Welfare Reform Mitigations Working Group Report

January 2016

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Foreword

Preparation of this report has been a challenging task for various reasons. The context for our work has been one of surprises, uncertainty and confusion. At various points, we considered pausing the process to engage in further discussion and seek clarification on various matters. We were, however, conscious of all of the work to be undertaken by the Department, Agency and advice sector between the completion of our work and the commencement of the legislation. We therefore pressed on to try to develop a strategy to alleviate the hardship welfare reform will bring. We have looked at developments elsewhere and are confident that the measures we propose will place Northern Ireland clearly ahead of the rest of the United Kingdom in its efforts to protect vulnerable children and adults - in work and not employed - from hardship. As lead member of the working party, can I thank my colleagues - Kevin Higgins, Lisa McElherron and Barry McVeigh - for their contributions and support. I would also wish to thank Dr Liz Mitchell (Institute of Public Health) and Professor Jonathan Bradshaw (University of York) for their input.

Eileen Evason BA., MSSc., CBE.
Emeritus Professor in Social Administration

Introduction

The Welfare Reform Mitigations Working Group was established on foot of the 'Fresh Start' agreement, a copy of the relevant section is included in Appendix 1. A copy of the Terms of Reference for the Working Group is included in Appendix 2.

The mitigation strategy that we recommend has three strands. The first of these relates to allaying the considerable anxiety that exists with regard to the welfare reform legislation and providing supplementary payments, for varying periods, over the four years of this programme for carers, those with ill health and disability and families. The supplementary payments proposed will not be means-tested, will not attract premiums, the additions to other benefits which we discuss below, and, we presume, will not count as taxable income. For this first strand we have been assisted by all of the preparatory work completed by the staff of the Social Security Agency and would wish to acknowledge their contribution. The second strand relates to supporting and protecting claimants, especially the most vulnerable, with independent advice at key points in all of the changes that are to come having regard, in particular, to the provisions in the legislation dealing with sanctions: financial penalties whereby claimants may lose entitlement to benefit. The third strand looks forward to the introduction of universal credit and, following the strategy adopted in Scotland, the need to explore new ways to alleviate hardship.

It is, of course, obvious that, as we look to the future, a key determinant of the wellbeing of people in Northern Ireland will be economic growth and (taking account of the volume of poverty caused by low paid, insecure employment) the availability of work which enables individuals and families to pay their way. At the outset, we should note, and welcome, the provision in the Stormont Castle Agreement to provide full mitigation of the bedroom tax for Northern Ireland Housing Executive and Housing Association tenants. We know this will be costly but consider the expense to be justified given the hardship this measure has caused in Great Britain and the particular circumstances relating to housing which prevail in Northern Ireland. It should be noted that this mitigation will assist many households on low wages as well as those not in employment.

Strand One

(1) Carers

Carers play a vital role in our society with the main benefit for this group being the carer's allowance (CA). This benefit is not means-tested but claimants must satisfy a number of conditions: for example the carer must not be in full-time education or earning more than £110 a week and the care/supervision provided must be for at least 35 hours a week. Most importantly, the person being cared for must be in receipt of one of the specified benefits: most obviously disability living allowance care component at the middle or higher rate. At £62.10 a week (current rate), CA is a very modest recognition of the role of carers. We are aware, however, of anxiety amongst this group that should the person they care for not qualify for the personal independence payment (PIP), which will replace DLA for those of working age, entitlement to CA will be lost as well. We therefore recommend that in such circumstances carers should receive a supplementary payment to cover their financial loss for one year from the date entitlement ceases. This will provide a breathing space for expert advice to be sought and fresh claims submitted if appropriate. Payments should cease if the person cared for is successful at appeal before the twelve months entitlement is exhausted. Carers should be advised at this point by the Social Security Agency of their re-entitlement to carers allowance.

We have also taken into account the recent decision in England (Hurley versus Secretary of State for Work and Pensions EWHC 3382) where Mr Justice Collins ruled that the benefit cap, which we discuss below, should not be applied to full-time carers. This is a complex issue but it makes little sense to impose financial penalties on those whose contribution results in considerable savings to the state. We would not expect there would be many such cases in Northern Ireland but recommend that carers in similar circumstances here should receive supplementary payments to fully compensate for any loss until the legal position is clarified. In the event of this ruling being overturned on appeal, supplementary payments should continue up to the end of this four year programme.

(2) Persons unable to work because of ill health

The main provision for this group is the employment and support allowance (ESA). This is payable in two forms. Those who satisfy the relevant conditions with regard to

national insurance contributions may receive contributory ESA. This replaced incapacity benefit which in turn replaced invalidity benefit. Those on low incomes who do not qualify for contributory ESA may qualify for the means-tested alternative known as income-related ESA. Both groups of claimants go through an assessment process and are then placed in EITHER the work related activity group (WRAG) as they are deemed able to move towards employment OR the support group where they are not. After the assessment phase, contributory ESA claimants in WRAG currently receive £102.15 a week and those in the support group are entitled to £109.30. Those on income-related ESA receive up to these amounts depending on income. In either case benefit is payable for as long as there is proof of unfitness for work.

With regard to ESA, two provisions in the legislation are a cause of some concern. First, receipt of contributory ESA will be limited to one year, regardless of fitness for work at the end of this period, unless the claimant is in the support group. Secondly, this provision is retrospective. In other words, those who have been in receipt of this benefit for twelve or more months when this provision is implemented (projected to be May/June 2016) will simply lose their entitlement. Limiting provision to one year means that people who may have paid national insurance contributions for some years will receive less help than they might have expected. Dropping down to means-tested income related ESA may not be an option for many as the earnings of partners will be taken into account at this point. The part-time job of a spouse may well be sufficient to exclude claimants from any support. Additionally, the retrospective nature of this provision is simply unprecedented.

We have three recommendations to mitigate the hardship this may cause. First, claimants should be given three months warning that their entitlement will soon be exhausted. This will allow time for them to take independent advice and seek reassessment if there are grounds for considering that they should be in the support group. Secondly, an automatic check should be made to determine whether or not they will have entitlement to income-related ESA when contributory ESA ceases. Thirdly, where neither of these measures are of assistance to the claimant, a supplementary payment – fully equivalent to the loss – should be made for twelve months providing there is continuing medical evidence relating to fitness for work.

Discussions with the Social Security Agency have already commenced so that those losing their entitlement on the commencement date have time to prepare for this.

