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DWP: Our Reform Story

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Universal Credit



The changes (1)

Universal Credit

- **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 assistance, taking into account personal circumstances and capability to earn.
- **Claimants will be able to apply for their benefits online.** Nearly 80 per cent of benefit claimants already use the internet. Telephone and other support services available if needed.
- **Designed to make work pay.** As claimants earn more money, financial support will be withdrawn at a slower rate than is the case under the current system. Real Time information (RTI) link with HMRC will facilitate this.

“There are so many different types of benefit that people could be getting, they don’t understand how much they get for each benefit and where one benefit affects another. There is just too much to take on board...”

DWP staff member



The changes (2)

Universal Credit

- **A single payment will be made to a household** rather than an individual. This will include housing costs. It will be paid monthly, in arrears. This will enable a household to clearly see the effect of their decisions on their overall income, encouraging responsibility for budgeting.
- **Local support** will be available to help claimants where appropriate. This will be provided through DWP and local authority delivery partnerships.
- Around 500,000 working families will receive **childcare** help and will get more out of the money they earn. At Budget 2014, the Government announced that from 2016 all families claiming Universal Credit will receive childcare support up to 85 per cent of their actual costs. This is up from 70 per cent in the current working tax credit system.



The changes (3)

Universal Credit

- **Progressive roll-out** of Universal Credit started in October 2013 – beginning with Hammersmith, expanding to Rugby and Inverness in November, Bath and Harrogate in February 2014, and Shotton in April.
- In June 2014 we started our rollout of Universal Credit to jobcentres right across the North West. By the end of this year, we will have 90 jobcentres, or **one in eight jobcentres in Britain**, offering Universal Credit.
- Also in June we began **taking new claims for Universal Credit from couples** in other sites - Hammersmith, Bath, Rugby, Harrogate and Inverness.
- The new **Claimant Commitment**, which paves the way for the cultural transformation that Universal Credit brings, has now been rolled out to all British Jobcentres. JSA claimants will be expected to take all reasonable steps to give themselves the best prospects of finding work. If they don't meet this requirement they risk losing benefits.
- Over 26,000 members of staff have been trained to provide **job coaching**, expert help and advice to encourage and motivate claimants in their search for work.
- The roll out of **digital jobcentres** will be complete by autumn – placing wi-fi and computers in all jobcentres.
- **Eleven in work progression pilots** are also up and running – testing ways to help claimants on a low income increase their work hours and income in order to reduce dependency on benefits.



Support for Pensioners



The changes (1)

- Claimants who have reached the qualifying age for **Pension Credit (PC)** will continue to receive Housing Benefit, although the Welfare Reform Act 2012 allows for the introduction of a new element of PC, the Housing Credit, to provide support for rent. We will consult on eventual plans for the introduction of such a Housing Credit.
- Additional amounts for children will be incorporated into the Pension Credit (PC) (Guarantee Credit).
- There will be no Working Tax Credit replacement within modified PC. Pension age claimants who do not qualify for PC but are entitled to Working Tax Credit will be entitled to Transitional Protection at the point of change if their circumstances remain the same and the claimant is unable to establish entitlement to PC of at least the same amount.



The changes (2)

- From a date to be decided **mixed aged couples** (where one member is over Pension Credit qualifying age and one below) will not have access to Pension Credit (PC), they will have to claim Universal Credit. Couples already in receipt of PC at the date the change is introduced will be able to remain on it unless their circumstances change and they are no longer entitled for some other reason. An existing PC claimant who forms a partnership with someone below the qualifying age after the change is introduced will no longer be entitled to PC – they will have to claim Universal Credit.
- There will be no change to the way in which PC qualifying age claimants claim it. Telephone will continue to be the primary channel for new applications and enquiries.
- The underlying principle of this approach is to ensure continuity of financial support for pension age claimants and to minimise avoidable contact, confusion and anxiety.
- Current assumptions are that these changes will take place during 2016.



