Welfare Reform Update

Welfare reform work continues unabated with the Department for Social Development publishing it's completed Equality Impact Assessment on 4th May 2012. This document is available on the homepage of the DSD website www.dsdni.gov.uk in the 'Recent Publications' section. Advice NI has prepared a brief summary of some the key issues coming to the fore from the welfare reform proposals.

- **Universal Credit**

New single system of means-tested support for working age people, who are in or out of work, will replace Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Housing Benefit, Child Tax Credit and Working Tax Credit.

Positives: transitional protection for those exiting claimants moved on to Universal Credit, improved work incentives, more generous earnings disregards, help with childcare costs for all lone parents and couples (where both members are in work) regardless of the number of hours they work, extending financial support to single under 25s who are not currently entitled to Working Tax Credit, greater simplicity, better take-up, hardship payments should help mitigate impact of the sanctions regime.

Negatives: changes to the disability premium regime introducing lower and higher rates, current 'Severe Disability Premium' will become payable only for those in the equivalent of the 'Support Group', similarly the current 'Disabled Child Premium' will become payable only for those children on the highest rate of the DLA care component, removal of entitlement to both a disability premium and a carer premium. Risk of decreased work incentives for second earners in couple households, couples where one partner is over the qualifying age for Pension Credit, single monthly payments, inclusion of housing costs, increased conditionality and harsher sanctions regime.

- **Housing Benefit / Local Housing Allowance**

April 2013: reductions applied to working age claimants under-occupying in the Social Rented Sector, the impact of which will be reduced Housing Benefit for 22% of working age HB tenants in the Social Rented Sector, average reduction £11.50 weekly.

April 2013, uprating of Housing Benefit in the private rented sector based on Consumer price Index, potentially all 49,000 HB claimants in the private rented sector will be affected.

- **Benefit Cap**

With effect from April 2013, will be set at the GB figure (estimated at £500 per week for a couple and single parent households and £350 per week for single adult households), households where someone is entitled to DLA/PIP or Working Tax Credit will be excluded from the cap, the cap will be delivered in the first instance through Housing Benefit payments. No indication as to the number of NI households that may be affected.

- **Employment & Support Allowance**

Time limiting contribution-based Employment & Support Allowance to one year (for those in the Work Related Activity Group), existing claimants already in receipt of contribution-based Employment & Support Allowance for one year or more will see their entitlement cease immediately, very relevant to people involved in Incapacity Benefit re-assessment and whether placed in the Support Group or the WRAG group, those claimants with working partners or capital over £16,000 will lose their benefit, EQIA states that "overall 53% of people losing their contributory ESA will be wholly or partially compensated by income-based ESA" (obviously meaning that 47% will not be able to avail of income-based ESA).

Abolition of concessionary ESA 'Youth' National Insurance Qualification conditions, those who do not meet the contribution conditions will be eligible to receive income-based ESA, it is estimated that around 90% will successfully quality for income based ESA.

- **Entitlement to work condition (contributory benefits)**

People with no legal entitlement to work in the UK will have no legal entitlement to contribution based benefits and payments, even if they have paid National Insurance Contributions during the period that they were working illegally.

- **Lone Parent conditionality**

Lone parents with a youngest child aged 5 and over to claim JSA or ESA (with associated increased conditionality) as opposed to Income Support. The current threshold is aged 7. It is expected that existing flexibilities will allow lone parents to make choices about the kind of work they do and hours of availability. Lone parents with a child for whom DLA middle or high care is payable will continue to be eligible for Income Support.

- **Disability Living Allowance reform**

DLA to be replaced by Personal Independence Payment for new claimants aged 16 – 64 and existing claimants to be reassessed within this age band, PIP will have 2 components (mobility and daily living) and 2 rates within each component, either rate of the daily living component will enable carers to claim Carers Allowance.

Treasury Statement in 2010 highlighted that this proposal would save 20% by caseload and 20% by expenditure therefore potential detrimental impact on people with disabilities and their carers.

- **Social Fund**

Government's intention that those elements of the current Social Fund that are amenable to automated delivery – Budgeting Loans, Sure Start Maternity Grants and Cold Weather Payments – will be incorporated into the new Universal Credit system. For those elements of the Social Fund requiring more discretion and scrutiny – Community Care Grants (CCGs) and Crisis Loans (CLs) – the intention is to devolve responsibility away from centralised delivery in replacing these so-called 'discretionary elements'.

Phase 1 research in Northern Ireland has indicated that amongst all stakeholder groups there was unanimous agreement that some form of replacement discretionary scheme will be essential in the Northern Irish context; there was general support for the view that the high level objectives of a replacement scheme should broadly reflect the existing objectives of the Social Fund; there was a unanimous view that funding for a future discretionary scheme should be ring-fenced; there was strong support for this remaining within the ambit of social security and with the SSA.

- **Child maintenance**

Intention to move to a point where parents are supported to make their own arrangements for child maintenance wherever possible. The statutory child maintenance scheme will focus on those parents who are not able to come to an agreed arrangement, which will involve charging the parent with care for a maintenance calculation and collection, unless the non-resident parent chooses to pay by direct payment directly to the parent with care.

- **Advice and representation**

Advice NI's latest annual statistics reflect the growing demand upon advice services, some keynote information includes:

- 260,968 enquiries dealt with by Advice NI members (59% of which were social security related);

- Debt Action NI (a primarily face to face debt advice service funded by DETI); the service has been operating since November 2009 and up to 30th September 2011 has dealt with 3,434 clients with nearly £64.3m of debt;

- Advice NI delivered the SSA Benefit Uptake Programme 2011 (25,000 people targeted including older people and carers; holistic benefit assessment conducted by Advice NI with assistance provided to claim additional entitlements);

Advice NI advisers have represented at 1,467 appeal cases (57% increase in comparison to 2009 figures) resulting in increasing pressures facing advisers in terms of representing social security benefit appellants at appeal tribunals. Appeal representation offers another opportunity to increase the benefit income of social security agency claimants. The latest information from The Appeals Service indicates that Advice NI represented at a record high 1,467 hearings in 2011, with a success rate of 34%, bench-marked against 31% in terms of all cases where the appellant had representation; and less than 20% where the appellant was unrepresented. Feedback suggests that increasingly hearings are being adjourned to allow unrepresented appellants the opportunity to obtain representation. Advice NI believes that the pressures facing advisers in terms of appeal representation will undoubtedly continue to grow as welfare cuts and reform take effect (for example we are already seeing increased need for representation re ESA and this trend will undoubtedly continue with DLA reform). We would call for a strategic review of the issue of tribunal representation to ensure that Social Security Agency claimants have proper access to justice in terms of securing their proper social security benefit entitlement.