

**Report pursuant to
section 3(21) of the
Northern Ireland
(Executive Formation etc)
Act 2019**

Published 29 November 2019

A report on the future welfare mitigation support measures that will be in place after March 2020, pursuant to section 3(21) of the Northern Ireland (Executive Formation etc) Act 2019

This report is based on information provided by the Northern Ireland Department for Communities.

This report is made in accordance with section 3(21) of the Northern Ireland (Executive Formation etc) Act 2019, which requires the Secretary of State to publish a report on the future welfare mitigation support measures that will be in place after March 2020 (unless an Executive is formed on or before 1 December 2019).

As part of “A Fresh Start, the Stormont Agreement and Implementation Plan¹” the Northern Ireland Executive set out an agreed approach to implementing welfare reform in Northern Ireland. That included the allocation of £585 million from Executive funds to ‘top-up’ UK welfare arrangements in Northern Ireland. The funding was for a four year period from 2016/17 through to the 2019/20 financial year.

An independent Welfare Reform Mitigations Working group was commissioned by the Northern Ireland Executive to develop proposals for the provision of welfare mitigation payments. Further to the recommendations of the Working Group the Department for Communities developed the current package of welfare mitigation schemes. These schemes provide for mitigation, in the form of Welfare Supplementary Payments, to claimants who experience a loss of benefit following the introduction of certain welfare reforms.

Welfare Supplementary Payments are time-limited, with payments in respect of the loss of ill-health, disability and carer payments normally available for up to one year. Welfare Supplementary Payments in respect of losses owing to the Benefit Cap and Social Sector Size Criteria are available for up to four years. However, there is no provision for mitigation payments to be made beyond 31 March 2020.

¹ <https://www.gov.uk/government/news/a-fresh-start-for-northern-ireland>

The end of the mitigation schemes is provided for in the Welfare Reform (Northern Ireland) Order 2015 (as amended by the Welfare Reform and Work (Northern Ireland) Order 2016). Any provision of those mitigations beyond 31 March 2020 would require further legislative provision.

Impact of Mitigation Schemes

The welfare mitigation package provides time-limited direct financial assistance to claimants affected by certain welfare reforms. The individual mitigation schemes are designed to assist claimants with the transition to the new welfare regime.

The Department for Communities has published a series of annual reports detailing expenditure on each of the welfare mitigation schemes in each financial year. The most recent report for 2018/19 shows that a total of £62.1 million was paid to almost 73,000 claimants². A full breakdown of expenditure by mitigation scheme is provided at **Annex 1**.

In March 2019 the Department for Communities published a “Review of the Welfare Mitigation Schemes” as required under the terms of the Fresh Start Agreement.

It was intended that this would inform decisions on any options being considered by an incoming Northern Ireland Executive for the future of the welfare mitigation package.

The review assessed that, in relation to the Social Sector Size Criteria, the number of relevant claimants over the next few years would be largely constant. The most recent assessment shows that there has been no significant change in the likely number of those affected by any cessation, which is estimated to be around 32,000 claimants. The projected cost to continue with the mitigation scheme in the 2020/21 financial year alone, on that basis, would be £22 million.

² <https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-annual-report-welfare-supplementary-payments-2018-2019.pdf.pdf>

In evidence to the Work and Pensions and the Northern Ireland Affairs Committees the Department for Communities highlighted that if the legislation is not amended to provide for an extension of the Welfare Supplementary Payment schemes then it may be possible to use the existing Discretionary Housing Payment scheme to provide financial support for some affected claimants. Any change to the Discretionary Housing Payment scheme would be made using the authority of the Northern Ireland (Executive Formation and Exercise of Functions) Act 2018, based on an assessment by the Department for Communities that such a change would be in the public interest. The relevant legislation is subject to Negative Resolution, that is, any legislative amendments can be passed without an Assembly vote, and can therefore be made without the Assembly sitting.

Discretionary Housing Payment provision would not be an extension of the existing welfare mitigation schemes. This is primarily because it requires an application from the claimant and it is a discretionary scheme, which means that a payment cannot be legally guaranteed. This provision would only be available for claimants affected by the Social Sector Size Criteria and the Benefit Cap.

In the continued absence of the Assembly, the Department for Communities is now taking the necessary steps to prepare for a possible extension of the existing welfare mitigation schemes should appropriate legislation be made. Simultaneously, the Department is working with the Northern Ireland Housing Executive on preparatory work to broaden the eligibility criteria for the Discretionary Housing Payment scheme. This alternative would ensure that if the Social Sector Size Criteria mitigation scheme ends on 31 March 2020, affected claimants will be able to apply for financial support.

In practical terms, the Department for Communities and the Housing Executive have started work to ensure the necessary enhancements to the I.T infrastructure will be in place to allow either Welfare Supplementary Payments or Discretionary Housing Payments to be paid after March 2020. The Department is also preparing the draft legislation that will be required to provide for either option to be applied going forward.

The Department for Communities will also shortly commence a comprehensive programme of engagement with all claimants who are expected to be impacted by the termination of the welfare mitigation schemes. This will ensure that all claimants are made aware that their current mitigation payments are currently expected to end on 31 March 2020 and will explain the possible alternative sources of financial support from 1 April 2020. As no decision has been made as to the nature of financial support available from 1 April 2020, officials continue to work on exploring all options.

Annex 1: Programme costs for each Welfare Supplementary Payment Scheme in the 2018/19 financial year.

Welfare Supplementary Payment Scheme	Number of claimants who received Welfare Supplementary Payments 2018/19	Total Amount Paid 2018/19
Benefit Cap	1,840	£2,247,320
Contributory Employment and Support Allowance	600	£815,310
Personal Independence Payment	26,720	£29,963,960
Loss of Disability-Related Payments	2,460	£4,287,300
Loss of Carer Payments	2,700	£3,502,590
Social Sector Size Criteria	38,270	£21,331,580
TOTAL	72,590	£62,148,060