

NAWRA Welfare Reform Changes Chart: Part 1 - Earlier Changes (to October 2012)

(For changes from October 2012, please see Part 2: Recent and Forthcoming Changes)

Date	Benefit	Change	Impact	Analysis
Jan 2011	Old “sickness route” benefits	<ul style="list-style-type: none"> No new linked claims for Incapacity Benefit, SDA or Income Support (for sickness) from 31/01/11. Claimants no longer return to old rate but claim basic ESA and face Work Capability Assessment IB/SDA claimants can still claim Income Support (and vice versa) if become eligible. 	<p>Targets those who have tried to move from “welfare to work”. Goes back on “trial period” promise (e.g. to WTC claimants etc that could return to previous rate of benefit if job did not work out.)</p> <p>A significant cut in benefits and less certainty of being able to continue on benefit given harder ESA tests.</p>	Affects precisely people who have done what Governments want them to do. It undermines future confidence and will make people more fearful of attempting work. At odds with normal precedent of not making retrospective changes and aim of encouraging “welfare to work”
March 2011 to April 2014	Employment and Support Allowance	<p>Migration of existing claimants (of Incapacity Benefit, Severe Disablement Allowance and Income Support through sickness) begins. To be completed by April 2014, with individual Work Capability Assessments to determine if can transfer to ESA:</p> <p>If “YES” switch to ESA at transitionally protected rate - but may <i>still</i> lose ESA after April 2012 (see below)</p> <p>If “NO” can appeal and get assessment phase ESA pending, sign on for Income based JSA or lose benefit.</p> <p>CUT of up to £2,500 million pa (30%) by 2014</p>	<ul style="list-style-type: none"> Affects around 1.5 million people across UK with a disproportionate effect in deprived areas with a high incidence of long term limiting illness. Pilots show a 30% “failure rate” (as opposed to 15% forecast) Some groups previously exempt (e.g. severe mental health/ learning disabilities or on DLA Higher Care) face test for the first time. Additional support needs (e.g. CMHTs, CSTs). Likely increase in demand for advice and help with appeals Of those disallowed 50% may get JSA, 50% lose benefit 	<p>Originally ESA was only for new claimants (to avoid memories of previous migration from Invalidity Benefit). ESA was meant to be an enabling benefit (albeit with some compulsion) to support people into work at a time of high employment</p> <p>The former Personal Capability Assessment system was already the toughest in the developed world. The replacement Work Capability Assessment Test is even tougher</p> <p>Refusal rates for new claimants has been far higher than Parliament were led to believe (68% rather than 50%). Job Centre staff reporting a significant gap between those “failing” the ESA test and having realistic employability.</p>
April 2011	ALL working age benefits	Increases will be set by the <i>Consumer Price Index</i> (which produces consistently lower increases) instead of the <i>Retail Price Index</i> or the <i>Rossi index</i> . CUT of £5,840 MILLION pa by 2014/15	Those receiving any benefit will see its value decrease over time, lessening their ability to pay for essentials. Will be the biggest cut of all by 2015	Together with the VAT increase in January ‘11 from 15% to 20% and higher inflation in basic essentials, could make everyday life difficult to manage for those with benefits income.
	Child Benefit	Frozen for three years CUT of £985 million pa	As prices rise and benefit doesn’t, families afford less.	A cut affecting ALL families and children, with the greatest impact proportionately on the poorest.
	Maternity Grant	Restricted to the first child only	Babies in neighbourhoods with complex financial and social problems now denied £500.	Help withdrawn from families with more than one child –will impact in areas where there is already high disadvantage, and increases risk of poverty.
	BOTH Tax Credits	<p>Taper on income for tax credits moves from 39% to 41% CUT of £765 million pa by 2014/15</p> <p>Fall from £25,000 to £10,000 in “disregarded increases in income during the current tax year” A cut of £140 million rising to £450 million</p>	<p>Increases “marginal tax rate” by 2%</p> <p>Likely return of destabilising effect of overpayment recovery experienced in early years of tax credits. Moving into work paying over £10K may lead to overpayment problems.</p>	<p>Will impact on all those in low paid employment and will impact on working families in particular</p> <p>Administrative complexity and cost for HMRC and less predictability and increased fear of recovery may be a disincentive to move from benefits into work or take up in work benefits.</p>
	Working Tax Credit	<p>Basic & 30 hour elements in WTC frozen for 3 years. CUT of £625 million by 2014/15</p> <p>New category for workers aged 60+ who can claim WTC if working over 16 hours at 60 +, regardless of whether a disabled worker or have children.</p>	<p>The amount of tax credits to working families reduces in real terms.</p> <p>Helps older workers to explore reduced hours option. Previously if no dependent children or not a disabled worker, then would have needed to work 30 hours to get WTC</p>	<p>This and other changes below are all cuts affecting working families and does not fit well with the stated aim: of “making work pay”</p> <p>Another option at 60 + to support carrying on in work, but may overlap with £ for £ reduction in Pension Credit if low earnings</p>

Date	Benefit	Change	Impact	Analysis
April 2011	Working Tax Credit (ctd.)	Childcare element of WTC reduced from 80% to 70% of actual childcare costs up to a capped maximum. CUT of £385 million pa by 2014/15	Those who qualify for help with their childcare costs will receive significantly less. Those with higher childcare costs will be worst hit.	Childcare is frequently cited as a major barrier to work, effectively reducing working parents' take-home pay. This cut will increase childcare costs for low-paid parents.
