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DWP: Our Reform Story

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Department for Work & Pensions

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DWP: Our Reform Story

Presentation slides

[*Details of group you are presenting to*]

[*Date*]

[Presenter details, name, tel no and e-mail]

Overview (1)

- The Department for Work and Pensions is reforming.
- As part of the government's long-term economic plan, we're fixing the welfare and pensions systems so they are fair and affordable.
- The system will provide value for money and place greater emphasis on personal responsibility - whilst protecting the most vulnerable.
- Employment must be an aspiration for everyone who is able to work.
- Our welfare reforms will make sure that the system promotes work and helps people lift themselves out of poverty.

Overview (2)

- We are reforming pensions to support people to save for their future, whilst continuing to provide security for those in need.
- Our reforms are helping to put public spending on a more sustainable footing, by ensuring that the system is fair to the British taxpayer and people in genuine need of support.

“A system that was originally designed to support the poorest in society is now trapping them in the very condition it was supposed to alleviate”

Iain Duncan-Smith, Secretary of State for Work and Pensions

The changes

Social Justice

- The government published its strategy for Social Justice, Social Justice: Transforming Lives, in March 2012.
- Previous approaches have focused on increasing income levels to bring people above the poverty line: the Social Justice Strategy is about tackling the root causes of poverty.
- Social Justice principles underpin and link all aspects of our work and reforms - influencing our overall direction, our policies, and the delivery of DWP services.
- Examples of what we have introduced include - new Domestic Violence legislation; Day 1 access to the Work Programme for ex-offenders; easements to job search activity for those on recognised drug/alcohol treatment programmes; easements in Labour Market conditionality for homeless people; and trialling innovative approaches to preventing young people becoming NEET (not in employment, education or training).
- We have also commissioned 10 Social Impact Bonds to turn around the lives of young people through our £30 million Innovation Fund.

The changes

- **Universal Credit replaces six in work and out of work benefits.**
- **Universal Credit requires claimants to accept a 'Claimant Commitment'.** This sets out what is expected in return for receiving benefit.
- **Claimants will be able to apply for their benefits online.**
- **Designed to make work pay.** As claimants earn more money**,** financial support will be withdrawn at a slower rate than is the case under the current system.
- **A single payment will be made to a household** rather than an individual.
- **Local support** will be available to help claimants where appropriate.

The changes

- Additional amounts for children will be incorporated into the Pension Credit (Guarantee Credit).
- There will be no Working Tax Credit replacement within modified PC.
- Mixed age couples will no longer be able to claim Pension Credit. They will have to claim Universal Credit. Mixed age couples already in receipt of PC at the effective date will remain on it. Existing PC customers who acquire a partner below PC qualifying age after the effective date will lose their entitlement to PC and will have to claim Universal Credit.
- We are introducing the State Pension Top Up. This will allow existing pensioners, and those reaching State Pension age before 6 April 2016, the opportunity to gain additional State Pension by paying Class 3A voluntary National Insurance contributions.

The changes

- Employers are now required by law to pay into a workplace pension for eligible workers.
- The introduction of a clearer state pension system from 6 April 2016 will make it easier for people to know what they'll get from the state in retirement.
- The Default Retirement Age has been abolished.
- We are modifying Pension Credit to incorporate support for dependent children following the introduction of Universal Credit.
- Treasury published the response to their consultation, 'Freedom and Choice in Pensions', which sets out how those over 55 with pension savings in cash-based schemes can access them, and how the industry can provide new financial products.
- The State Pension age is changing to reflect increases in life expectancy, ensuring the system remains sustainable and fair between generations.