(3) Persons with disability

Under the legislation disability living allowance (DLA) will be abolished for persons of working age (16-64) and replaced by a new benefit known as the personal independence payment (PIP). DLA, which is payable to both those in work and those not employed, consists of two elements. The care component is paid at three rates depending on the volume of care/supervision required. The mobility component has two rates with the top rate being paid to those unable or virtually unable to walk and the lower rate paid to those who can walk but need guidance/supervision to get around. There is a rough correspondence between DLA and PIP but, in essence, PIP is a cut-down version of DLA which may be harder to qualify for as a result of the new method of assessment (a points scheme) governing access to this benefit. The timetable for change has not been finalised at the time of writing but it is envisaged that, over a three year period, with selection on a random basis, existing claimants (16-64) will be assessed to see if they qualify for the new benefit. Those aged 65 or over on the date of commencement (projected to be May/June 2016) will not be affected by this process. They will continue to receive their DLA provided they continue to meet the conditions attached to this benefit. Those reaching 65 after the implementation date will be reassessed.

We would expect the majority of existing DLA claimants to migrate across to PIP and, see below, are recommending that a very robust system, to advise and support claimants through this process, be put in place. Nevertheless, we are aware of the concern and anxiety surrounding the prospect of change. This, we think, relates to two issues. First, there is the volume of working age claimants (approximately 120,000) in Northern Ireland in receipt of DLA. This is often remarked on but is not, entirely, surprising. Years of poverty and conflict are not conducive to good health. High levels of outward migration will result in a population with a disproportionate volume of disability. To these, and other elements, must be added the strength and work of the voluntary advice sector here, and, indeed, the efforts of the Social Security Agency to ensure this benefit goes to those entitled to it. The second issue applies to claimants across the UK and relates to the erosion of the benefits underpinning DLA which are

meant to enable claimants to meet normal weekly living costs. Originally, DLA was intended to cover the extra costs of disability but increasingly, as other benefits have become less generous, DLA is needed to cover the cost of essentials. The consequence of all of this is that, for many people with disabilities in Northern Ireland, DLA is an important element in making ends meet.

There has already been much discussion about how to address the hardship that may follow these legislative changes and we have drawn on the three main proposals that have emerged.

a) Supplementary payments, equal to the benefit in payment, should be paid to DLA claimants who have been refused PIP on reassessment who lodge appeals (to appeal tribunal and beyond) to challenge the outcome of their assessment for PIP. The payments will cease if the appeal is unsuccessful but will not be recoverable. This will deal with much of the difficulty that has arisen in GB.
b) To protect moderately and severely disabled persons, supplementary payments should be made to those who qualify for PIP, after assessment or appeal, but at a reduced rate where the weekly loss exceeds £10. The payments will be made from the point at which PIP is reduced for a 1 year period and be equal to 75% of the loss.
c) PIP has two components: the daily living component and the mobility component. In the assessment process claimants will be awarded points depending on what they can and cannot do. The magic number for both components is eight points. There is concern that this method of assessment may not fully capture the consequences for claimants in Northern Ireland of conflict-related injury. Therefore, where such claimants are judged to have no entitlement to PIP, we recommend that those scoring at least four points in the reassessment should be awarded an extra four points. They should then qualify for supplementary payments at the standard rate of whichever PIP component is most advantageous to them. The payments should be for a period of 1 year.

We recognise the limitations of these recommendations which are a consequence of budgetary constraints and our concern to protect the most severely disabled. Clearly,

the objective must be to ensure that, with skilled help, those entitled to PIP qualify for it.

A further issue relates to the Motability Scheme. Under this scheme persons with disability, who qualify for the higher rate of the mobility component of DLA, may use their payments to lease cars which may be adapted to meet their special needs. Clearly those who have entered into such arrangements will be in difficulty if they do not qualify for the mobility component of PIP at the enhanced rate. We recommend that the Department for Social Development enter into discussions with Motability to ensure the transitional package of support developed for GB will be extended to Northern Ireland.

(4) Additions to benefits for those with disability

Where households contain adults or children with disability, a more generous approach may be taken of the amounts they require to manage on. In core means-tested benefit these are known as premiums and within tax credits the term used is elements. In many ways, these additions have a wider purpose. Thus for example, the aim of the severe disability premium/element is to enable those with severe disability to remain in their own homes for as long as possible. These provisions add significant amounts to the incomes of those in need and there is concern that they may be lost in the changes to come as claimants move from DLA to PIP.

Two provisions will assist here. First, for three of the five premiums/elements for adults with disability, PIP attracts the same premiums/elements as DLA. For many claimants, therefore the move from DLA to PIP should entail no loss. However, those in receipt of the enhanced disability premium or the severe disability element will lose out if they move from the top rate of DLA care to the standard rate of the daily living component of PIP. For this group we recommend supplementary payments to cover the loss for up to 1 year depending on the date of the reassessment.

We also recognise the scenario where for example a claimant is in receipt of DLA and because of the outcome of reassessment for PIP the claimant may lose some or all of the following: the Enhanced Disability Premium, the Severe Disability Premium and possibly the standard Disability Premium. For these claimants we recommend

supplementary payments to cover the loss for up to 1 year depending on the date of the reassessment. Payments should cease if for example the claimant is successful at a PIP appeal before the twelve months are exhausted.

(5) The benefit cap

The benefit cap limits the amounts, in total, that claimants can receive from a list of specified benefits. The cap for single claimants is currently £350 a week and £500 for couples with, or without, dependent children, and lone parent families. On the face of it, the general principle here seems reasonable and, indeed, the limits suggest that benefits are generous. The difficulty is, of course, that the cap includes help with housing costs by way of housing benefit. Thus, in high rent areas, a significant proportion of the benefits to which claimants are entitled will relate to their liability for rents in the private sector. It should also be noted that the usual convention in social security systems is to provide basic benefits to cover the cost of normal weekly expenses with, given the variation there may be, separate additions for rent and other housing costs. This is a logical approach as it safeguards the amounts claimants have to cover essentials and the cap is a clear departure from this.

We would not expect the benefit cap to have a significant impact in Northern Ireland given our lower rents and the exemption of households where there is entitlement to ESA (support group only), DLA/PIP or working tax credit. Nevertheless, the cap may affect some families. To protect the welfare of children, and avoid the general disruption that a need to seek cheaper accommodation might cause, we recommend that supplementary payments should be made for up to four years, depending on the date of the application of the cap, to families with children not covered by the exemptions above.