	Child Tax Credit	Income threshold for <i>family element</i> of CTC reduce from £50,000 pa to £40,000 a year. Taper above threshold increased sharply from 6.66% to individual element taper of 41%. CUT of £175 million	"Better off families" lose £42 a month. Family Element now fully extinguished at £41,230 instead of £58,000 (or £66,000 when Baby Addition applied)	Some nominally "better off" families will feel the cut, especially if they have high housing or other living costs.
		Baby element in CTC scrapped. CUT of £275 million by 2014/15	Families with a child under 1 lose up to £10.50 pw	A cut affecting children already in poverty the hardest.
	Housing Benefit	Local Housing Allowance maximum caps for 1 bed (£250), 2 bed (£290), 3 bed (£340) and 4 bed (£400) Separate rate for 5 bedrooms (at any amount) scrapped. CUT of £55 million pa	Reducing the amount going to low-income households to help pay their rent, especially those who need a larger home.	Caps will <i>mainly</i> affect London and the SE, as elsewhere LHAs may be below new caps. Scrapping the 5-bedroom rate will affect larger families everywhere .
		Non-dependant deductions - large increases over next 3 years to make up ground since last increase 10 years ago. CUT of £340 million pa	Affects tenants with non-dependant adults (e.g. parents, grown up children) living in house). Non-dependants may not always be willing - or be asked - to make up the shortfall	A major cause of rent arrears, family disputes and potential homelessness. Goes against policy aims of maximising use of housing stock and supporting families
		Local Housing Allowance Rates will be set at the 30 th percentile of local private rent prices, not the 50 th . Cut of £425 million	Only 1/3 (instead of 1/2) of available private rented housing locally will be affordable to HB claimants. HB claimants will find it more difficult to find affordable properties to rent in the private sector	A big cut which increase of £40 million pa in Discretionary Housing Payments will do little to offset.
		Additional room in LHA if need for a carer to come in. Additional bedroom for a disabled child INCREASE of £15 million pa	A gain that supports caring, but still ignores needs within a family (e.g. partners needing separate rooms because of disability). The additional bedroom for the disabled child is currently being challenged by the DWP	Long needed improvement, but does not address extra space needs within a family from disability. Does not address issue of spare room to enable "shared care" of children living elsewhere
	Pension age	<ul style="list-style-type: none"> Accelerate speed of equalisation of pension age— with equal pension age to be achieved by November 2018 From December 2018 equal pension age to go up to 66, and 67 between 2026/8 – eventually c73 	<p>Raises minimum age for claiming both Retirement Pension and Pension Credit</p> <p>Change allows for higher RP and easier NI conditions.</p> <p>Increase in qualifying age for Attendance Allowance</p>	<p>Current age said to be "financially unsustainable", as smaller working age population has to fund growing RP.</p> <p>People can already choose to work on, but a higher pension age hits those in physical jobs and those affected by tougher tests for ESA. Increased competition for young workers in recession.</p>
	Retirement Pension	To be increased by the highest of: Retail price increase, average earnings or 2.5% each year Increase of £450 million pa by 2014/15	Restores link with earnings and offers a "triple guarantee" for future pensions. Will make a significant difference over time to pension levels. Commitment to universalism in tackling pensioner poverty also seen in retention of other universal benefits Cold Weather Payments, TV licenses at 75+, bus passes, health benefits etc	Welcome restoration of previous permanent commitment abolished in 1979 - and implemented in some years from 1997 to 2010). Link allows pensioners to keep up with general increase in living standards, reducing tendency to growing inequality and marginalisation. A pension only linked to prices since 1948 would be c £45 pw. This contrasts markedly with approach for "working age" claimants and children
	Pension Credit	Same guarantee applies to Guarantee Credit. May be offset by freeze on Savings Credit for next 3 years Increase of £535 million pa by 2014/15.	As above. Increases gain for the income of the poorest 20% or so of pensioners on Guarantee Credit	May to some extent offset cuts to Savings Credit that could affect 50% of pensioners (see below). PC has only a 65 to 70% take up so need remains to encourage take-up and maximise entitlement linked to AA
Savings Credit maximum amount frozen for next 3 years. Cut of £330 million pa by 2013/14		Affects those on minimal incomes—or levels just above it - who get a bonus for saving for retirement	May offset effect of other increases. Counter to general policy aim of encouraging people to make provision	
Sep 2011	Educational Maintenance Allowance	Abolished in England. A loss of up to £30 a week for young people on low incomes staying on at school or college. About 10% as discretionary funding	Will impact particularly on 16 to 19 year olds from low income families, who lose up to £30 a week (and bonuses for attendance, attainment). Some may give up, others do less well.	Colleges value the extra resource for books/travel and incentives. Likely to increase NEETs and attainment gap between richer and poorer areas and reduce social mobility.