The changes (1)

Disability

- Personal Independence Payment (PIP) has now replaced Disability Living Allowance (DLA) for new claimants aged 16 to 64. PIP includes an assessment of individual needs and regular reviews.
- Reassessment to PIP started in October 2013 for some existing DLA claimants in Wales, East Midlands, West Midlands and parts of East Anglia. We have extended the areas covered by this reassessment in phases.
- The first independent review of the Personal Independence Payment assessment was published on GOV.UK on 17 December 2014.
- 'Fulfilling Potential', published in July 2013, is a cross-government strategy committed to enabling disabled people to fulfil their potential and play a full role in society. The strategy was updated in September 2014.
- The Accessible Britain Challenge aims to motivate communities including local service providers, businesses, and community and disabled people's groups to do more to be inclusive and accessible for disabled people.
- Universal Credit will remove the financial risks for disabled people moving back into employment.

The changes (2)

Disability

- Access to Work support is continuing to be made available to people with disability and long term health conditions to deliver enhanced outcomes for disabled people.
- The Government published ‘The disability and health employment strategy: the discussion so far’ in December 2013. This outlines our commitment to enabling more disabled people to get into, stay in and progress in work.
- We have also launched the Disability Confident campaign for employers; to support employers to recruit, retain and develop more disabled people.
- Dr Paul Litchfield carried out the fourth independent review of the Work Capability Assessment (WCA). His report to the Secretary of State for Work and Pensions was laid before Parliament on 12 December 2013. The findings of the Evidence Based Review were published on 12 December 2013.
- The Government published its response to the Litchfield Review and the Evidence Based Review on 27 March.

The changes (1)

- Housing Benefit has changed, including the introduction of caps on Local Housing Allowance rates and the extension of the shared accommodation rate to people aged under 35.
- Localised support for Council Tax has been introduced to replace Council Tax Benefit.
- In addition, since April 2013, Local Housing Allowance rates have been uprated annually. In April 2014, rates were generally increased by a maximum of 1 per cent. This will be repeated in April 2015.
- Since April 2013 all tenants renting from a local authority, housing association or other registered social landlords have received housing support based on household size.
- Where a property is deemed ‘under occupied’ the eligible rent will be reduced by a national percentage.

The changes (2)

- In 2014/15 we will continue to support those affected by the welfare reforms with a total government contribution to Discretionary Housing Payments of £165 million. £60 million of this is allocated to support those claimants affected by the Removal of the Spare Room Subsidy.
- Local authorities have discretion in determining Discretionary Housing Payments at a local level, based on the circumstance of each individual case.
- The government has continued its support to local authorities in 2014/15 by providing £18.4 million towards the ongoing administration of the welfare changes.

Owner Occupier
Housing Costs

The changes

There will be some differences from existing Support for Mortgage Interest provision for owner occupiers when Universal Credit is introduced:

- All loans secured on the property will be allowable, up to the capital limit.
- There will be a zero earnings rule for Owner Occupier Housing Costs - if the claimant and/or the partner has any earned income, Owner Occupier Housing Costs stops.
- There will be no linking rules.
- The waiting period will be 13 weeks and the capital loan limit £200,000 until the end of March 2016. The capital limit for claimants in receipt of State Pension Credit remains £100,000.
- No deductions for non dependants in Owner Occupier Housing Costs.
- We will continue to make payments of mortgage interest direct to lenders.
- We are making provision for alternative finance arrangements (Islamic mortgages).

- Owner Occupier Housing Costs will continue as part of Pension Credit.

The changes

- From 15 April 2013 a cap was introduced on the total amount of benefit that working-age claimants can receive.
- The benefit cap applies to the combined income from out-of-work benefits; and other benefits such as Housing Benefit, Child Tax Credit, Child Benefit and Carer’s Allowance.
- The cap is being administered by local authorities through deductions from Housing Benefit payments or through Universal Credit.
- Some households are exempt from the benefit cap.
- There is a ‘grace period’ whereby the benefit cap will not be applied for 39 weeks to those who have been continuously in work for the previous 12 months and have become unemployed.

