

Equality of Opportunity Committee

Report on the Welfare Reform Bill

Background

1. In May 2006 the National Assembly for Wales' Equality of Opportunity Committee considered the UK Government's Green Paper *A new deal for welfare: Empowering people to work*. In July 2006 the Committee noted the Welfare Reform Bill had received its first reading in the House of Commons and subsequently agreed to consider the Bill at a future meeting.
2. In September 2006 the Committee took evidence from the Disability Right's Commission (DRC), the Welsh Language Board and the Assembly Minister for Business, Equalities and Children to inform its work on the Bill. Officials of the Department for Work and Pensions took part in proceedings to represent the views of the UK Government.
3. While there was general support for the Welfare Reform Bill, the Committee acknowledged that many of the provisions contained within the legislation would be subject to detailed Regulations, proposals for which were yet to be published.
4. The Committee considered key aspects within Parts 1 and 2 of the Bill and made the following points:

Part 1

Employment and Support Allowance

Assessments relating to entitlement

Clauses 8 and 9

- There was general support for changes to the current assessment process and the focus on the functional impact of a condition on an individual as opposed to the condition per se.
- Members emphasised the need to ensure that the new assessment process was responsive to individuals with mental health problems. In particular, appropriate mental health professionals must be used when assessing entitlement for individuals with mental health problems.
- In its evidence to the Committee, the DRC reiterated the need to ensure that assessments were '*not over-medicalised*' and that they had '*a degree of sensitivity to the position of the individual.*'

In response, officials made the following points:

- It was anticipated that the reforms would bring about an overall improvement in the delivery of the Personal Capability Assessments (PCAs), including the speed of completion and the processing of documentation. The Department for Work and Pensions had worked closely with mental health charities and other stakeholder organisations in developing proposals for the revised PCA.

Conditionality

Clauses 10 to 14

- There were some concerns relating to the requirement of claimants to take part in work-focused and/or work-related activity as a condition of continued entitlement to the full amount of Employment and Support Allowance. In its written evidence to the Committee, the DRC highlighted the need for a:

'flexible and responsive system of support to enable disabled people to participate in work.'

- The Commission advised that careful attention must be paid to the approach adopted in taking forward the conditionality regime to ensure that it did not give rise to feelings of harassment, which could exacerbate existing ill-health. In addition, Members felt it would be necessary to build in sufficient flexibility to take account of fluctuations in health conditions, particularly those associated with mental health problems.
- It was suggested that all assessments and work-focused/related activity should be available through the medium of Welsh and other minority languages. The Committee felt it would be important to ensure there was no unnecessary delay in carrying out the Personal Capability Assessment to determine entitlement to benefit as a result of linguistic preference. This was echoed by the Welsh Language Board in both its written and oral evidence to the Committee.

Clause 15

- In its evidence to the Committee, the DRC raised concern about the effect of allowing contracted providers in the private and voluntary sectors to exercise functions relating to conditionality, in particular to take responsibility for related decision-making activity regarding sanctions. It was felt that:

'Contracted out decision-making should be subject to standards of transparency and accountability so as to prevent discrimination.'

The Commission went on to suggest that these powers may lead to:

'...real tensions for charities that deliver services under contract and campaign for the rights of the groups they represent.'

Miscellaneous

Clause 18

- There was support for the roll-out of Pathways to Work pilot schemes. However, it would be necessary to ensure that the full range of support was available consistently across Wales.
- There was concern raised about the implications of the legislation for support services, for example day-care provision, for older people with mental health problems who were unlikely to return to work. It was felt that reconfiguration of services in some local authorities brought about by the reforms may be to the detriment of some groups.

Part 2

Housing Benefit and Council Tax Benefit

Clause 27

- There was general support for the introduction of direct payments of Local Housing Allowance (LHA) to tenants in the private rented sector, which was intended to encourage financial responsibility. However, the Committee felt that sufficient safeguards should be put in place to protect vulnerable tenants.
- Members raised concern that direct payments of LHA to tenants, in conjunction with delays in processing claims, would discourage landlords from letting accommodation to benefit recipients. In turn, this would serve to exacerbate the current shortage of private rented accommodation in some parts of Wales.
- There was concern that the housing benefit system was insufficiently flexible to meet the needs of homeless young people who wanted to enter full-time education in order to improve their employment prospects.
- There was disappointment expressed that the reforms failed to address the single room rent restriction for young people under 25, which often forced young people into poor quality accommodation.

In response officials made the following points:

- Vulnerability assessments were being used in pathfinders to ensure that, in cases where claimants were unable to effectively manage their finances, LHA would continue to be paid to landlords. Guidance had been issued to local authorities to assist in identifying vulnerable

claimants, which included possible indicators of vulnerability. The Department for Work and Pensions were working with local stakeholders, including Citizens Advice Bureau and Shelter, to ensure that the guidance on vulnerable tenants was appropriate. While local authorities ultimately were responsible for deciding if a tenant was vulnerable recommendations could be accepted from a number of sources including welfare groups and General Practitioners.

- Initial evaluation reports on the LHA had shown a decrease in the length of time taken to process claims. It was hoped that this trend would continue when LHA was introduced at a national level. The Department for Work and Pensions was considering making the first payment of LHA to landlords in cases where a delay had occurred in processing a tenants' claim. It was anticipated that this would provide reassurance to the landlord and help secure tenancy.
- The shared-room rent, a variation of the single-room rent, would be introduced under the LHA and included a wider range of properties that could be accessed by a single young person. The LHA rates would be published in advance which, it was suggested, would help tenants to identify when shortfalls were likely to occur. The shared-room rent would be revisited by the Department for Work and Pensions as part of the review of the LHA, which was planned for two years following roll-out.

Clause 28

- There was some concern about proposals around the Respect agenda, which provides powers to reduce Housing Benefit when a claimant refuses to undertake rehabilitation, following eviction for anti-social behaviour. Members were concerned that these proposals would have a negative effect on homelessness in Wales and the child poverty agenda.

In response officials made the following points:

- Local authorities could consider a sanction no longer appropriate where the individual, or his family, had become particularly vulnerable. It was intended that a lower rate of reduction would apply to those considered to be in hardship, which could include households with children.

Other general comments

Working with employers

- The DRC suggested there was limited evidence to date that employer reluctance to recruit disabled people adequately was being addressed. In particular there was a need:

'...to encourage the public sector in Wales, which is the largest employer in Wales, to get its act together in terms of the recruitment of disabled people.'

- The Committee urged both the UK and Welsh Assembly Governments to work with employers to tackle negative attitudes and stigma about people in receipt of the new Employment and Support Allowance, in particular those with mental health problems. It was noted that a number of positive steps were being taken to engage private sector employers, including the appointment of a Director for Work and Well-being.

Child care provision in through the medium of Welsh

- It was generally accepted that Welsh speaking lone parents may find it more difficult to return to work due to a lack of available childcare provision through the medium of Welsh. In its evidence to the Committee, the Welsh Language Board highlighted the need for the Department for Work and Pensions:

' to work closely with local authorities and childcare providers to ensure the availability of Welsh medium childcare.'

Child protection

- There was general concern that the issue of child protection had not adequately been addressed when drawing up proposals in the Bill. Members sought assurance that changes to the current system, in particular the conditionality regime and sanctions relating to the Respect agenda, would not put children at risk or lead to an increase in their vulnerability.