Date	Benefit	Change	Impact	Analysis
Jan 2012	Housing Benefit	LHA Single room rent restriction for single people (not lone parents) under 25 extended to people aged under 35 . CUT of £215 million pa by 2014/15	Further extends restriction for people in private sector tenancies, increasing marginalisation and ghettoisation. Exempt groups remain.	Rationale for lower rates “reflecting a different labour market reality”, but unlikely in mid 30s. Will affect parents with “shared care” of children who may not have suitable accommodation for children to stay over.
April 2012	Working Tax Credit	Couples with children must work at least 24 hours combined (rather than 16) to qualify; with one working at least 16 hours. CUT of £390 million pa 50 plus element scrapped. CUT of £50 million	Families on low earnings on low hours lose WTC. Those aged 50+ moving from unemployment into low-paid work now denied have to meet the basic rules for WTC, as to other claimants.	Impacts on working families where unable to find or work additional hours (e.g. because juggling caring responsibilities). Opens a gap for many between 16 and 24 hours where no top up income is available and may have to give up work. Loss of incentive for over 50's to undertake part time work for the first 12 months
	Child Tax Credit	Family Element income threshold abolished, so will start to taper off straight after CTC individual elements. CUT of £480 million pa by 2014/15; Estimated that it will cost £2.3million to apply the means test.	Family element (worth £10.50 pw) will cease being paid at much lower incomes than before affecting many on average earnings	This element replaced the tax allowance for families prior to tax credit – would this have even be considered had this remained as an income tax allowance?
	ALL Tax Credits	New rule of disregarding an income drop of £2,500. CUT of £585 million by 2014/15	Tax credits will not increase to help you if your income drops unless the drop is <i>more</i> than £2,500.	Doesn't assist in an environment where reduced working hours is a better option than redundancy as claimants may find themselves worse off in employment. Housing Benefit and Council Tax Benefit will still be adjusted for income drops & should be notified.
		Time limit for notifying changes of circumstances cut from 3 months to 1 month. CUT of £330 million pa	People will have less time to inform HMRC about changes affecting their tax credits.	Saving assumes a significant loss for people who miss deadline A particular problem for new parent(s), who may be under pressure adapting after a new baby, especially if any other difficulties..
	Contributory ESA	Limited to 1 year for people in the “work-related activity” group. Support group not affected. CUT of £2,010 million by 2014/15	Loss of basic benefits income for those with savings or working partners. Applied retrospectively, so some will lose ESA straight away. Doubles cuts from migration and WCA.	Goes back on NI contract and principle of collective mutual social security. Pressure to take out less cost effective private insurance.
	ESA in Youth	Abolished from April 2012 . Claimants switch to Income related ESA or come off benefit	Ends non-means tested ESA for under 20s. Targets people with severe or long term illnesses or disabilities	Particular affects people with learning disabilities. Not all claimants will be able to get Income-related ESA instead, (e.g. if a working partner, compensation payment or capital provision made by parents).