The changes

- Community Care Grants and Crisis Loans were abolished on 1 April 2013.
- From April 2013, local authorities in England, and the Scottish and Welsh Governments have been free to deliver their own local arrangements for assistance for people facing a crisis or short term unavoidable need.
- The help and support provided by local authorities and the Scottish and Welsh Governments is known as Local Welfare Provision. In Scotland it will be known as the Scottish Welfare Fund. In Wales it will be delivered as the Discretionary Assistance Fund.

The changes (1)

Employment Offer

Significant changes have been made to the welfare-to-work programmes available to Jobcentre Plus claimants. Changes include:

- **Universal Jobmatch**, an online job posting and matching service for both employer / recruiters and jobseekers.
- **Youth Contract** (including the Wage Incentive) is a programme designed to get more young people into meaningful employment, training or work experience.
- The **New Enterprise Allowance (NEA**) helps unemployed people who want to start their own business. It provides access to business mentoring and financial support.
- **Spending Review 2013 measures** – since April 2014, pre-Work Programme Jobseeker's Allowance claimants and certain lone parents and responsible carers have been subject to a number of measures which increase conditionality and support.

The changes (2)

Employment Offer

- **Work Programme** offers greater freedom to tailor support to the needs of individual claimants. The number of Employment and Support Allowance claimants benefiting from this support is being increased by mandating additional Employment and Support Allowance claimants to the Work Programme.

- **Help to Work**, since April 2014, Jobseeker's Allowance claimants returning from the Work Programme go onto one of three intensive modes of support, determined by a Jobcentre Plus advisor and according to need.

- **Work Choice** is a specialist disability employment programme which was launched in October 2010. Work Choice provides tailored support to help disabled people who face the most complex barriers to employment find, and stay in, work.

The changes (1)

Fraud & Error

Preventing

- A new IT system allows data to be exchanged with local authorities on Housing Benefit to ensure claims stay correct.
- Real Time Information (RTI) on earnings reduces the opportunity to defraud the system, and keeps payments correct.

Detecting

- We have begun the implementation of the Single Fraud Investigation Service (SFIS) from July 2014 - an improved way of working where a single fraud investigator can investigate all types of welfare benefit fraud

The changes (2)

Correcting

- Claimants have a responsibility to ensure that the information they provide is correct and they inform DWP about any changes to their circumstance or provide information when required to do so.
- For those that don't and incur an overpayment, a £50 **Civil Penalty** may be applied.
- DWP can recover debt by a variety of means. Options include Direct Earnings Attachments, and fraudsters can be subject to confiscation orders and higher deduction rates.

Punishing

- A minimum administrative penalty of £350 for benefit fraud or 50 per cent of the amount overpaid, whichever is greater up to a maximum penalty of £2,000.
- We have increased the period for which those convicted of fraud will forfeit their benefit, alongside any court punishments.

The changes

- Following receipt of a decision, anyone wishing to dispute that decision will have to request that DWP conducts a mandatory reconsideration before being allowed to lodge an appeal.

- Those wishing to dispute a decision following a mandatory reconsideration must send appeals direct to Her Majesty's Courts and Tribunals Service (HMCTS).

- DWP has agreed to the request of the Tribunal Procedure Committee to introduce time limits for DWP to return appeal responses to HMCTS. DWP has undertaken to provide an appeal response within 28 calendar days in benefits cases, and within 42 calendar days in child maintenance cases and will begin to report against these time limits from October 2014.

The changes (1)

The Migrants' Access to Benefits project will ensure key Government commitments on tightening migrants' access to benefits are implemented in DWP.

Measures introduced include

- A more robust Habitual Residence Test was introduced for face to face interviews in Jobcentres in December 2013.
- For claims made from 1 January 2014:
  - Most jobseekers, including UK nationals returning from living or working abroad, will be unable to access JSA (IB) until they have been living in the UK (or 'Common Travel Area') for 3 months.
  - A new assessment will check whether European Economic Area (EEA) nationals receiving JSA have compelling evidence to show they have a 'Genuine Prospect of Work'. Unless they provide such evidence, their JSA will end after 6 months.
- Since 1 March 2014, the minimum earnings threshold has helped Decision Makers to determine if an EEA national's previous or current work can be treated as genuine and effective in deciding if they have a right to reside in the UK as a worker or self-employed person for benefit purposes.