The changes (3)

- 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.
- It will provide an opportunity for pensioners to improve their retirement income by obtaining inflation-proofed extra additional State Pension. This could be particularly beneficial to women and other groups such as self-employed people who have not done well under additional State Pensions and have not previously been able to top these up.
- There are two entitlement conditions – contributors must have entitlement to a UK State Pension and must reach State Pension age before 6 April 2016.
- The rules on additional State Pension will apply to entitlements resulting from Class 3A contributions including inheritance – a surviving spouse or civil partner will be entitled to at least 50 per cent of the additional State Pension.



Disability including Personal Independence Payment



The changes - PIP (1)



Disability

- Under PIP everyone is treated as an individual. Entitlement to PIP is not based on any particular health condition, but depends on the level of support someone needs to be able to carry out a range of activities which are fundamental to everyday life, such as planning and making a journey and communicating with others.
- The first part of the claims process takes place over the phone and we are aiming for people to be able to make claims online from 2015. Most people will have a face to face consultation with a health professional to better understand their needs.
- Awards will be regularly reviewed to ensure that the right support is in place.
- PIP, like DLA, is a non-taxable, non-means-tested cash benefit and is available both in and out of work. It doesn't form part of Universal Credit so continues to recognise and support additional needs.
- DLA will remain for children up to the age of 16 and for existing DLA recipients aged 65 or over on 8 April 2013.



The changes - PIP (2)



Disability

- Guidance and tools for stakeholders and support organisations helps them offer advice and support.
- New claims for PIP were introduced nationwide from 10 June 2013, following a controlled start from April in the North West and parts of the North East of England.
- Existing working age Disability Living Allowance (DLA) recipients will be asked to claim PIP at some point - it won't be an option to remain on Disability Living Allowance.
- From 28 October 2013 we started inviting some individuals living in Wales, East Midlands, West Midlands and parts of East Anglia for reassessment. We have extended the areas covered by this reassessment in two waves:
 - from 13 January 2014 to postcodes beginning DG, EH, TD and ML; and
 - from 3 February 2014 to postcodes beginning CA, DL, HG, LA and YO.
- This allows testing of the claimant reassessment journey with a smaller number of reassessments using an approach similar to that taken with new claims in the Controlled Start area in April 2013.



The changes – Access to Work



Disability

- Access to Work (AtW) is a programme for individuals whose health or disability affects the way they do their job. It provides individuals and their employers with advice and support with extra costs which may arise because of an individual's needs. The support it can provide includes specialist aids and equipment, support workers and travel to work. It currently helps around 30,000 disabled people a year.
- AtW support is being made more widely available to deliver enhanced outcomes for disabled people, including people wishing to start their own business through the New Enterprise Allowance scheme.
- AtW is now supporting young disabled jobseekers to gain vital work experience through AtW, included Supported Internships, Traineeships and Sector Based Work Academies.
- AtW can also provide assistance via the Mental Health Support Service to support individuals with mental health conditions to remain in work.
- Work has also been undertaken to modernise the service offering and delivery of AtW, for example, we have introduced a fast-track assessment process.



Housing Support



The changes (2)

Housing Support

- Since April 2013 all tenants renting from a local authority, housing association or other registered social landlord receive **housing support based on household size**. These allow for one bedroom for each person or couple living as part of the household. Both people in a couple must have to be of working age to be affected. Two children under 16 of the same gender are expected to share a room, as are two children under 10 regardless of gender.
- Where a property is deemed 'under occupied' the eligible rent under Housing Benefit will be reduced by 14 per cent for one room and 25 per cent if under occupied by two rooms or more.



The changes (4)

Housing Support

- 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. We have provided local authorities with a Discretionary Housing Payment good practice manual that enables them to make awards where there is a clear need.
- 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.



Benefit Cap



The changes (1)



Benefit Cap

- From 15 April 2013 a cap was introduced on the total amount of benefit that working age claimants can receive. The level of the benefit cap is based on average earnings (after tax and National Insurance) for working families – £500 a week for couples (with or without children) and single parent households, and £350 a week for single adults.
- 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.
- Households in receipt of Working Tax Credits are exempt from the cap, as are:
 - those entitled to Working Tax Credit.
 - all households which include someone receiving a disability-related benefit (Disability Living Allowance / Attendance Allowance / Personal Independence Payment / Industrial Injuries Benefit / support component of Employment & Support Allowance). *(Please note that adult children living in the household, and receiving a benefit in their own right, would not normally count as part of the household for the purposes of the benefit cap).*
 - War widows and widowers and those in receipt of War Disablement Pension or equivalent payments under the Armed Forces Compensation Scheme.