(6) Discretionary support scheme

The legislation makes provision for the introduction of a discretionary support scheme. This will replace the community care grants and crisis loans previously available under the social fund. The new scheme will assist households on low incomes as such. We are happy to support this but consider, as we discuss later in this document, that further provision should be made via this scheme, or otherwise, to assist those at risk of hardship as a result of low wages and the cuts to be made in

support for this group. The scheme should also make provision for emergency assistance in cases of difficulty relating to the introduction of Universal Credit, to which we refer later.

Strand Two

(7) Advice

It is acknowledged in the Agreement that access to skilled, independent advice will be of critical importance in managing, and helping people to negotiate, all of the changes in the legislation. There are many critical points at which people - especially those who are vulnerable as a result of, for example, mental health problems - will need to be directed towards the support that will be available. We can foresee four major areas of work: the time limiting of contributory ESA; the move from DLA to PIP for those of working age; the new sanctions regime and the introduction of universal credit. The benefit cap, the new discretionary support scheme and the new rate rebate scheme will generate further work. Appendix 3 sets out in detail the advice strategy we propose. It must be emphasised that all of this work will have to be done on top of the routine work of the advice sector. The resources provided under the Agreement must therefore be a genuine addition to the support already provided. It should also be noted that this expenditure may bring savings. It would make little sense to pay supplementary payments out of our limited resources where, with assistance and skilled, independent help, claimants could have successfully moved from DLA to PIP. Additionally, appeals are time-consuming and costly. The availability of expert advice may diminish the volume of appeals lodged.

(8) Sanctions

Sanctions - disqualification from, or loss of, benefit - are a normal, and generally accepted, feature of social security systems and were included in the legislation of 1911 which marked the beginning of the national insurance scheme. To most people it will seem entirely reasonable that a financial penalty should be imposed where people leave their employment without good cause or refuse to take a job that is available to them. The sanctions regime introduced under the welfare reform legislation in GB is, however, unprecedented in its depth and breadth as Appendix 4 indicates. The Appendix compares the new regime with previous provisions and two points should be borne in mind in interpreting the data in the table. First, sanctions are associated in

public discourse with unemployed claimants refusing to work. The reality is that, as a result of various changes to the benefits system (for example, the decanting of lone parents from income support to jobseeker's allowance), sanctions in GB are now applied to a much wider group including, as the House of Commons Work and Pensions Committee noted, "many with long-term health conditions and disabilities and single parents with caring responsibilities for young children" (HC814,2015,p.7). Secondly, as the Appendix indicates, claimants may be sanctioned for what might be regarded as minor misdemeanours, relating to the framework and processes surrounding sanctions, as opposed to obvious matters for concern relating to willingness to work.

On foot of all of this, it is hardly surprising that there has been considerable concern about the operation of sanctions in GB. There are issues relating to the proportionality, purpose and effectiveness of this very elaborate set of provisions. Though this would be disputed by the Department for Work and Pensions, the reports of the Select Committee suggest that sanctions are causing considerable hardship. Of most concern to us is the view that vulnerable people are more likely to be sanctioned because they are the least able to navigate the complexities of challenging the imposition of financial penalties and applying for the hardship payments that are available.

Having reviewed the position in GB, we welcome the safeguards provided in the Northern Ireland legislation: the limitation of the maximum sanction that can be imposed to 18 months and the responsibility placed on the Department, which will, we understand, be discharged by the Joint Standards Committee for Northern Ireland, to monitor, and report on, the operation of sanctions here. Depriving people of the means of subsistence is a serious matter, however. We, therefore, wish to go further and recommend that there should be an independent helpline to assist claimants, who may need support with an appeal or accessing hardship payments, when a sanction is imposed. Decision makers should provide claimants with details of this when advising claimants of their decision to apply a penalty. Additionally, we are concerned that Jobs and Benefits Offices may require some reorganisation to face the challenges ahead. We understand that discussion of this is already underway and recommend that change should proceed quickly to ensure that single, integrated, teams are in place -

from the welcome desk to decision making - to ensure that the general public has access to the seamless service it has a right to expect.

Strand Three

(9) Tax Credits Mitigation: Universal Credit

Universal credit will replace six core means-tested benefits: income support, income-related ESA, income-based jobseeker's allowance, and working and child tax credits. In Northern Ireland, as in GB, where people move from these legacy schemes to universal credit, transitional protection will be available to ensure there is no financial loss. Thus, if Mrs x's income support entitlement is more than her universal credit entitlement she will receive a payment to bridge the gap.

As a result of concessions already secured, universal credit will be administered in ways that differ from the rest of the UK. Payments will be made fortnightly with the option of moving to monthly payments. In GB monthly payments are the norm and this can result in considerable difficulty for those managing on tight budgets. Additionally, payments for rent will be payable directly to landlords. This will avoid the increase in arrears that has occurred in GB where payments are, normally, made to the claimant. We welcome these provisions but have a number of concerns with regard to universal credit.

In the July budget of 2015 the Chancellor announced deep cuts to tax credits to take effect over the coming two years. This was widely viewed as an attack on the working poor who had already lost out as a result of the series of changes to these benefits in the preceding four years. These most recent measures were opposed by the House of Lords and, in the Autumn Statement, the Chancellor announced that he would not proceed with the tax credit cuts due to be put in place in April 2016. It soon became clear, however, that the direction of travel was to reduce help to the low paid via universal credit. Thus the Chancellor did not reverse the cut in the work allowance, an element in the calculation of universal credit entitlement, which will come into effect next April. Papers published with the July budget indicate that the cost to those on low wages of this measure will be of the order of £3.4 billion.

This development in policy does two things. First, it undermines the original justification for universal credit: making work pay. Secondly, the distinction conventionally made between benefits for those not in work and tax credits for those who are is becoming irrelevant. As universal credit rolls out in Northern Ireland support for those on low wages will steadily decline and the work of the Institute for Fiscal Studies demonstrates that the planned increases in the minimum wage will be of very limited assistance in compensating for these losses.

