

Welfare reform update

London Advice Conference 2015

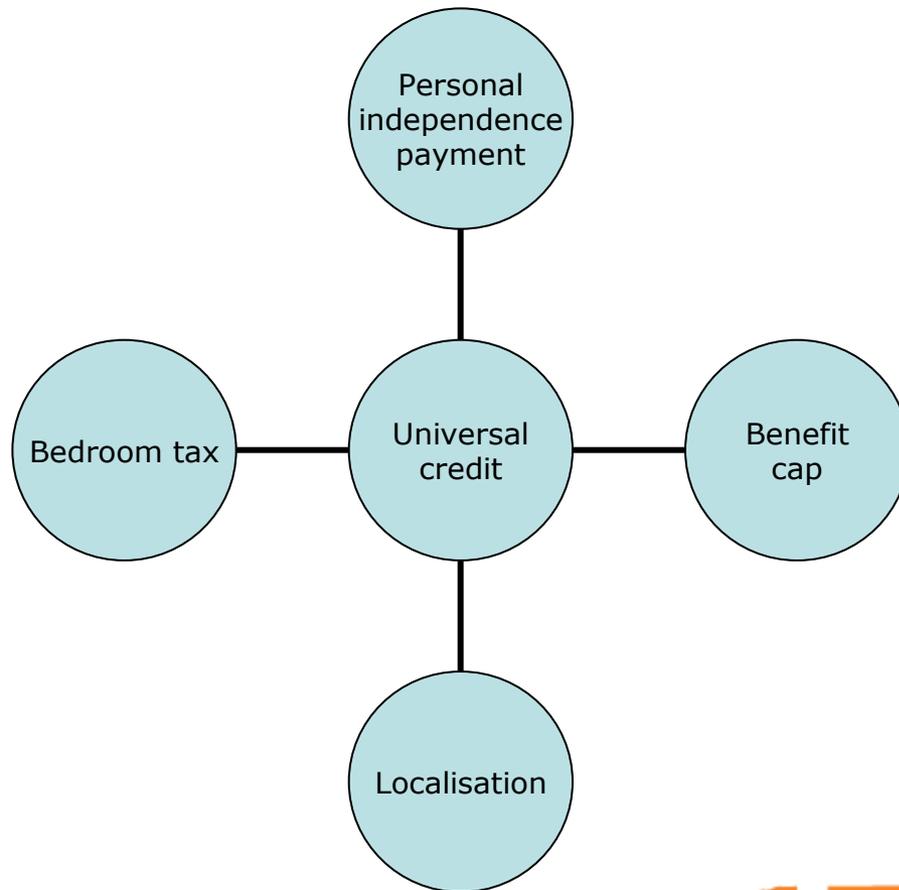
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Themes of welfare reform

- simplification of the benefit system
- reduction in spending
- making work pay
- getting claimants back to work



Universal credit

- replaces working age benefits – i.e. income support; income based JSA; ESA; working tax credit and child tax credit; and housing benefit
- means tested, with a single taper of 65 per cent
- paid in and out of work
- administered by the DWP
- tougher regime of sanctions and conditionality including, for first time, in work conditionality
- paid monthly in arrears with seven day waiting period
- housing costs (apart from mortgage interest) paid to claimant rather than landlord except where claimants vulnerable or more than eight weeks arrears
- claims to be made and managed online
- 'real time information' to be provided by HMRC



Universal Credit structure

Standard allowance plus elements for –

- children
- disabled children
- ill or disabled adult
- carer
- housing costs
- childcare costs

Universal credit roll out

- 26,940 people on case load on 11 December 2014
- claims from single jobseekers with no children to begin with, couples from summer 2014 and families from autumn 2014
- accelerated roll-out for single jobseekers to all areas in 2015/2016 – first two tranches announced
- twin track approach – claims on old system at present with 'digital service' being tested in part of Sutton – number of claims 'in the 30s'



Future roll-out

- current planning assumption that 'virtually all' new claims to be for universal credit in 2016, with remainder in 2017
- 'bulk' of migration of existing legacy benefit claims by 2019
- 'considerable uncertainty' about delivery says Office for Budget Responsibility
- full business case not signed off by Treasury
- Major Projects Authority rates project 'amber/red': successful delivery in doubt, major risks apparent & urgent action needed
- Labour Party says would ask NAO to report on it & only continue if would save more money than it will cost



Roll out to couples and families

- First couple claims in some areas from July 2014
- First family claims in six areas from November 2014
- Family claims expanded to 26 other jobcentres from 23 January 2015
- To be expanded to all of 96 live universal credit sites from 2 March 2015
- Hammersmith only area in London - taking family claims from 23 January



Roll out to single jobseekers in London (February to April 2015)

- Basildon Council
- City of London Corporation
- London Borough of Brent
- London Borough of Hammersmith and Fulham
- London Borough of Hounslow
- London Borough of Wandsworth



Roll out to single jobseekers in London (May to July 2015)

- London Borough of Ealing
- London Borough of Enfield
- London Borough of Barking and Dagenham
- Waltham Forest Council

Personal independence payment

- to replace disability living allowance with new 'objective' assessment based on report from Atos or Capita
- two components - 'daily living' and 'mobility' – each paid at 'standard and 'enhanced rate'
- losing lower rate care component of DLA and no night time needs award
- 3 month backwards and nine months forward qualifying period
- 12 key 'activities' awarded points – 10 for daily living and two for mobility - enhanced rate for people who cannot walk further than 20m