The changes (2)

- Since 1 March 2014, the minimum earnings threshold has helped Decision Makers to determine if an EEA national's previous or current work can be treated as genuine and effective in deciding if they have a right to reside in the UK as a worker or self-employed person for benefit purposes.
- The removal of access to Housing Benefit for EEA jobseekers was introduced from 1 April 2014, even if the jobseeker is in receipt of income based JSA.
- On the 6 October 2014, The Minimum Earnings Threshold which previously applied to Jobseeker's Allowance claims made by EEA migrants extended to Income Support, Employment and Support Allowance new claims and rapid reclaims for Jobseeker's Allowance and Income Support.
- On the same date the electronic system that gathers information for the Habitual Residence Test was also be extended to Income Support and Employment Support Allowance new claims made by any migrant or British National returning from living or working abroad.
- These two changes will apply to Pension Credit new claims made from 1December 2014, bringing about a more consistent approach to information gathering and DWP decision making for the Habitual Residence Test.

The changes (3)

Migrants' Access to Benefits

- For new claims from 10 November 2014, the Jobseeker's Allowance six month time limit will be reduced to three months for EEA nationals with a right to reside status as a 'jobseeker'. The assessment to check whether an European Economic Area (EEA) national receiving Jobseeker's Allowance has compelling evidence to show they have a 'Genuine Prospect of Work', will be carried out at the three month stage of the claim and unless they provide such evidence, their JSA will end.

- From 9 February 2015, any existing claim to JSA (IB) made before 1 January 2014, by an EEA national will be notified that they will be subject to a Genuine Prospect of work assessment in three months time.

The changes

- We are investing £14 million in the Help and Support for Separated Families initiative.
- The Child Maintenance Service delivers the 2012 statutory child maintenance scheme.
- Maintenance payments are calculated on the basis of gross income information taken directly from HMRC.
- The flat rate of child maintenance has increased to £7.
- Charging for use of the Child Maintenance Service will encourage parents to pause and consider whether using the statutory scheme is really necessary. For those using the collection service, it provides a reasonable contribution to what remains a heavily subsidised service.

The changes

- Income Support is going to be replaced by Universal Credit.
- The income-related element of Jobseeker's Allowance (JSA) and Employment and Support Allowance (ESA) is being removed as Universal Credit is implemented.
- The personal allowances of discretionary working age benefits and the ESA work related activity component was uprated by one per cent from April 2013. These will also be uprated by one per cent in 2014/15 and 2015/16.
- Waiting days extended from 3-7 days for new ESA and JSA claims.

The changes

- Bereavement Support Payment is a move from a complex payment system to a simplified, uniform payment structure. Support will be focused on the period immediately following bereavement.

- Bereavement Support Payment will be disregarded from Universal Credit and the benefit cap and the National Insurance contribution condition will be simplified.

- The upper age for eligibility will align with changes to the State Pension age.

- Those who are already in receipt of bereavement benefits when the new scheme is introduced will not be affected by the changes.

The changes

Freedoms and Flexibilities

- Freedoms and Flexibilities was implemented in April 2012.
- All Work Services Districts have been given greater freedom to tailor their back-to-work services to meet the needs of individual claimants and local labour markets.
- This approach encourages innovation and supports the most effective way for us to design and deliver our services to the public.

