctions and enhancing the ability of service users to find and stay in work, and thereby to build more sustainable livelihoods.

An independent evaluation of the first stage of this partnership to date has shown the social return on investment is estimated at £5.31 for every £1 spent

Anecdotal evidence also shows positive feedback from JCP staff using the SLA Toolkit, and comments in the initial feedback collected from JobCentre Plus staff have included: "I will be using these tools



OXFAM

in our peer support job club. I will also build this into my supporting claimants 45+ and with health condition Action Plans”; “All tools will be useful. Looking to develop more peer support groups and these tools will help develop sessions / delivery”; “[the tools] are extremely helpful in helping build a rapport and breaking down barriers”; “[the tools] help to build an individual’s life picture, to provide the correct support either by myself or able to signpost. To build a picture of what is positive for the individuals”; and “I believe [the tools] are a pathway to developing my role as a work coach. Being in the community it will be knowing my customer and making sure the tool is relevant to them

The SLA approach should be used more widely across the DWP, across government, and in other third sector organisations and be considered in the development and delivery of any new system in Wales. Many organisations, including individual government departments and other public sector institutions, look to address particular disadvantages – whether that’s homelessness, unemployment, lack of childcare, etc. They will often not have the capacity to address other disadvantages, and will instead refer or signpost individuals to other services. The Sustainable Livelihoods Approach provides a framework for understanding all of the assets and barriers a person faces, regardless of where the individual initially receives support, and makes partnership working between organisations substantially easier.

Working with the DWP on this project has led to a positive working relationship between the two organisations. This draws parallels to the experiences of the Scottish Government. Welsh Government would therefore need to invest the time and resource into cultivating or sustaining effective working relationships with the DWP and HMRC if a devolved system was to prove effective in Wales.<sup>7</sup>

### **Options for different forms of devolution**

In addition to the practical learning from Scotland, there are other questions to consider. For example, clarity over what exactly is captured when discussing devolution of social security, are we discussing policy or simply delivery? If Housing Benefit is devolved will it result in greater borrowing powers to finance house building programme? If Housing Benefit is devolved but others are not, what is the impact on Universal Credit and the Benefit Cap?

To tackle poverty and inequality, we require different policies in relation to social protection, taxation and work.

#### **1) Sanctions**

Since 2010, the scope and severity of benefit sanctions has been at the centre of the politics of welfare reform<sup>8</sup> Across the UK there is evidence of sanctions leading to hunger and hardship; it has also shown to be an ineffective tool in getting people back into work. Sanctions have also been found to drive negative personal, financial and health impacts. This system is locking people into poverty and destitution. A more humane system is needed whether that is in Wales or the UK. The JRF recommend two broad changes:

- Introduce a phased approach with a series of steps before financial sanctions are imposed. This should include warnings when people are likely to breach conditions rather than going

---

<sup>7</sup> Oxfam’s Contribution to the Government Equalities Office’s Gender Equality and Economic Empowerment Strategy Call for Evidence – March 2019

<sup>8</sup> JRF, 2019, <https://www.jrf.org.uk/blog/sanctions-going-too-far-causing-destitution>



OXFAM

straight to a financial sanction, with non-financial sanctions tried first, such as more frequent signing-on.

- Reduce financial penalties so people are not left destitute. For claimants of JSA, sanctioning can result in the complete withdrawal of benefits for 13 weeks or even up to three years. Most poorer households have no savings to fall back on in such situations. Sanctions, and the level of benefits in the first place, risk leaving people destitute.

Wherever social protection powers lie, there is a need to build a social safety net fit for the 21<sup>st</sup> Century. Part of this should involve an urgent review of policy and practice of applying sanctions.

## **2) Devolution of Universal Credit policy**

Universal Credit continues to impact upon in-work poverty. Universal Credit is not the same policy it was when it was introduced in 2012. There have been at least 57 separate changes and cuts to working age benefits since 2010, and this has had an impact on how much low income working households now receive. If this policy was to be devolved, Welsh Government could look at the following significant issues within the current policy: benefit rates; changes to eligibility such as the two-child limit; changes to the work allowance, taper rates and the way in which Universal Credit interacts with non-traditional forms of employment and fluctuating hours.