The changes (2)

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. This allows people time to find alternative employment or consider other options to avoid the impacts of the cap.
- To help those affected, employment support is available from Jobcentre Plus, the Work Programme or the Work Choice programme as appropriate.
- There is an online calculator available for claimants to use at www.gov.uk and a benefit cap helpline: 0845 6057064 and textphone: 0845 6088551 (8am-6pm Monday-Friday).



Social Fund



The changes

A dark blue gear-shaped graphic with the text "Social Fund" in white, positioned in the top right corner of the slide.

- 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.



Your role - Local Authorities (1)

A dark blue gear-shaped graphic with the text "Social Fund" in white, positioned in the top right corner of the slide.

Social Fund

- Crisis Loans and Community Care Grants, parts of the discretionary Social Fund, were abolished on 1 April 2013.
- All of the funding that DWP is allocated for the discretionary Social Fund, £178.2 million per annum, will be transferred to local authorities in England and the Scottish and Welsh Governments to develop their own Local Welfare Provision schemes from 1 April 2014 (as it was in 2013). This will be the last year of separate funding from DWP.
- From April 2015 onwards, local authorities can continue to manage their support from within their general fund. Local authorities are the best judge of needs and priorities within their areas, so it is right for them to choose how much funding to allocate to Local Welfare Provision services and how to provide such support.



Employment Offer



The changes - Overview

Employment Offer

Significant changes have been made to the **welfare-to-work programmes** available to Jobcentre Plus claimants, including:

- **Universal Jobmatch**, an online job posting and matching service for both employer / recruiters and jobseekers.
- **Youth Contract**, including the Wage Incentive, a programme to get more young people into meaningful employment, training or work experience.
- **Work Programme**, offering greater freedom to tailor support to the needs of each claimant.
- **Help to Work** - from April 2014, Jobseeker's Allowance claimants returning from the Work Programme will go onto one of three intensive modes of support, determined by a Jobcentre Plus adviser/work coach and according to need.
- **Work Choice**, a specialist disability employment programme, launched in October 2010, provides tailored support to help disabled people who face the most complex barriers to find, and stay in, work.
- **Spending Review 2013 measures** - from April 2014, pre-Work Programme Jobseeker's Allowance claimants and certain lone parents and responsible carers will be subject to a number of measures which increase conditionality and support.



Fraud & Error



The changes (2)

Correct:

- We are working to ensure all overpayments are recovered as quickly and efficiently as possible and are ensuring staff have the right expertise to deliver the right amounts to claimants.
- Claimants have a responsibility to ensure that they inform DWP about any changes to their circumstance and that the information they provide is correct. For those that don't, a £50 **Civil Penalty** has been introduced for use in cases of 1) claimant error resulting in an overpayment due to negligence and failure to take steps to put it right or report changes; 2) failure to report changes promptly with no reasonable excuse for their failure; or 3) failure to provide information in accordance with requirements and offering no reasonable excuse for not doing so.

The changes (3)

Punish:

- **Administrative Penalties** - A tougher 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. This is in addition to the current loss of benefit for a four week period and the existing requirement to repay any overpayment.
- **Loss of Benefit Penalties** - We have increased the period for which those convicted of fraud will forfeit their benefit, alongside any court punishments:
 - Conviction for a first benefit fraud offence - benefit lost for 13 weeks;
 - For a second offence where the latter offence results in a conviction – benefit lost for 26 weeks;
 - For a third offence where the latter offence results in a conviction - three years, with a three year loss of benefit for a serious offence of identity benefit fraud or organised benefit fraud.



Appeals Reform



The changes (1)

Those wishing to dispute a DWP decision will need to be aware of three key changes DWP has made to the appeals process:

Mandatory reconsideration of decisions

- Following receipt of a decision, anyone wishing to dispute that decision will now have to request that DWP conducts a mandatory reconsideration before being allowed to lodge an appeal.
- Resolving any disputes *before* appeal will help ensure that the right decision is reached earlier.
- In order that DWP can make the right decision as early as possible, it is important that all relevant information in a case is sent to DWP as soon as possible.