	Pension Credit	Savings credit reduced and frozen for four years to £18.54 (single) and £27.73 (couple). Also threshold for qualifying increased by 8.4% Saving £330 million a year by 2014/15	Fewer pensioners will qualify for the savings credit and those that do will receive less	Reduces the reward for ‘moderate provision’ – will affect pensioners with small amount of savings/occupational pensions
Housing Benefit	Local Housing Allowance rates frozen ready for increasing with CPI if lower in April 2013	Less variation from month to month – harder to find properties within LHA if rents increase substantially	Main effect will be felt over time if CPI consistently lower than 30% percentile	
May 2012	Income Support (<i>lone parents</i>)	New claims for IS (lone parents) only if a child under age of 5 (was reduced to 7 in October 2010). If not then “sign on” for JSA. Existing claimants with no child under 5 will have the benefit removed in phases.	Over 100,000 lone parents switched from Income Support onto JSA since 25/10/10. Nominally same benefit rate, but must “actively seek” and be “available for work” or face JSA sanctions.	Lone parents want to work <i>where jobs and support exist</i> , when it is right for their children etc. Compulsion via JSA may just distract from action on barriers to work and risks increased child poverty. 21% of children of single parent who work full time are in income poverty.

NAWRA Welfare Reform Changes: Part 2 - Recent and Forthcoming Changes

(For changes before October 2012, please see Part 1 - Earlier Changes)

Date	Benefit	Change	Impact	Analysis
Oct 2012	All DWP Benefits	Civil Penalties will be introduced for claimant error in claims for Benefit	Local Authorities and the DWP will have this permissive power to enforce a civil penalty of £50 to claims which contained an error made by the claimant. This is part of the Governments strategy on 'tackling fraud and error in the benefit and tax credit system'.	Local Authorities do not have to implement this charge and if they do, it will only increase rent arrears; it may have the opposite effect of claimants being too frightened to rectify mistakes when identified, leading to increased overpayments and potentially higher incidences of fraud.
	Job Seekers Allowance	From the 22 nd October there will be a three tier fixed penalty sanction ranging from 4 weeks to 3 years, where the claimant will lose payment of all their benefit	<p>Higher level sanctions (e.g. leaving a job voluntarily, or through misconduct, or failing to take up a job or mandatory work activity) - 13 weeks for a first failure, 26 weeks for a second failure; 156 weeks for a third / subsequent failure (within a 52 week period of their last failure);</p> <p>Intermediate level sanctions for 'not actively seeking or being available for work; 4 weeks for first failure, 13 weeks for a second or subsequent failures (within a 52 week period of their last failure)</p> <p>Lower level sanctions (e.g. failing to attend an adviser interview) - 4 weeks for the first failure, followed by 13 weeks for subsequent failures (within a 52 week period of their last failure).</p>	<p>Impact greater on those who are more vulnerable and have chaotic lives</p> <p>Will increase demand for services, especially food banks</p> <p>Claimants may revert to payday lenders and illegal money lenders in order to access money</p> <p>Impact on health and well being of claimant</p>
	In work Credits & Job Grant	Abolished for those moving from out of work benefits to in work benefits	The Job grant of £100 for a single person and £250 for those with children assisted with additional expenses of going to work (e.g. clothing and travel); The £40/£60 weekly in work credit and return to work credit really boosted the income of those returning to work with a disability and lone parents.	These benefits were abolished in preparation for the introduction of Universal Credit – however the claimants that will be affected by this change in October will continue to claim the same benefit after the introduction of Universal Credit and there is no real justification for this cut.
Dec 2012	ESA & JSA	From the 3 rd December there will be a three tier sanction for those in the work related activity group who fail to undertake work preparation and work focused interviews, where the claimant will lose payment of all their benefit	<p>The sanction will be open ended until the claimant re-engages followed by a 1, 2 or 4 week benefit sanction. The weekly amount of the sanction also increases from the work-related activity component to the standard allowance (£28.15 to £71.00)</p> <p>Claimants can be referred into the work programme within 12 months of being expected to be fit for work; There are currently a pilot mandating claimants into the work programme where they are likely to be fit for work within 2 years</p>	<p>This will impact on those who are more chaotic and vulnerable and are claiming a benefit because they have been assessed as unfit to work and yet will be required to undertake work related activities (including unpaid work).</p> <p>Even when the claimant re-engages they will not receive benefit for a set period of time, depending on whether they have been sanctioned previously and when.</p> <p>Cut undermines the logic of ESA Work Related Activity. Government denies a formal policy of more sanctions, despite mounting evidence of management pressure on Advisers to increase referrals for sanctions.</p>
Jan 2013	Child Benefit	Affluence test for CB: Tapered withdrawal of Child Benefit (via income tax) where an earner over £50,000, stops completely at £60,000. CUT of £2,485 million by 2014/15	All families paid child benefit but clawed back via income tax on higher earner. Means some 500,000 new self assessment tax returns. Reduces but does not remove one v. two income anomaly in original proposals	Undermines value placed on all children; CB redistributes from those without children to those with and main earner to main carer. Undermines support for collective social security. Cost of administering reduces any savings.