In April 2016, work allowances reduced from £222 to £192 per month for families with children who rent, and from £536 to £397 for those who do not rent. Work allowances were removed altogether for non-disabled adults without children, meaning benefits reduce as soon as they begin to earn. What this means is that low income households affected, do not begin to see the financial rewards of working until they are earning much more. This impacts on work incentives, but also has a significant impact on the numbers of people in in-work poverty.<sup>9</sup>

Oxfam's Future Skills and Skills for Life programme operates in multiple locations across the UK and has found that many of the participants were keen to work, but in some cases were concerned that their financial situation would not improve when they did find work: "When it comes to jobs, I worked all my finances out and I have to get [a job]... but any job I have looked at is just not going to match what I need" (Future Skills participant, unemployed on disability benefits talking about her current financial situation)

Skills for Life aims to help individuals overcome these barriers 'I've enjoyed being a part of something so great. Bringing women together who share similar barriers to getting in work and similar hopes and dreams and watching all of us achieve our dreams and continuing to.' (Welsh Skills for Life participant). However, fundamental structural concerns with the way in which the policy operates prevail.

This can be seen in interaction between Universal Credit and non-traditional forms of employment which can exacerbate in-work poverty. For example, if someone has fluctuating hours, their Universal Credit will fluctuate too, but because it is paid in retrospect, someone could experience an increase one month with very little to live on during other months. Similarly, if someone is paid weekly rather than monthly, and there are five weeks in a month, their income that month may

---

<sup>9</sup> Oxfam Scotland response to the Smith Commission, 17 October 2014





bring them over the entitlement threshold, meaning their Universal Credit claim is automatically closed and they must make a new claim the following month.

The 'In-work progression' aspect of Universal Credit policy is also problematic as it places a requirement on claimants to seek to increase their hours and earnings up to 35 hours a week, whether or not they are already in part-time work. Progression is fundamental in ensuring that work acts as a route out of poverty, but Oxfam has concerns around how in-work progression policy has been conceptualised and implemented. There has been with insufficient recognition of the different experiences of men and women in the labour market, not least how caring responsibilities interact with employment. In-work progression policy fails to recognise women's unpaid care and domestic work as work, in and of itself, and as valuable economic activity that contributes to society. Oxfam research highlights growing evidence that governments and economies could benefit substantially from recognising unpaid care as a key policy concern, and from increasing investments to support households meet their unpaid care responsibilities.

### **3) Taxation**

The Welsh Government has limited tax-raising powers. It can raise some small taxes directly, but the bulk of its revenue comes from the UK Treasury, as a 'block grant' whose distribution across devolved responsibilities is determined in the Welsh budget. But the balance is shifting: around 20% of the Welsh budget will be raised from devolved taxes in 2019-20. When locally raised Council Tax is included, around £5 billion of devolved and local Government spending in Wales will be funded by Welsh-controlled taxes. This is an opportune time for Welsh Government to develop the use of tools for analysing the gender impact of taxation decisions and address shortfalls in the budget process. Gender budgeting is an effective tool that shows how decisions affect people differently, thus helping governments allocate resources more fairly and efficiently and advance gender equality. In its Tax Policy Framework<sup>54</sup> the Welsh Government states that it '*will use the tax system to promote fairness and economic growth*' and that Welsh taxes should '*raise revenue to fund public services as fairly as possible*'. This approach should be applied to all its decisions about taxation and spending, not just its recently devolved powers to set some small new taxes and the limited Welsh income tax. Tax systems and tax rules can have different impacts on women and men. So-called genderneutral taxation – which appears to be the approach adopted by Welsh Government – can actually undermine women's economic security.

A deliberately progressive tax system can have a positive effect

The UK income tax system is broadly progressive, i.e. as people move into higher income groups they pay an increasing share of gross household income in income tax. The opposite is true for council tax, even after including council tax reductions: people on low incomes pay a higher proportion of their household disposable income in council tax than those who have higher incomes. As there are more women in lower income groups<sup>56</sup> a more progressive council tax would benefit them. Council Tax levels have risen faster in Wales than in Scotland or England over the past decade<sup>57</sup>, increasing the burden on lower income households, though also easing cuts to local services. Welsh Government has provided local authorities with funding to maintain the Council Tax Reduction Scheme<sup>58</sup>, which is likely to have benefitted women in poorer households<sup>59</sup>. The discounts for carers may also benefit more women. Welsh Government has committed to making Council Tax fairer and can set policy. But local authorities set the Council Tax levels, although this is in response to Welsh budget allocations. Budgets are about making choices with limited resources. Gender budgeting, or gender-sensitive budgeting, allows governments to promote equality by considering a budget's differing impacts on the sexes as well as setting goals or targets for equality and allocating



