

Response to the Social Security Advisory Committee:

Universal Credit - Passported benefits

July 2011

1. National Association of Welfare Rights Advisers

The National Association of Welfare Rights Advisers (NAWRA) was established in 1992 and represents advisers from local authorities, the voluntary sector, trade unions, solicitors and other organisations who provide legal advice on social security and tax credits. NAWRA currently has more than 240 member organisations.

We strive to challenge, influence and improve welfare rights policy and legislation, as well as identifying and sharing good practice amongst our members.

NAWRA holds a number of conferences throughout the year across the UK, attended by members from all sectors of the industry. An integral part of these events are workshops that help to develop and lead good practice.

Our members have much experience in providing both front line legal advice on benefits and in providing training and information as well as policy support and development. As such NAWRA is able to bring much knowledge and insight to this consultation exercise.

The response has been put together using contributions from our members via social networking methods and a call to members.

NAWRA is happy to be contacted to provide clarification on anything contained within this document. NAWRA is happy for details and contents of this response to be made public. Contact can be made via the Secretary at the address on the front cover.

Question 1

At Annex A have we covered the main passported benefits that you are aware of? Please let us know if there are any others that you think should be added to the list.

Some local authority charges for social care services are waived for people on means -tested benefits such as IS or ESA. Examples of these include floating support services in housing or attendance at day services.

Local authorities also use such entitlement for a variety of other concessions related to things like library charges, crematorium charges and leisure charges.

There are of course differences between the nations in respect of some of these benefits e.g., prescription charges.

Question 2b - If you are responding as an organisation:

Please indicate which groups of claimants you represent or assist and tell us which of the passported benefits are most important to these claimants, and why.

NAWRA members provide advice and representation for many different groups of claimants including families, disabled people, young people and older people. As such an organisation all the passported benefits are important.

Question 3b - - If you are responding as an organisation:

(i) Do passported benefits influence the decisions people take about moving into work? Please give your reasons for believing this and provide any evidence that you have.

(ii) Do passported benefits affect the decisions people take about staying in work? Please give your reasons for believing this and provide any evidence that you have.

(iii) How, if at all, do passported benefits affect people's quality of life?

NAWRA is of the view that such benefits should be taken into account when taking decisions about moving into work. NAWRA has stated on a number of occasions that there should be transparency about the value of these in "better off" calculations provided by JobCentre Plus and other agencies. Failure to include these means that full advice is not given to job seekers, and this can not be helpful to those trying to make such difficult decisions. We encourage our

members to ensure that this is taken into account. Due to the numbers of people who approach our member organisations we believe that this factor is taken into account by people considering a move into work. This is particularly so when people are receiving a specific benefit such as legal aid and may delay their move into work until the matter is resolved,

This applies equally to people moving out of work. However our members have not reported that there is a large number of people who seek advice or information about passported benefits and better-off calculations. This leads us to believe that we do not think that (HB/CTB aside) passported benefits affect the decisions made.

Many of these benefits are related to what NAWRA views as essential health and social needs. Free school meals and fuel benefits are vital to many families and so will go towards tackling some of the worst aspects of the poverty that people reliant on benefits face.

For children living in poverty the free school meal may be the only hot meal they get and be the difference between having enough to eat and not having enough to eat. Free prescriptions may be the difference to whether someone can take their medication or not which may have a drastic effect on their health.

Exemption from court fees may allow someone facing eviction to apply to have the warrant suspended – this could be the difference between having a place to live or becoming homeless.

Legal Aid provides a necessary, but very limited, support for dealing with legal issues both civil and criminal.

NAWRA views these as essential to dignity and protecting the human rights of claimants.

The following case study shows the impact that losing just one passported benefit can have:

Kate is a single parent with 2 children aged 12 and 14.

On benefit she receives:

Income support	£67.50
Child benefit	£33.70
Child tax credit	£108.75
Housing benefit	£130.00
Council tax benefit	£15.00
Total	£354.95

Working 16 hours per week at £6 per hour she receives:

Earnings	£96.00
Working tax credit	£74.42
Child benefit	£33.70
Child tax credit	£108.75
Housing benefit	£90.21
Council tax benefit	£2.76
Total	£405.84

So advice given to Kate at the Jobcentre would be that she would be £50.89 better off. However, she loses £20 per week in free school meals in term time reducing this gain to just £30.89 per week. She will lose other passported benefits as well reducing this further such as free prescriptions for herself, a school uniform grant. Once she has paid her travel costs to work there may be no financial gain at all in going to work.

Question 4

What, in your view, are the key issues that need to be considered in the design of passported benefits under Universal Credit, and why? Do these key issues differ for different types of passported benefit? If so, please give details.

NAWRA is of the view that currently many passported benefits are complicated to understand whether someone has an entitlement and to administer. This leads to under-claiming.

A number of our members reported that school meals eligibility is difficult for parents and for schools to understand. Member organisations have been involved in trying to encourage take-up through campaigns.