	Employment and Support Allowance	<ul style="list-style-type: none"> Tightening up of some of the descriptors to make them more restrictive, Definitions of hospital stay extended to be more than 24 hours (reg 25) Substantial risk (reg 29) amended to exclude risks which could be significantly reduced by work place adaptations or taking medication. All types of chemo and radiotherapy now give 'limited capability for work related activity' 	<ul style="list-style-type: none"> Makes it even harder to score points on some of the amended descriptors leading to more claims being rejected Harder to be 'treated as' having limited capability for work With the one positive exception of cancer patients. 	Some of the changes specifically brought in to nullify the effect of caselaw that had gone in favour of the claimant

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April 2013	April Uprating	<ul style="list-style-type: none"> General increase of 2.2% CPI not 2.6% RPI Many benefits restricted to 1% for next 3 years PC Savings Credit – cuts in max SC and increased thresholds 	Real cuts of 4% over next 3 years for many, an extra 200,000 children in poverty. DWP claims e.g. carers, disabled and ESA Support Component will be protected – but basic allowances still hit – e.g. a carer or someone on ESA SC overall increase may be 1.4%. SC Cut further penalises pensioners with small savings/pension provision.	Government says: Why should people on benefits do better than average earnings (strivers v. shirkers)? But over 60% affected are in work and little evidence of “shirking” in remaining 40%, while little room for belt tightening. But, if a case is being made for linking uprating to average earnings permanently, claimants would then share in longer term growth.
	Tax Credits	Increased income disregard falls to £5,000 (previously £25,000, reduced to £10,000 in 2011)	Extends April 2011 cut. Means greater likelihood of overpayments similar to when tax credits was first introduced	Further exacerbates cost, complexity and disincentives.
	Council Tax Benefit	Handover of responsibility for CTB schemes to Local Authorities in England and devolved governments in Scotland and Wales with a 10% reduction in budget Cut of £490 million by 2014/15	A cut in help with Council Tax for all those on low income, with potential confusion and postcode lotteries in England. Initially, many councils will have to stay with the “default scheme” (i.e. as CTB) and find the 13% shortfall. Welsh and Scottish Governments will make this up. In time, local schemes will develop within budget so working age claimants face cuts and poss. minimum contribution (e.g. 10 to 20%) Default scheme will run across Scotland and Wales for 2013/4 with devolved Governments funding the shortfall.	Working age claimants face reduced support and higher council tax bills just as other welfare reform cuts start to bite Schemes will come under pressure if above inflation council tax rise or a large local redundancy Increased confusion and complexity, with variation in systems and processes. Implications for collection for the Local Authority. Likely increase in arrears – court costs etc;
	Housing Benefit	The “bedroom tax”. HB restricted to the number of rooms “needed” in social housing (already happens in private rented housing). CUT of £490 million pa by 2014/15	Applies to “working age” families. If a family is in a larger home than they are deemed to “need”, the eligible rent for benefit calculation will reduce causing a shortfall in rent. 14% for one extra bedroom and 25% for two or more. No account taken of bedrooms for: shared care with another parent, a child who may be returning from local authority care, or need for extra bedroom because of disability needs. Last minute concessions have provided one additional bedroom only for foster children and if a non dependant is in HM Forces on active service. Families forced to move or find shortfall. Some 40,000 will come off HB.	Pressure on families affected and rise in rent arrears; potential impact on school rolls and GP lists with claimants moving in/out of area. A young person moving out could leave remaining family falling into debt or having to move for financial reasons. Disruption of local authority care arrangements if foster carers need more than 1 room or families not able to afford to keep room available for planned return. No account for extra rooms adapted to needs of disabilities Moving may not be easy – a shortfall in appropriate housing, due to previous emphasis on 3 bedroom properties and away from 1 bed.
		Local Housing Allowance up-rated in line with the consumer price index not average market rents. Cut of £290 million by 2014/15	Housing Benefit will no longer be based on actual rent costs.	Shortfalls in rent will have to be found out of other income. Debt and evictions are likely to increase.