**OXFAM**

funds to support those goals. An Equality Impact Assessment of Welsh budgets is carried out annually but anecdotal evidence suggests this takes place at the end of the budget process to show compliance rather than at an early stage to inform decisions. This approach acts as a barrier to effective cross-government working on gender equality. A more proactive approach would be to outline how all Welsh Government spending is being used to advance equality.

**Welsh Government should:**

- Introduce gender budgeting to help determine spending;
- Use its policy-making powers to introduce a progressive Council Tax system;
- Carry out an Equality Impact Assessment of Welsh budgets at an early stage of the budget process to inform decisions;
- Develop tools for analysing the impact of the new Welsh income tax and other taxation decisions on women in Wales.

In addition, a recent report by Oxfam found that billionaire fortunes increased by 12 percent last year – or \$2.5 billion a day - while the 3.8 billion people who make up the poorest half of humanity saw their wealth decline by 11 percent. This combined with the billions of pounds lost in tax avoidance and evasion in the UK annually must be tackled.

Oxfam believes tax avoidance should be tackled through the pursuit of tax havens, offshore earnings and the closing of loopholes which allow avoidance. Business support, corporate social responsibility awards and government plaudits should be contingent on companies meeting their tax obligations. As well as funding public services, tax can be used to create the kind of society we want. Shifting the tax base so that entities undermining the collective good pay more e.g those businesses not providing decent work and entities contributing to environmental and social sustainability e.g those who invest locally, have a lightened tax load. One example of this is, a financial transaction tax. Wealth and land value taxes should also be explored. We need to introduce a system which enforces collection, redistributes wealth and promotes positive behaviour.<sup>10</sup>

**4) Economic Development: promoting good quality, satisfying, secure and suitable work**

In order for work to be a route out of poverty, workers must be paid at least the real Living Wage. More than a fifth of workers in Wales are earning less than this rate. More women than men are living in poverty, and we know that women are more likely than men to be paid less than the real Living Wage. Women are consistently over represented in low paid, part time, insecure and temporary work. Paying the real Living Wage is a tangible, important way to help lift people out of poverty. The Welsh Government can do more to ensure all public services, local government and private sector organisations pay the Living Wage. Oxfam is working to tackle poverty wherever we find it, and having more people paid the real Living Wage is an important step in tackling poverty in Wales. Work can only offer an effective route out of poverty if the income available is enough to cover the basic cost of living. It is not right that working families are choosing between heating and eating.

In-work poverty is partly a result of low-pay, but it is also due to other factors, including job insecurity and the lack of enough regular or predictable hours. It is therefore important to avoid viewing increasing hourly wages as the only solution. In-work poverty is also a deeply gendered issue, as women and men experience poverty and routes out of poverty differently. There is more that can be done by employers to demonstrate responsible practice including sharing work. This would involve changes to be made by Welsh Government in terms of regulation and remuneration at a policy level. Existing commitments on fair work should be maintained and, where possible,

---

<sup>10</sup> Oxfam Scotland response to the Smith Commission, 17 October 2014





OXFAM

strengthened. Welsh Government should offer incentives for employers to create progression routes for low-paid workers and consider how future devolved employability programmes can be designed in ways that recognise the different barriers faced by different groups – particularly women and lone parents – when entering the labour market.

### **Summary**

Wherever powers lie, significant policy change is needed to tackle the unacceptable level of poverty within Wales. Different policies are needed to: build a social safety net fit for the 21<sup>st</sup> Century; build a tax system that enforces collection, redistributes wealth and promotes positive activity; and promote good quality, satisfying, secure and suitable work.

There is no guarantee that a Welsh social protection system would be inherently better than a UK social protection system – this is dictated by policy decisions – Oxfam therefore does not take a position on this. However, we do believe further devolution needs to be considered carefully and in the round, learning from the experiences of other devolved nations. Any constitutional change must fundamentally be built upon the principles of: involvement with those who have lived experience, human rights, dignity and a reduction in poverty and inequality in Wales. We won't live with poverty.