Taking account of all of this, and given the hardship of those in working poverty here (see, for example, Daly and Kelly, 2015), we recommend that a third element be added to the discretionary support scheme. We have not had the time, or resources, to work out the details of this proposal but would recommend that families, and others depending on resources available, claiming working tax credit / universal credit should be entitled to supplementary payments in recognition of the expenses those in employment incur with a special weighting for lone parents taking account of the cost of childcare. The payments would be known as cost of working allowances and would, albeit in a very limited way, compensate for cuts already made and those to come. Such payments might also address the sense of grievance those in work on low wages may feel when they compare themselves with those not in employment. Additionally, this element could feed into the broader strategy of reducing economic inactivity. We recommend £105 million - £35m for each year - be provided for these payments which would commence in 2017-18. This gives ample time for any amendment of regulations that may be required. We do not envisage a complex scheme. The model we have in mind would be akin to that for the winter fuel payment.

Finally, with regard to universal credit, we note the reports coming from Scotland which suggest the introduction of this benefit is causing confusion and hardship. This was always a very ambitious project. We are optimistic that in Northern Ireland – between the work of the advice sector and the Social Security Agency – we can do better. Nevertheless, we consider it would be prudent to have a contingency fund should difficulties arise. We recommend £2 million be set aside, from 2017 when the roll out of universal credit is due to commence, to make emergency payments where

hardship occurs as a result difficulties which are not due to any fault on the part of the claimant.

(10) Tax Credits Mitigation: Financial Capability

The role of the voluntary and community sector

Clearly the voluntary and community sector will have a role to play - in addition to all that is already being done - to alleviate the hardship that will be experienced by many as we move through this transitional phase and beyond. With this in mind, and having considered experience elsewhere, most obviously in Scotland, we recommend that a small amount (£2.7 million) be set aside to support the voluntary sector to develop new ways of assisting people in need as we move towards Universal Credit. The types of projects we have in mind are as follows:

a) First, there is a need to address food poverty in Northern Ireland. For many, dealing with this issue is synonymous with food banks but far more thoughtful strategies are developing. We would wish support to be given to projects meeting the following criteria: respect for the dignity of recipients of help; promoting employability of those delivering help; providing nutritious food and meeting the needs of children, who qualify for free school meals in term-time, during school holidays. Northern Ireland is only at the start of work in this field and intervention now would be timely. Appendix 5 provides details of what could be done.

b) Secondly, whilst we have proposed that a robust strategy of advice and support be put in place to enable people to cope with the changes ahead, experience elsewhere indicates that the most vulnerable may be the hardest to reach. We are thinking of those with, for example, mental health problems, transient lifestyles or stressful lives that leave little space for thinking beyond the present. In some circumstances people may simply not understand what is happening or that help is available. All of these groups will, however, be in contact with, for example, those managing hostels, community psychiatric nurses, Sure Start staff or members of their local church. As the project outlined in Appendix 6 indicates, the purpose is not to turn all of these people into advisers but to enable them to act as guides or signposts to help.

c) Thirdly, there is a need to address the growing financial insecurity of many: benefits may be cut; the onset of serious illness may dramatically reduce household income; a reasonably paid job may be lost with the only options available being low paid and insecure work. At many points there may be a need for help with financial adjustment. It is also important that those on low income have access to credit provided by socially responsible bodies. We would, therefore, wish to support the efforts of credit unions to develop new ways of doing things. Appendix 7 details how these two elements could be combined.

Conclusion

This has been a complex project completed in a very short time. We are aware that some will say we have gone too far at some points and others will argue we have not gone far enough. However, the legislation, which we must manage as best we can, will receive the Royal Assent on 1/5/2016. After a very long debate we need to think positively and flexibly. Our aim should be to set the standard for the rest of the United Kingdom and we hope this report will contribute to this. We will continue to work, if required, with the Department and Agency to address any errors of fact in this report or further improvements which might be made to the scheme proposed.

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Appendices

Appendix 1
Fresh Start Agreement:
'Welfare and Tax Credit Top-Ups'

SECTION "C"

NI Executive Welfare and Tax Credit Top-Ups

This section sets out the approach agreed by the Executive to implementing welfare reforms.

Executive Welfare and Tax Credits Enhancements

1.1 The Executive has agreed to allocate a total of £585 million from Executive funds over four years to 'top-up' the UK welfare arrangements in NI with a review in 2018-19. This sum incorporates the present discretionary fund.

Year	2016-17	2017-18	2018-19	2019-20
Agreed Amount	£135m	£150m	£150m	£150m
Welfare	£75m	£90m	£90m	£90m
Tax Credits	£60m	£60m	£60m	£60m

1.2 The Executive will establish a small working group under the leadership of Professor Eileen Evason[1] to bring forward proposals within this financial envelope (including administrative costs) to maximise the use of these additional resources.

1.3 The Executive has agreed to implement the findings of the working group within the financial envelope available.

1.4 Within the welfare funding set out above, it has been agreed that the social sector size criteria – the so called bedroom tax – will not apply, as agreed by the Executive.

Legislative Process

2.1 It is agreed that Legislative Counsel in the NI Assembly will work with Parliamentary Counsel at Westminster to prepare the necessary legislation and Order in Council to effect current welfare changes.

2.2 The Welfare Bill will be debated and approved by the Assembly by way of a Legislative Consent Motion no later than the week commencing 23 November 2015. This approval will also cover the draft Order in Council which gives effect in NI to the 2012 welfare changes in GB, the welfare clauses of the Welfare Reform and Work Bill as initially introduced at Westminster and the Executive's proposals to enhance payments flowing from this Agreement.

[1] Eileen Evason is Emeritus Professor in social administration (University of Ulster)

2.3 Following Assembly approval, the Bill will be passed at Westminster in order to meet the Executive's timetable.

2.4 Any subsequent changes to the welfare elements of the Welfare Reform and Work Bill will be brought to the Assembly for debate and approval.

2.5 The welfare and tax credit top-ups will be taken forward by the Assembly.

2.6 The provisions of the Welfare Bill will lapse at the end of 2016.

Advice Centre Support

3.1 The Executive, in preparing its budget for next year, will provide additional funding for independent advice services in recognition of the complexity of welfare and tax credit changes.

Appendix 2
Welfare Reform Mitigations Working Group: Terms of Reference

TERMS OF REFERENCE FOR WORKING GROUP

Background

1. On 18 November 2015, agreement was reached on 'A Fresh Start', the Stormont Agreement and Implementation Plan. Included in this agreement was the approach agreed by the Executive and HM Government to implementing welfare reform in Northern Ireland.