	Social Fund	<ul style="list-style-type: none"> Crisis Loans (waiting for benefits claim to be processed) to be replaced by ‘short-term advances’ of benefit Budgeting Loans to be replaced by budgeting advances under Universal Credit, but remain as now for those on legacy means-tested benefits; All other Crisis Loans and Community Care Grants to be abolished and budget (as at 2010) passed to Local Authorities in England and the devolved government’s in Wales and Scotland. 	Reliant on ‘payments on account’ system operating effectively which it has not done previously. Local Authorities likely to see an increase in people presenting themselves in need – increase demand for soup kitchens, food banks and furniture re-use projects. Cut in budget will result in less people accessing assistance when they need it. Overall loans allocation budget cut from £561 million to £461 million. Not a saving as simply a cap on level of recycling of funds as loans repaid, but will reduce availability/size of loans.	Funding to Local Authorities in England is not ring-fenced and there is no statutory requirement for SF alternative, so likely to be postcode lottery situations arising. No independent review process – IRS disbanded. In Scotland, the Scottish Welfare Fund will be a national scheme run through local authorities. In Wales, the Discretionary Assistance Fund will be run by Northgate in partnership with Wrexham CBC and the Family Fund. Both schemes will be grants based Any reduction in SF help is likely to increase high interest debt (pay day loans, Provident, loan sharks etc). More families will be presenting themselves to the Local Authority as ‘in need’
	ESA and JSA	New regulations come into force on April 29 th bringing conditionality and sanctions in line with those on UC e.g. spending 35 hours per week job seeking where no health or caring issues.	Higher expectations on claimants increasing risk of sanctions if fail to comply. Decisions about whether there is ‘good cause’ may be very subjective.	Claimants may agree a claimant commitment that is unrealistic through not understanding or not being assertive enough. If they then fail to meet the commitment loss of benefit could cause deterioration in health, in sufficient income to eat, and possible homelessness.
April/Sept 2013	The Benefit Cap	Household Benefits cap on total benefits income for “working age” claimants (unless on DLA or Working Tax Credit) at median income” (c £350 for single adult, £500 for couples), applied initially by cuts in HB, but in future all UC. To be phased in across UK by September 2013. CUT of £270 million pa	Starts in 4 London Boroughs of Bromley, Croydon, Enfield and Haringey then rollout across UK from July. Main impact in high rent areas – where people have same low disposable benefits income than other areas, but large rent bills, due to failure of the housing market/policy to provide sufficient affordable housing. Risks of homelessness, migration and ghettoisation. Also affects larger households in all areas of UK	Knock on social costs of measure likely to be more than any savings. Govt argues point of principle: why should people on benefits get more than workers or be allowed to live in affluent areas? Historically key workers, service industries in affluent areas needed staff, but risks of Paris style segregation. A ripple effect on rents beyond areas. Affects larger households in all areas- family disruption/child poverty. Worsens under UC

Date	Benefit	Change	Impact	Analysis
<p>from April/ June 2013</p>	<p>Disability Living Allowance & Personal Independence Payment</p>	<p>DLA for 16 – 64 year olds to be replaced by PIP , but carries on for children and over 65s Attendance Allowance remains for new claims after pension age:</p> <ul style="list-style-type: none"> • 20% budget cut and focus on most disabled • 2 rates in each of Mobility and Daily Living component based on severely limited/ limited ability. Rates same as DLA without Lowest Care • Medical assessment of all claims using ESA style descriptors in 10 Daily Living activities and 2 Mobility. 8-11 pts for Standard, 12+ for Enhanced • Longer qualifying period – 3 months backward test and 9 month forward test <p>PIP Timetable:</p> <p><i>New claims for PIP:</i></p> <ul style="list-style-type: none"> • April 2013 – first new claims for PIP in pilot area – NW England and parts of NE • June 2013 – all new claims from 16 to 64 year olds will be for PIP across the UK. Only working age DLA claims from June will be for renewals of existing awards expiring before end of Feb 2014 <p><i>Migration of working age DLA claimants</i></p> <ul style="list-style-type: none"> • 6th October 2013 – Existing DLA claims start to be move over to PIP, starting with some 600,00 transfers affecting: <ul style="list-style-type: none"> ○ Young People coming up to 16 ○ Renewals of DLA claims ending after end Feb 2014 (i.e. those who would normally get renewal forms after 6th October) ○ DLA claimants needing a new decision due to change of circs ○ Self selectors – i.e. those who might feel they will do better under PIP - or just want to get it over with! • October 2015 – process extends to all DLA claimants. To be completed by end of 2018 <p>CUT of £1,075 million pa (20% of the budget)</p>	<p>Loss of DLA for those failing the new Personal Independence Payment (PIP) criteria – DWP expects 600,000 to come off DLA</p> <p>Comparison of rates suggests main cut is loss of DLA Lowest Care. However DWP Impact Assessment shows more going on: sharp drop in Higher Mobility, more Care/Daily Living only awards, far less Middle Care/Lower Mob etc. Overall only 16% on DLA likely to stay the same – 29% will go up, 29% down and 26% will lose benefit.