The changes (2)

Direct lodgement of appeals with Her Majesty's Courts and Tribunals Service (HMCTS)

- Those wishing to dispute a decision following a mandatory reconsideration must send appeals direct to HMCTS.

Time limits for DWP to return appeal responses to 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.
- DWP will begin to report against these time limits from October 2014.



Migrants' Access to Benefits



When?



January 2014

For claims made from 1 January:

- Most jobseekers are unable to access income-based JSA until they have been living in the UK for 3 months.
- A new 'Genuine Prospect of Work' assessment takes place after six months

July 2014

The first Genuine Prospect of Work assessments will be conducted.



December 2013

A revised Habitual Residence Test was introduced for face to face interviews in Jobcentres.

1 March 2014

Minimum earnings threshold was introduced. This will help DWP Decision Makers decide whether an EEA national's previous or current work can be treated as genuine in deciding whether they have the right to reside in the UK as a worker or self employed person for benefit purposes.

1 April 2014

The removal of access to Housing Benefit for EEA jobseekers, even if the jobseeker is in receipt of income based JSA.



Your role - Local Authorities



Migrants' Access
to Benefits

Removal of entitlement to Housing Benefit for EEA Jobseekers

New EEA jobseekers will no longer be able to access Housing Benefit, which is administered by local authorities, even if they are in receipt of JSA (IB).



Child Maintenance



The changes (1)

2012 scheme

- The Child Maintenance Service administers the 2012 statutory child maintenance scheme to support parents who cannot make their own family-based child maintenance arrangement.
- The scheme opened as a pathfinder to a small number of cases in December 2012. Later in November 2013, the scheme was opened to all new applicants.
- From 30 June 2014, application fees and enforcement charges are introduced to the Child Maintenance Service and CSA cases begin to close.
- The process of closing CSA cases will start with an initial communication to the first tranche of affected clients advising them that their cases will be closing in six months time and encouraging them to consider their options, and access support to make their own family-based arrangement.

The changes (2)

2012 statutory scheme – changes from 2013 onwards

- Parents will have to have a conversation with Child Maintenance Options advisers to first discuss their choices and consider alternatives before proceeding with an application to the statutory service.
- On 30 June 2014, we introduced an application fee of £20 to encourage applicants to consider a family-based arrangement before entering the statutory service. Victims of domestic violence and parents aged 18 and under will be exempt from the application charge.
- We have also consulted on adding a 20 per cent collection fee for parents who pay child maintenance and deducting a 4 per cent collection fee for parents who receive child maintenance if the Child Maintenance Service has to collect and transfer maintenance from one parent to the other. Parents can avoid these collection fees by the paying parent making payments directly to the receiving parent. Parents can of course avoid all fees by making a family-based arrangement.
- The flat rate for paying parents has increased from £5 to £7.



Bereavement Benefit Reform



The changes (1)

Bereavement Benefit Reform

- Following a public consultation and a Government response paper in July 2012, we are shifting the focus of bereavement benefits to provide a short-term intervention, which helps people deal with the more immediate financial needs caused by a bereavement, helps the process of readjustment and encourages a supported return to work for those without employment.
- Findings from independent social research also showed that for most people regardless of their household income, the death of a spouse has a significant financial impact which is particularly acute in the few months following the bereavement.
- We are therefore moving from a complex payment system to a simplified, uniform payment structure for all recipients, regardless of their age or whether they have dependant children.



The changes (2)

Bereavement Benefit Reform

- Bereavement Support Payment will consist of a lump sum payment followed by 12 monthly instalments and widowed parents will receive a higher rate.
- There will be no lower age limit to receiving this benefit.
- Bereavement Support Payment will be disregarded from Universal Credit and the benefit cap.
- Receipt of the Bereavement Support Payment will not affect access to contribution-based Jobseeker's Allowance or contribution-based Employment Support Allowance, so that bereaved spouses and civil partners can access tailored employment support at the appropriate time.
- The National Insurance contribution condition will be simplified so that people will get the full payment as long as their late spouse or civil partner paid National Insurance contributions at 25 times the lower earnings limit for any one year.
- The upper age for eligibility will align with changes to the State Pension age.
- Those who are already in receipt of bereavement benefits at the point at which the new scheme is introduced will not be affected by the changes.