2. In Fresh Start the Executive agreed that a legislative consent motion be brought before the Assembly on 18 November to enable primary and secondary legislation changes to the welfare system to be legislated for by HM Government at Westminster. The Welfare Reform (Northern Ireland) Order 2015 was subsequently approved in the House of Commons on 1 December 2015 and House of Lords on 3 December 2015 and is now proceeding to receive Royal Assent. A sunset clause is included in the Welfare Reform (Northern Ireland) Act which brings this legislative arrangement to an end at the end of 2016.

3. At the same time the Welfare Reform and Work Bill (Great Britain) 2015 is continuing its legislative passage through Westminster. The Executive has agreed that the 'welfare provisions as originally tabled in the Welfare Reform and Work Bill' will be legislated for by HM Government at Westminster, sometime during 2015 through a second Order in Council. Any agreed amendments to the welfare provisions during the passage of the Bill at Westminster are required to be brought to the Assembly for agreement.

Establishment of a Working Group

4. As part of the Fresh Start agreement the Executive also agreed to establish a small Working Group under the Leadership of Professor Eileen Evason, to bring forward recommendations to the Northern Ireland Executive on how the impact of the Welfare Reform (Northern Ireland) Order 2015 and the Welfare Reform and Work Bill (Great Britain) 2015 could be mitigated within the financial envelope.

Scope of the Working Group

5. The Working Group has been asked to provide specific recommendations within the approved financial envelope by mid January 2016 at the latest:

- Those claimant groups who could be defined as vulnerable and for whom the resources within the approved financial envelope should be used to provide financial support in addition to that available through the UK welfare system;

- How best to allocate the available funding to afford the greatest levels of protection taking account of the degree by which the proposed changes impact on those vulnerable groups.

6. The Executive parties have agreed to implement the Working Group's recommendations on top up payments and these will be legislated for through secondary legislation arising from the Welfare Reform (Northern Ireland) Act 2015. This secondary legislation needs to be in place to align with the implementation dates for the changes to the welfare system during the next financial year.

Funding

7. £345 million has been allocated from Executive funds over four years to 'top-up' the United Kingdom welfare arrangements in Northern Ireland with £240 million allocated to 'top-up' any reductions to tax credits, as set out in Table 1. This sum also incorporates the Crisis Loan and Community Care Grant elements of the existing discretionary social fund scheme. The cost of the Working Group's proposals should reflect the Executive's agreed funding split between welfare and tax credits.

Table 1: Budget Allocation

Year	2016-17	2017-18	2018-19	2019-20
Welfare	£75m	£90m	£90m	£90m
Tax Credits	£60m	£60m	£60m	£60m

8. The Executive has agreed that the budget allocation to support the Working Group's recommendations will be reviewed at the end of the four year period. This allocation includes additional administrative costs associated with developing and implementing the systems to ensure accurate and timely financial payments to those claimants impacted by the changes.

Membership of the Working Group

9. Membership of the Working Group will comprise of:

Prof Eileen Evason	Emeritus Professor in Social Administration
Kevin Higgins	Head of Policy, Advice NI
Lisa McElherron	Head of Public Affairs, Northern Ireland Council for Voluntary Action (NICVA)
Barry McVeigh	Macmillan Cancer Support

10. Professor Evason has been appointed as the Leader of the Working Group and she has been personally asked to bring forward a set of proposals for the Executive.

Meetings and Reporting Arrangements

11. Meetings of the group will be convened as deemed necessary by the Leader of the Working Group.

Support

12. The Working Group will receive administrative support from the Social Security Agency Social Welfare Policy Team.

13. The Department for Social Development will also make available for the Working Group appropriate support in terms of legal, technical, financial and operational advice as and when required.

Deliverables

14. A final report providing recommendations on the scope set out in paragraph 5 should be provided to the Office of the First Minister and Deputy First Minister by the week commencing 18th January 2016. This should be a fully costed report and should highlight any particular issues or constraints which the Executive should consider in giving final approval to implementation of the recommendations.

Confidentiality Arrangements:

15. All information including personal and professional information entrusted in the course of this work will be treated in strictest confidence and be used only for the purposes of this appointment. Confidential information will be held securely and not divulged to any unauthorised person.

16. The introduction of the agreed top up payments will be managed in the Department for Social Development/Department for Communities through appropriate programme management structures and processes.

Media Enquiries

17. Any media enquiries that arise throughout the duration of the Working Group will be forwarded to Professor Eileen Evason who may decide to give interviews. These interviews will be co-ordinated through the DSD Press Office who will liaise with OFMdFM Press Office as appropriate.

18. Following publication of the Working Group report, the DSD Press Office will work in support of Professor Evason in co-ordinating a programme of engagement events to publicise her recommendations.

Appendix 3
Independent advice services

This paper outlines the forecast need for increased independent advice service provision specifically in reaction to Welfare Reform, and details how the advice sector can deliver this provision in a way which is both cost-efficient and effective for advice service users. The resources required should be found by the NI Executive as highlighted in 'A Fresh Start' and so not impact upon the welfare reform mitigations financial envelope.

Forecast Need

Below is a forecast of the increase in demand for independent advice, as a result of particular welfare reforms. Data informing this forecast has been drawn from DSD statistics, knowledge of the demand profile for advice services, the client base, as well as consideration of the impact of how this client base will be affected by the changes contained within the Welfare Reform program.

Welfare Reform change	Numbers	Estimated traffic to advice sector
Introduction of Universal Credit	289,000	28,900 (min 10% enquiry rate)[2]
Time-limiting of contributory ESA	7,000	4,900 (min 70% enquiry rate)[3]
Transition from DLA to PIP	120,000	84,000 (min 70% enquiry rate)[4]
Benefits cap	470	329 (min 70%)[5])
Discretionary Support Scheme	289,000	28,900 (min 10% enquiry rate)[6]
New Sanctions Regime	41,150 (JSA) 19,180 (ESA WRAG)	6,000 (min 10% enquiry rate)[7]
TOTAL	765,800[8]	153,029 (minimum)

Delivery Model

[2] A low estimate given the uncertainty about the roll-out of Universal Credit.
[3] This enquiry rate is forecast to be relatively high as claimants will be informed that their ESA will be completely ceased.
[4] This enquiry rate is forecast to be relatively high as claimants will have to complete a new form in order to be considered for the new Personal Independence Payment.
[5] Difficult to estimate. DSD estimate 11,323 NI households are exempted from the cap as 'an adult in the household is in receipt of DLA.' However it is likely that in the migration from DLA to PIP, some DLA claimants will be ineligible for PIP, and thus lose their exemption from the benefits cap thus creating the potential for uncertainty and confusion. There is also the potential issue of the lowering of the benefit cap to £20,000.
[6] Difficult to estimate, enquiries may be higher as claimants become familiar with the new scheme.
[7] Difficult to estimate but likely to have a significant impact given the harsher sanctions regime.
[8] The total number of households affected by Welfare Reform, and consequently the estimated traffic to the advice sector, may be reduced by some overlap in households which are affected by more than one of the above Welfare Reform changes.