</p> <p>New descriptors offer potential winners and losers. As with ESA, those with less easily definable difficulties or lesser physical needs may be hit.</p> <ul style="list-style-type: none"> • Criteria for Enhanced Mobility is 20m rather than c.50m of DLA Mobility – some 400,000 likely to lose Higher Mobility • Only 1pt for DLA Care supervision for risk of danger (e.g. epilepsy diabetes, poorly controlled asthma, psychotic episodes). Other supervision only relates to risk daily living activities, so will need to identify more specific risks or attention descriptors. • The DLA ‘cooking test’ (for lower Care) still attracts points but not enough on their own for an award. Those that can find other points may get to Standard Rate (= middle care) others will lose their Care. • Prompting with an activity tends to score less than physical help • But some activities - communication, engaging with others and budgeting decisions - may help many with prompting needs e.g. learning difficulties, autism, sensory impairment mental health • DLA Lower Mobility claimants may score more and access Enhanced Mobility for the first time; others may find lower scores applied and lose benefit. <p>For those who lose DLA, there is a “double whammy” for the poorest as they lose DLA related premiums (with the most disabled losing the most). There will be no adult disability elements in Universal Credit</p> <p>An initial decision – on first contact – on basic eligibility criteria – could, if mistaken, be an extra barrier to claiming Similarly, the “invitation to claim” rather than migration (i.e. no automatic claim nor transitional protection) means some may slip off DLA by not responding.</p> <p>Loss of entitlement to DLA could mean loss of exemption for impact on non dependent deductions under HB or from the benefits cap.</p>	<p>The experience of ESA suggests that points and descriptors do not guarantee objectivity and consistency – rather subjective selection, from expensively commissioned snapshot medicals, limited to key tasks only seem to offer less room for a personal and individual assessment rather than more. The omission of supervision may rule out a number of very vulnerable people.</p> <p>There will however be gains for many as areas such as communication and social engagement are more clearly in the mainstream of the assessment, rather than the seemingly reluctant add on in DLA. There will be winners as well as losers, despite an overall 26% cut in working age DLA.</p> <p>Almost as critical for DLA claimants on lower incomes is the abandonment of adult disability elements within Universal Credit (see below) This cut targets the poorest among the severely disabled and seems at odds with the stated Welfare Reform principle of protection for the most vulnerable.</p> <p>Cuts will disproportionately affect lower income areas as typically much higher % of population claim DLA who will be at risk from switch to PIP. A much higher proportion of those will also be on means tested benefits so face the potential double loss of both DLA and the related premiums.</p> <p>Fear of the re-assessment process – as much as the outcome - will cause anxiety for many DLA claimants, poss. scarred by the ESA migration process.</p> <p>The changes abandon slow progress made in DLA case law towards a common sense, flexible and social model of illness and disability.</p> <p>Cuts will impact on resources for supported housing, home care and individual / personalised budgets and the local economy (esp. in the most deprived areas). PIP could lead to increased dependence on social services or any local “big society”. Claimant numbers are a factor in council funding</p> <p>Young people in transition will face extra uncertainty as they move to PIP – and potential crucial losses on e.g. mobility (impacting on education / transport). Dependent young people will continue to get UC child disability elements but the absence of adult equivalents increases the potential drop when moving to own claim, delaying transition and adding barriers to work.</p> <p>400,000 claimants are set to lose Higher Mobility and drop down to Standard Rate PIP – a drop of £33pw in income and a loss of access to Motability. This particularly affect those seeking independence via education or paid work,</p> <p>The 16% of DLA claimants in paid work may find any loss of Mobility particularly difficult, while personal independence and work incentives are unlikely to be supported by the loss of disabled worker elements under UC.</p>
<p>from April/ Oct 2013</p>	<p>Universal Credit</p> <p><i>ctd. on next page</i></p>	<p>Merges most “working age” means tested benefits and tax credits into a single Universal Credit :</p> <ul style="list-style-type: none"> • New claims start in one of pilot areas (Ashton under Lyne) for simple JSA claims from 29th April 2013, other three (Oldham, Wigan and Warrington) delayed until July • UK roll out <i>begins</i> in Oct 2013: “simple” jobseekers across UK by Jan, most jobseekers by April 2014. Others continue to claim current MTBs for now. Once on UC, you stay on it. • Migration timetable tbc. Transitional protection for ‘managed transfer’ i.e. not changes of circs. 	