Welfare that works

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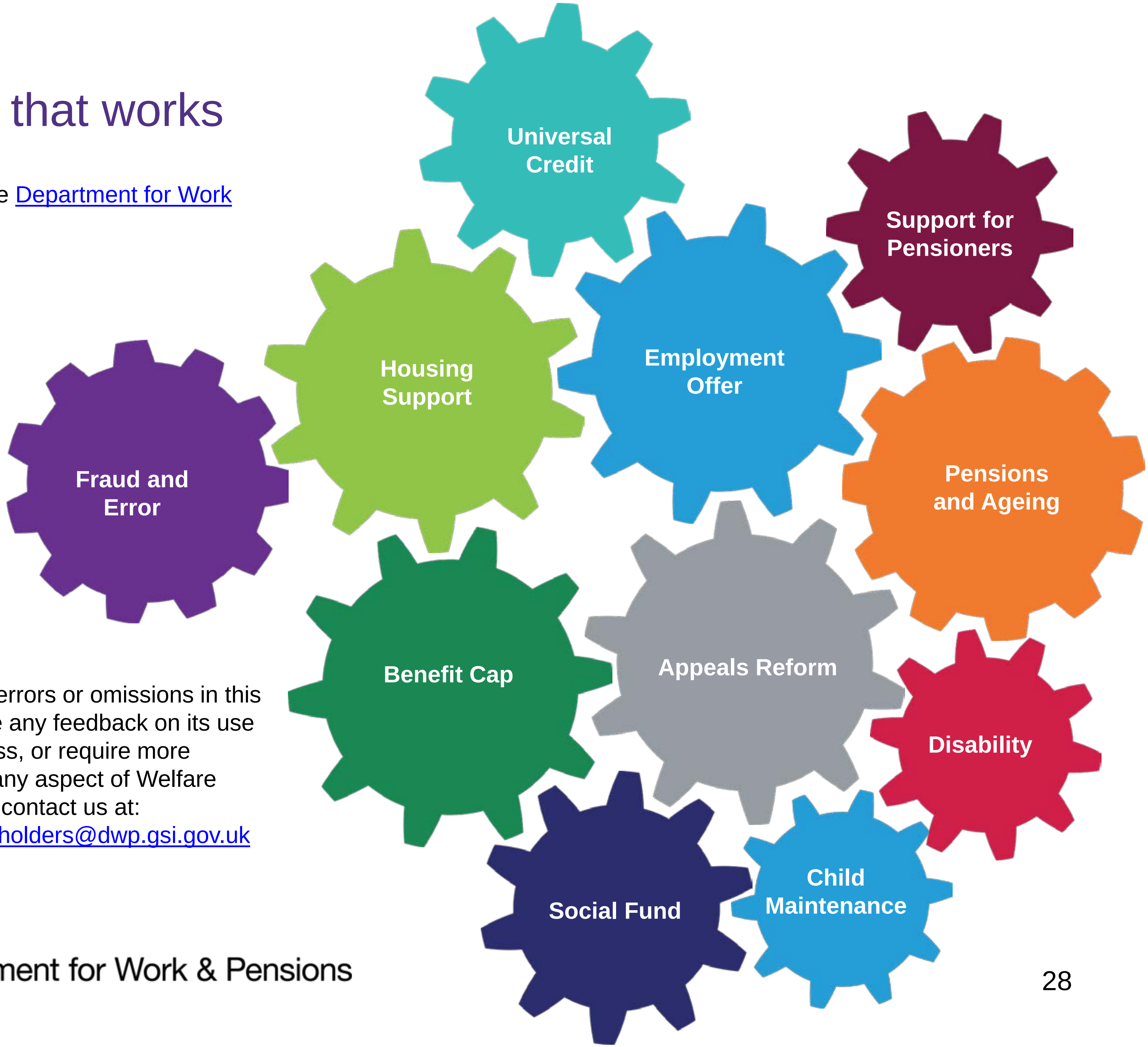

If you spot any errors or omissions in this document, have any feedback on its use and effectiveness, or require more information on any aspect of Welfare Reform, please contact us at:
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