A Welfare Reform Support Project delivered by the independent advice sector would run during the implementation phase of Welfare Reform. This would allow for the initial implementation of Welfare Reform to be accompanied by a bespoke additional independent advice service, which would provide vital expertise and support on a range of issues including:

- Clients: Information, awareness raising and self-help on welfare reform and mitigation schemes;
- Clients: Assistance for clients (digital assistance, form-filling, tribunal representation);
- Clients: Assistance for clients with financial capability, digital capability and enhancing employability;
- Advisers: Infra-structural support including: information, publications, training, specialist support, quality assurance, social policy, increasing the digital capacity of the advice sector;

This delivery model is based upon similar models used by the independent advice sector in delivering particular Northern Ireland-wide projects, and represents current best practice in the advice sector.

The Welfare Reform Support Program would be a multi-channel advice service for people affected by Welfare Reform:

- The initial contact between a claimant affected by Welfare Reform and the Welfare Reform Support Program will be provided by the SSA: **every claimant negatively affected by Welfare Reform will be provided with the contact details of the independent advice services highlighted below.**
- **One centralised independent advice contact centre** will be created, managed and promoted; this will provide independent advice and support (via telephony) to clients worried about any aspect of welfare reform that is affecting their lives (for example sanctions, DLA reassessment, ESA time limiting), as well as referring where appropriate to the front-line for face-to-face assistance. Integration will also be put in place with other services for example money & debt advice services.
- A **Northern Ireland-wide "front-line" f2f support channel** comprising dedicated advisors based in each of the new 11 Council areas. These advisors will be based in front-line advice centres, and will be able to offer advice, support and appeal tribunal representation to those clients for whom face-to-face is the preferred access channel, as well as interacting with the centralised contact centre. Services could include assisted self help with digital, employability and financial capability issues. It should be noted that these advisers could and should be accessible through 'specialist' or 'client-focussed' advice providers.
- The Welfare Reform Support Program will be **underpinned and supported by regional infra-structural support** which will ensure that the service achieves maximum effectiveness in terms of client outcomes.

Ideally the delivery model for the Welfare Reform Support Program should be delivered by providing additional resources through existing tried and tested channels: (i) a procurement exercise for the centralised contact centre similar to the SSA Benefit Uptake Programme (targeted exercise) model; (ii) local government funding for local advice services; & (iii) the DSD Regional Infra-structure Support Program (RISP, Advice).

This delivery model has shown itself to have the following advantages:

- **Effective** as evidenced by outcomes achieved, frontline delivery workload, the SSA Benefit Uptake Programme outcomes achieved with the independent advice sector since 2005;
- **Value for money** with payment for verified work done;
- **Targeted** as clients can be verified by SSA as being affected by welfare reform;
- **Additional** to 'business as usual' advice delivery
- **Independent** service which can actually help people to challenge benefit decisions;
- **Mitigate** the most unpalatable consequences of welfare reform;
- **Holistic support** for people negatively affected by welfare reform;

Model & Costing

The following model represents the preferred 3-stranded model for the Welfare Reform Support Project delivered by the independent advice sector. This model should ensure that accessibility to independent advice and support is maximised; that specific expertise is deployed to support people for example through DLA reassessment and that the sector develops to meet future challenges including greater use of digital technology. This model should be in place from the commencement of the welfare reform changes.

STRAND 1:
An SSA contract with the independent advice sector to deliver a centralised NI-wide Freephone service. This contract should not displace/replace other SSA funding for advice services eg benefit uptake.
The procurement exercise (based on the successful Benefit Uptake model) to establish a centralised contact centre would require an estimated **additional** expenditure:
= £250,000 per annum (£1m over 4 years)

STRAND 2:
Additional funding delivered through local Councils for Northern Ireland-wide "front-line" f2f independent advice and representation. This funding should not require match-funding from Councils, should be 'ring-fenced' specifically for the purposes of welfare reform, should not displace/replace other Council funding for advice services and thus should increase capacity at the frontline and increase the digital capacity of the frontline. Estimated one third (minimum) uplift in demand therefore **additional** expenditure required:
= £1.25m per annum (£5m over 4 years)

STRAND 3:
Additional funding delivered through the Regional Infra-structure Support (RISP, Advice) contract to cover additional welfare-reform related activity including ICT infra-structure, increasing the digital capacity of the advice sector, training, specialist support, information, publications, social policy and should not displace/replace other RISP funding for advice services. Estimated **additional** expenditure required:
= £500,000 per annum (£2m over 4 years)

Total Additional Expenditure (over 4 years): £8million

Note:

- Re VfM, Panel notes that without this independent advice service, if 2,500 additional people lost middle care (£55.10) on DLA reassessment = £137,750 per week **(£7m per annum)**
- Scotland: Welfare reform advice fund tops £4m (period 2013 – 15)

http://news.scotland.gov.uk/News/Welfare-reform-advice-fund-tops-4-million-143c.aspx

- England: Big Lottery Fund and Cabinet Office allocated £65 million for free advice services to help the vulnerable

https://www.gov.uk/government/news/65-million-for-free-advice-services-to-help-the-vulnerable

Appendix 4
Overview of sanctions regime

DWP (September 2013)