PIP roll out

- average new claims clearance with assessment providers down from 30 weeks in June/July 2014 to 14 weeks in January 2015
- in January, 98,000 new claims with assessment providers and 12,000 awaiting decision from DWP (almost 240,000 in October 2014)
- implementation 'nothing short of a fiasco', says Public Accounts Committee
- introduced for new claims in north west from April 2013 and rolled out for all new claims from June 2013

Reassessment of DLA claimants

- transferred where there's a change in care or mobility needs, turn 16, fixed term award ends or choose to switch
- reassessment plans substantially slowed down due to delays with assessment providers
- gradual roll out from October 2013 in six tranches – latest announcement of 18 additional areas from February 2015
- none in London



Benefit Cap

- applies to - IS; JSA; ESA; HB & CTB; CB; CTC; carer's allowance
- capped by reference to the average earnings of working households (£350 / £500) or £26,000 a year
- exemptions, e.g. for DLA recipients; ESA support group and war widows
- 27,200 households had benefit capped in August 2014 – 20% over £100; 61% single parents; 59% 1-4 children; 36 % 5 or more children
- challenge on grounds that unlawfully discriminates against women (AG and others v SSWP) dismissed by Court of Appeal in February 2014. Judgment of Supreme Court, due in November 2014, delayed to allow for further submissions.



Bedroom tax

(or 'Removal of the Spare Room Subsidy')

- from 1 April 2013 size criteria applied to social sector
- 14 per cent reduction for one spare room and 25 per cent for two or more
- exceptions include members of armed forces, kinship carers; people needing overnight care and children unable to share room due to disability
- 522,095 claimant affected by average £14.48 by August 2013
- regulations issued to close loophole from 3 March 2014 for people receiving benefit since 1.1.96 and in same dwelling – estimates vary from 5,000 to 40,000 people



for a stronger third sector

Legal challenges to bedroom tax

- challenge on grounds that discriminates against adults with disabilities (MA and others v SSWP) dismissed by Court of Appeal in February 2014 but given permission to appeal to Supreme Court in December 2014
- number of Upper Tribunal decisions, following MA, say that not discriminatory
- 'Fife decision' in Upper Tribunal (CSH/41/2014) finds that size of bedroom not determinative, but factors which make room unusable as a bedroom should be considered by local authority even if categorised as bedroom by landlord.

Localisation of social fund from April 2013

- community care grants and crisis loans (apart from short term advances) abolished
- replaced by locally-administered assistance
- no new statutory duty on local authorities to deliver the service or publish details of scheme – wide variation between boroughs and low take-up
- following High Court challenge to decision to cut extra funding from April 2015, government issues consultation on that decision in October 2014
- in December 2014, cut to funding confirmed in provisional local government settlement
- on 3 February 2015, following consultation of provisional local government settlement, government announces extra funding of £74m

Council tax reductions schemes from April 2013

- council tax benefit replaced by local council tax reduction schemes with 10% cut in funding and protection for pensioners
- wide variation in local provision and further reductions in coming financial year
- LGA says that less than one in seven LAs providing same level of support as under council tax benefit
- in July 2014, High Court rules that two year residence condition for council tax support unlawful (Winder & Ors v Sandwell MBC)

Claimant commitment and universal jobmatch

- claimant commitment roll out completed by spring 2014
- presumption that should be looking for work 35 hours a week
- over a million jobseekers signed up by January 2015
- DWP to trial it with ESA claimants early in 2015, in preparation for universal credit roll-out
- universal jobmatch (online claimant and job matching service) introduced from beginning of 2014, with mandation from March 2014

Increased JSA sanctions

Fixed periods from 22 October 2012 –

- higher level – 13 weeks, 26 weeks, and 3 years (eg for leaving job voluntarily)
- intermediate level – 4 weeks, then 13 for next and subsequent failures (not actively seeking employment or being available for work)
- lower level - 4 weeks, then 13 for next and subsequent failures (eg failing to attend adviser interview)
- almost 1.5m sanctions applied to jobseekers between beginning of scheme and November 2014

Introduction of ESA sanctions

From 3 December 2012, open ended period until requirement complied with, followed by –

- fixed period of one week for first failure
- two weeks for second failure
- four weeks for third or subsequent failure
- almost 50,000 sanctions applied to ESA claimants between beginning of new scheme and November 2014
- FOI request shows that 60 per cent of ESA claimants sanctioned between January and March 2014 had mental health problem

ESA changes

- from 30 March 2015, government proposal to close 'loophole' allowing repeat claims six months after determination that fit for work unless claimant can show substantial deterioration in condition or new health condition – will not be treated as having limited capability for work whilst awaiting WCA or if appealing
- from April 2015, claimants to be able to remain on JSA rather than move to ESA where develop a health condition they think will last less than 134 weeks
- early exit of Atos from contract for delivering work capability assessments in February 2015, with Maximus to take over from 1 March 2015 - Atos WCA backlog of 580,000 in September 2014

Summary of changes for EU migrants

- from 1 January 2014, three month residence test for income-based JSA, extended to child benefit and child tax credit from 1 July 2014
- from 1 January 2014 – ‘genuine prospect of work test’ after six months on JSA – reduced to three months in November 2014 and to be extended to those on JSA before changes introduced in February 2015
- from 1 March 2014, minimum earnings threshold in order to be considered a worker - Class 1 National Insurance Contributions Primary Threshold - £156 a week in 2015/16
- from 1 April 2014, removal of housing benefit for those on income-based JSA

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