One of the difficulties with school meals is that there are a number of criteria which seem to be counter intuitive – i.e. there is entitlement on low income grounds but not if getting (any) working tax credits and the total household income is below a certain level. Tax credits are paid together – so it can be difficult to distinguish between them; and the total income level can be difficult to calculate.

When trying to claim free school meals parents can find the requirements to produce proof of income difficult to comply with - particularly when trying to show that income is less than a set level.

This would suggest that design needs to be based around simplicity to enable appreciation of potential entitlement and easy to verify.

The passported benefits need to be:

- Understood by claimants, administrators and advisors
- Simple for claimants to show entitlement to
- Simple for administrators to verify entitlement for
- Withdrawal/reduction is easy to understand

Question 5

What are the potential advantages and disadvantages for claimants, delivery agents and advice services of changing the eligibility criteria for passported benefits under Universal Credit?

Category	Advantages	Disadvantages
Claimants	<p>Simpler - better understanding of eligibility</p> <p>“marketing” will increase awareness</p> <p>Opportunity for simpler verification process</p> <p>May gain entitlement</p>	<p>lack of clarity about entitlement</p> <p>may lose entitlement</p> <p>administrative difficulties due to change</p> <p>provider difficulties due to change</p>
Delivery agents	<p>opportunity to clarify with staff and refresh processes</p> <p>possibility of efficiency savings</p> <p>opportunity to rebrand processes</p>	<p>provide new work processes for staff</p> <p>additional training for staff required</p> <p>Additional work expected till beds in</p> <p>risk of additional “tweaks” later</p>

Category	Advantages	Disadvantages
Advice services	<p>Opportunity for take-up activity</p> <p>Opportunity to refresh information and other written/online materials</p> <p>Simplification of processes</p>	<p>Additional information/awareness activity required</p> <p>Updating of staff knowledge required</p> <p>Increased demand</p>

Question 6

How might passported benefits under Universal Credit be designed to enhance work incentives at no extra cost? How might this need to vary by type of passported benefit?

Passported benefits under Universal Credit could be designed to enhance work incentives by having the characteristics set out in answer to question 4. NAWRA has no view as to how this might vary by type of passported benefit.

Question 7

How could passported benefits be simplified under UC at no extra cost? What would be the advantages and disadvantages of simplification?

If all passported benefits were given in full to all claimants of UC this would make the system simpler. Although as a more generous system it would incur higher costs this would be offset by lower administrative costs. This has the huge advantage at targeting the money where it is needed as opposed to in bureaucracy Claimants would only be hit by the financial implications of the loss of passported benefits once they came out of UC at which point they would have a lower marginal effective tax rate enabling them to absorb the loss more easily.

The advantages and disadvantages of simplification are broadly similar to those identified in question 5.

Question 8

What would be the implications if in-kind passported benefits became cash benefits under Universal Credit? How, if at all, would these implications differ for different in-kind passported benefits?

NAWRA has formed the view that it is not desirable to replace these with cash payments.

The main objection the association has is doing so will place these payments at risk from being assumed to be available for other costs in the future. This could give rise policy decisions to reduce or freeze payments and claimants being expected to make a choice between, for example, free school meals and prescriptions costs where there has been a reduction in housing costs. Claimants risk being criticised for “inappropriate” spending thus further reducing take up of these and other benefits.

A similar scenario would apply where sanctions have been applied. Many of these passported benefits relate to expenditure which are important for basic health (i.e. school meals, healthy start vouchers, warm front). The passported benefit should be clearly identifiable as providing support for a specific need related to the claimants personal circumstances. That these are in-kind is important for their effectiveness.

NAWRA would also raise the question of the practicality of such a proposition. What process would efficiently deal with a need to fulfil a prescription which may arise unexpectedly? A claimant may need to wait for several weeks for processing of an additional amount for a single prescription and may have little choice but to delay taking what a doctor has decided is an important need. The promise of a “realtime” system may go towards resolving these problems - however NAWRA has doubts that the above scenario would be unlikely.

For some households financial control rests very much with one person and the rest of the household can be dependant on that person to exercise that control fairly and effectively. This does not always happen particularly where families are under high levels of stress.

We would also question whether what would seem to require cash payments would not risk driving some providers way from that market causing further difficulties for claimants.

Question 9

If passported benefits were to be withdrawn as earnings increased and UC entitlement decreased, how might this be done? How, if at all, would this vary by type of passported benefit and what interactions between different passported benefits need to be considered?

NAWRA takes the view that for some of the major passported benefits - school meals or prescriptions (in England) for example it would be difficult to and increase complexity for these to be withdrawn using a taper.

However as a general principle NAWRA is of the opinion that there should be no withdrawal until no UC is in payment. At that point the marginal tax rates will reduce payments considerably.

Although this may at first suggest an increase in costs, NAWRA believes that this simple approach would have advantages in terms of more efficient administration which would bring savings.

Question 10

Can you please provide us with details of any research or other evidence, including case studies and specific examples, relevant to our enquiry?

NAWRA has no additional evidence at this point.

Question 11

Are there any other issues relating to passported benefits that you wish to draw SSAC's attention to? Please give details.

No

Question 12

Do you have any other suggestions to make about passported benefits within UC?

No