Jobseeker's Allowance: overview of revised sanctions regime

				Revised sanction regime from October 2012:		
Sanction Level	**Applicable to:**	**Description**	**Previous sanction regime**	**1st failure**	**2nd failure**	**3rd failure**
Higher Level	JSA claimants	Failure to comply with the most important jobseeking requirements	Variable 1 to 26 weeks except MWA Fixed 13 weeks	13 weeks	26 weeks *if within 52[1] weeks but not within two weeks of previous failure*	156 weeks *if within 52 weeks – but not within two weeks - of previous failure that resulted in 26 or 156 week sanction*
Intermediate Level	JSA claimants	Failure to be available for work	Disentitlement but no sanction[2]	Disentitlement then up to 4 weeks loss of benefit	Disentitlement then up to 13 weeks loss of benefit *if within 52 weeks – but not two weeks -of previous entitlement ceasing*	
Lower Level	JSA claimants	Failure to attend/participate in an adviser interview/training scheme	Fixed 1, 2, 4 or 26 weeks	4 weeks	13 weeks *if within 52 weeks – but not two weeks - of previous failure which resulted in a 4 or 13 week sanction*	
	ESA claimants in the Work Related Activity Group (WRAG)	Failure to attend/participate in an mandatory interviews or failure to undertake Work Related Activity	Open-ended 50% of Work-Related Activity Component (WRAC) for first 4 weeks, then 100% of WRAC	100% of the prescribed ESA amount open-ended until re-engagement followed by a fixed period of		
				1 week	2 weeks *if within 52 weeks – but not two weeks - of previous failure*	4 weeks *if within 52 weeks – but not two weeks - of previous failure which resulted in a 2 or 4 week sanction*

Appendix 5
Tackling food poverty

Improving access to affordable food through a network of community food shops and social stores/supermarkets

Belfast Food Network is recommending the development of social supermarkets and community food shops as the next stage in tackling food poverty in Northern Ireland. This model provides an accessible source of affordable food and which, along with support from advice services, has the potential to catch families before they descend into a crisis situation that necessitates help from a food bank.

Locally, Footprints Women's Centre, Colin, has been piloting an initiative since June 2015. Currently they have over 200 members who have registered with their community food project and can access canned and dry goods for a small donation. The pilot, which has been set up without any new resources, has provided evidence that there is a need for such a model of food aid in the area. Footprints was successful in securing one of the paid work placements announced as part of the West Belfast Works initiative and will provide work experience for one individual for 51 weeks.

In other parts of the UK Community Shops operate, this provides a good model that could be replicated in Northern Ireland. The first two UK social supermarkets, run by Community Shop, opened in 2013 and 2014. They secure surplus food from manufacturers for 10 pence in the pound and sell it for 30 pence in the pound. The food itself is all within date and of good quality. Only people in receipt of means-tested benefits are able to buy from Community Shop, which operates on a membership scheme. Once fully operational, the supermarkets will be self-sustaining. Each has an on-site café and runs group sessions designed to help individuals with the problems that have left them vulnerable to hunger.

Another model of food aid, "social stores", has been running very successfully in France since the 1980s. Social stores are designed for people with low income but who are reluctant to use food banks. The principle of social stores is that giving people the choice between different products and having them pay for them just like any customer of a regular store, preserves their dignity. There are over 500 such stores in France selling everyday goods for about 10 or 20 % of their "regular retail price". As well as significantly reducing the part of the budget spent on food, many social stores organize activities, such as cooking on a low budget, looking for work, debt management, etc. On average, people go to these stores for 2- 3 months, but that can be extended to up to a year. The stores are supplied by national and local partnerships with food industries, supermarket chains and local growers. Another evolution of the model is the creation of workshops that process surplus fruits and vegetables that otherwise would have been destroyed as they are not considered saleable in supermarkets.

We envisage that one of these models, potentially also with food co-operatives in the mix, could be piloted in Northern Ireland. In the first year, there would need to be desktop concept development and market testing. An early step would be to identify local producers, food industries and retailers which would have surplus which could be distributed to a network of social food initiatives embedded in local communities and with strong links to advice services and community transport associations. This could run in parallel with a number of pilots across Northern Ireland. The concept lends itself to a consortium of experienced providers delivering a range of the services that form the 'much more than

food' offer.The projects could be developed as social enterprises with a view to being self-sustaining after pump-priming and initial support to develop the model and set up a distribution system.

How much would it cost?

Unfortunately there is no simple answer, as the costs will depend on many variables. However, based on information from a few sources, we have made an estimate below.

In Year 1, the costs to cover desktop conceptual and market testing and project management would be modest, in the **£50k** range

Starting towards end of year 1, 4 pilots with estimated costs of **£175k** for 12 months (comprised of one-off start-up costs and staff costs to include a full time co-ordinator and part time employees for each pilot who would support volunteers.) In addition to Footprints which has already started, we are aware of a couple of community based organisations which have been considering setting up pilots – Grow in North Belfast and East Belfast Independent Advice Centre.

Implementation with premises/storage, stock, transport, working capital, etc. would be significantly greater and would seem to lend itself to a social franchise concept, working in partnership with commercial retailers, farmers, and manufacturers as well as community and statutory sectors and assuming the involvement of volunteers supported by a small number of employed staff.

An example of a successful social franchise model is CHNI FareShare NI. FareShare's Belfast depot has been operating successfully since 2011. Currently the project diverts 2.6 tonnes of food from waste every week and delivers food to 68 projects that provide for the most vulnerable. Based on a SROI report produced for CHNI FareShare in 2014, we estimate that running costs for one distribution centre and delivery vehicles for 3 years might be of the order of **£525k**.

There are other local social economy models which could inform the development, such as the NI Oil Club model developed by Bryson Energy over the last 12 months. This approach is based on the development of a network of local organisations building local membership but being supported through a central infrastructure leveraging best price deals for each club. Bryson is potentially exploring building a business case for a social supermarket.

Based on these preliminary discussions with a few stakeholders, we suggest an estimated spend profile might be:

	Local sites	**Distribution centre and co-ordination**	**Project management incl. evaluation**	**Total**
Year 1			£50k	**£50k**
Year 2	£175k (4 pilots)	£125k	£50k	**£350k**
Year 3	£350k (8 sites)	£175k	£50k	**£575k**
Year 4	£400k (11 sites)	£225k	£50k	**£675k**
Total	**£925k**	**£525k**	**£200k**	**£1.65m**

Appendix 6
Welfare reform information network

Experience of implementing welfare reform in other jurisdictions has found poor public awareness of welfare reform leading to anxiety and confusion. There has also been marked increase in demand for the services from voluntary, community and faith based services and people such as home care workers and GP's who have established relationships with the people, families and communities likely to be impacted by welfare reform changes. Northern Ireland is in the fortunate position of being able to take pre-emptive steps to mitigate against these issues early in the process.

A comprehensive Welfare Reform Information Network should be established. The Welfare Reform Information Network should have two levels.