When?

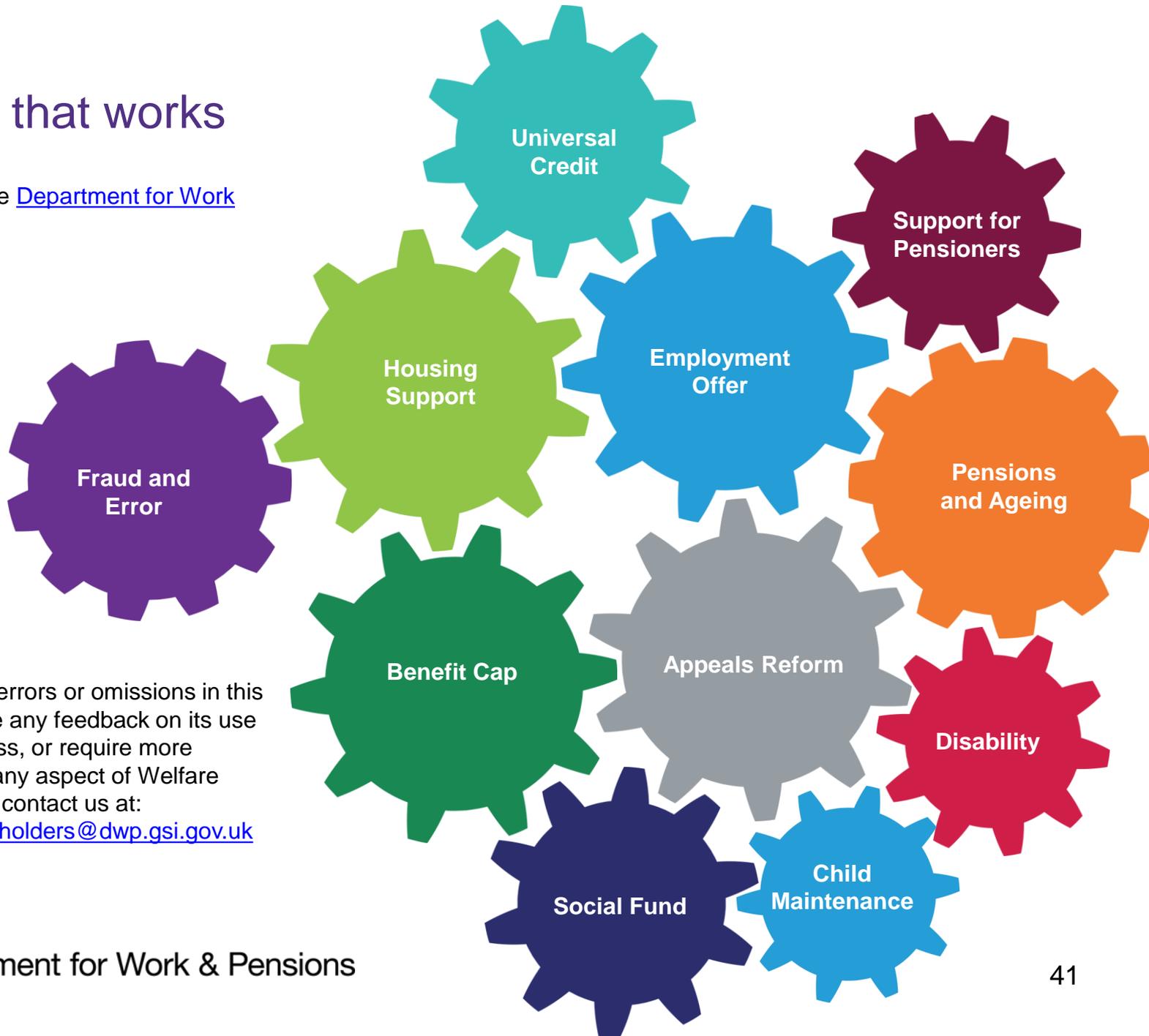
Bereavement Benefit Reform

- Bereavement Support Payment will be implemented by April 2017



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: corporate.stakeholders@dw.p.gsi.gov.uk