1. A single online resource for information and sign posting. This should be a one stop shop for information on welfare reform changes and, just as crucially, a place where people can search for services they may need to help them including wider community and voluntary based services.

2. A cohort of Welfare Reform Information Providers. These are people who work and volunteer in communities or with groups of people likely to be most impacted. They are likely to be the first responders – people who already know people who will be effected and are in a position to help and inform eg family support workers, GP's, Sure Start support staff, community workers, housing association staff, youth workers, supported education providers, food bank volunteers, counsellors, political party advice/constituency staff, church and faith based outreach staff.

They will not be advice workers but will have basic, accurate information on welfare reform changes and, more importantly, know who to refer people on to for additional help and support.

This network should receive regular updates as welfare reform progresses and more changes come online. They should have a high level of contact with advice services.

Based on similar projects we estimate the cost would be a total of approximately £250,000, including the website.

Appendix 7
Money management and financial adjustment

Make the money of those affected by welfare reform go further

A significant change in your situation is one of the most common causes of financial problems. Having to adjust to a financial change can be difficult. The introduction of Welfare Reform in Northern Ireland will have an adverse effect on disposable income in both the short and long term for many people. Changes like this can mean that people find it difficult to make ends meet and to pay their household bills.

Delivery Model

A Welfare Reform Financial Adjustment Support Project delivered by the financial guidance sector, local voluntary and community groups and a credit union pilot would run during the implementation phase of Welfare Reform. This would allow for the initial implementation of Welfare Reform to be accompanied by financial adjustment support which would provide vital expertise and support on a range of issues including:

- **One to one support - A helpline, website and text back facility to support people on:**
  - **Managing your money**
    Setting up budgets, spending diary, negotiating debts and prioritising and financial health checks. Promote money advice services and budgeting/financial awareness;
  - **Responsible lending**
    Promote low cost lenders such as credit union. Raise awareness of issues with loan sharks and payday loans.
  - **Values for money**
    Encourage use of price comparison tools.
  - **Family Resilience programme**
    Mentoring support, improve resilience, confidence and self-esteem. Enhance literacy, numeracy, budgeting and financial skills
  - **Financial inclusion**
    Address the inability, difficulty or reluctance of particular groups to access mainstream financial services
  - **Digital inclusion**
    Access to the internet opens doors and creates opportunities. Allows people to seek out deals, apply for jobs and develop new skills. Many benefits will have an online application process under welfare reform and public services are moving to an online platform. Need drop in facilities for new internet users. Create Digital Champions within communities who can help others.

- **Local group sessions – To extend the reach of the above.**

    - Supported by the one to one support element.
    - Delivered by local community and voluntary organisations on a train the trainer model.

- **Credit Union Pilot**
  In Northern Ireland we have the Ulster Federation of Credit Unions and the Irish League of Credit unions which operate. Credit unions basically are groups of people who save together and lend to each other at a fair and reasonable rate of interest. Credit unions offer members the chance to have control over their own finances by making their own savings work for them. Regular savings form a common pool of money, which in turn provides many benefits for members.

  We believe that there is merit in establishing a pilot programme which would assist people negatively impacted by welfare reform to be able to access credit union services. For example where people impacted by welfare reform are also struggling with money and debt problems, they could be encouraged to join their credit union which could consolidate a person's debts (often high cost / high interest debts) into a more manageable form. We acknowledge that this client group may have a higher 'risk profile' but this pilot programme might assist credit unions to lend to people affected by welfare reform by establishing a welfare reform fund, which could underwrite lending under this pilot programme.

  Criteria, systems and processes should be developed which would ensure that the assistance envisaged under this pilot programme is targeted and additional.

- **Publicity/communications campaign.**
  Need to publicise the negative impact of welfare reform and the support that is available through the Financial Adjustment Programme.

Assumptions

- The service will work closely with statutory organisations to facilitate managed referrals
- The service should be accessible via various channels including a ‘text back’ facility for people who may not have phone credit due to a drop in income.
- Instances of debt advice will not be dealt with through this programme and should be referred to the established network of debt advice services that exist in NI.

Costing

Total Additional Expenditure (over 4 years): £800k based on the following:

Helpline, Website & Textback service (inc publicity/comms)	£425,000
Increased reach through local community and voluntary groups (group sessions)	£125,000
Credit Union 3 x pilots	£250,000

Appendix 8 Costings for mitigations programme

ITEM - Welfare Reform	16/17	17/18	18/19	19/20	TOTAL
CARERS- full compensation for one year plus exemption from benefit cap	2	7	7	2	**18**
Adult ill health ESA-supplementary payments for one year	17	7	-	-	**24**
Disability - DLA					
i] payment up to appeal	1	15	14	14	**44**
ii] 75% if loss £10+ (for one year)	1	10	14	12	**36**
iii]conflict-related lower rate of PIP (for one year)	0	4	4	6	**14**
Additions to benefit –Adult Disability Premium (IR benefits) supplementary payments for one year	1	6	12	8	**27**
BENEFIT CAP- exemption for families	1	8	8	8	**25**
DISCRETIONARY SUPPORT SCHEME- 50%	8	8	8	8	**31**
SOCIAL SECTOR SIZE CRITERIA ('BEDROOM TAX') -full	15	24	26	26	**91**
SUBTOTAL (£m) Welfare Reform	**46**	**89**	**93**	**84**	**310**

ITEM - Tax Credits Mitigation: Universal Credit	16/17	17/18	18/19	19/20	TOTAL
UC Payment flexibilities	5	9	5	5	**25**
Administration of support for Universal Credit	-	2	2	2	**7**
Support for Universal Credit	-	35	35	35	**105**
DISCRETIONARY SUPPORT SCHEME- 50%	8	8	8	8	**31**
Financial Capability	0.7	0.7	0.7	0.7	**2.7**
SUBTOTAL (£m)	**14**	**55**	**51**	**51**	**171**

ITEM - Administration	16/17	17/18	18/19	19/20	TOTAL
Administration of mitigation scheme	5	5	5	5	**20**
SUBTOTAL (£m)	**5**	**5**	**5**	**5**	**20**

	16/17	17/18	18/19	19/20	TOTAL
TOTAL (£m)	**64**	**149**	**149**	**140**	**501**

Notes:

- All figures contained within ‘Costings for mitigations programme’ have been reconciled with the Social Security Agency.
- The figures do not exceed the total ‘per year’ spend profile.
- The figure for ‘Administration’ is included at the end within the total amount.