<p>Aims to reduce barriers into work and complex interactions between in work and out of work benefits</p> <ul style="list-style-type: none"> • Aims to smooth transition to work with a common assessment of needs and withdrawal rate of benefit as income increases and no need to stop and reclaim different benefits • Claim is that no-one will be worse off - at point of change. Transitional protection rules are extremely delicate, and most changes in circumstances will result in loss of this protection. • In Dec 2012, DWP estimated 3.1million households gaining an average £168 pcm and 2.8 million losing an average £168 pcm, with an average increase of £16 pcm. Overall 300,000 more in work and a reduction in numbers in poverty from UC. 	<p>Idea widely seen as having potential, BUT some real issues:</p> <ul style="list-style-type: none"> • The original plan strongly argued for 55% taper. Proposal is for 65% which could result in 85% or more as CTB stays outside UC. Much higher than WTC (or originally all in 55% of UC proposal). Is this too high to retain incentives, when 50% tax rate is too high for top earners? • Maximum work allowances are more generous and mitigate to some extent loss of help with mortgage interest as soon as start work but only for those doing a substantial amount of work. • Impact on reductions in numbers in relative poverty have been revised downwards, while JRF suggest positive potential of UC has been lost among other benefits cuts – risking “a decade of destitution”

Date	Benefit	Change	Impact	Analysis
<p>from April/ Oct 2013</p>	<p>ctd. from previous page</p> <p>Universal Credit</p>	<ul style="list-style-type: none"> Common system of allowances / additions. Includes amounts for rent or mortgage interest. A single 65% taper for earnings after disregards above their UC amount. Taper only applies to earnings – other income will be taken into account £ for £ - particularly affects those that only qualify for help with their rent More generous earnings disregards but reduced if get help with housing costs Couples where one under pension age will claim Universal Credit not Pension Credit Four levels of conditionality: <ol style="list-style-type: none"> Full job seeking (as in JSA) Work preparation (as in ESA WRAC) Keeping contact with labour market (as in IS for lone parents) No conditionality (as in ESA SC and Carers) Conditionality will apply for claimants whose gross income is below 35 hours x minimum wage (less hours if other responsibilities e.g. childcare) Payments of benefit to be paid to one person, monthly in arrears and will include rent but mortgage interest paid direct to lender Capital limit of £16,000 – may stop some currently claiming tax credits 80% of claims to be made on line – no paper claim forms 	<ul style="list-style-type: none"> Adult “disability” elements abolished. Only “limited capability for work” and “limited capability for work related activity” elements; latter increased to “replace” e.g. enhanced/severe disability premiums. DLA/PIP will not trigger any UC adult elements, except for mixed age couples forced off Pension Credit, who will be treated as having limited capability. A WCA only approach excludes many people with disabilities from additional elements: disabled workers, lone parents, carers and jobseekers. An expensive, inappropriate double testing via WCA given existing PIP assessment, which many may well not pass. Meanwhile those who do undergo WCA but only have LCW lose out when previously may have EDP/SDP on top via their DLA Carer’s element extended to working carers but disabled carers can only claim carers or limited capability element, not both. Child disability: two disability elements at same rates as LCW/LCWRA elements but based on receipt of DLA/PIP. A loss of over £28 pw for those not on the highest rate of care. Loss of help with housing costs for those doing ‘any’ work but help with childcare on ‘any’ work also Local Authorities will no longer have access to DWP systems – so will be unable to assist with processing claims Local Authorities who provide social housing will have to make arrangements to collect rent – claimants accounts will no longer be credited Difficulty with accessing IT to make claims and access ‘mail’ in relation to claims Amounts will vary depending on monthly income. All claimants will be required to work search until they meet their individual earnings threshold. 	<ul style="list-style-type: none"> Minimum work allowances more generous than current disregards improving work incentive for renters, but less than tax credits Some will gain and some lose from changes. Linking benefits condition on not working to in-work benefits may be difficult. Policy intent was to align disability benefits with ESA components and simplify them. However the DWP bizarrely insists that disability premiums were never for extra disability costs and on a common WCA gateway. Many with disabilities do not necessarily have limited capability for work. Disabled workers face the absurdity of showing e.g. limited capability for even work related activity before heading off to f/t work! Carers Allowance stays outside Universal Credit, protected from the 1% up rating limit, as will carers element within UC (but not the standard allowance). A cut for carers on means tested benefits, and a specific targeting of disabled carers, but welcome extension to working carers. Reproduces significant HB/CTB housing “poverty trap”. Housing and childcare costs remain as major barriers to work. Families receiving help with their rent will see a 27% reduction in the amount of help they can get with their child care costs Increase in rent arrears as claimants will be responsible for budgeting to pay their rent leading to increase in evictions. Loss of access to financial resources to families, if benefit only paid to one member of a couple Change of circumstances will be backdated to the beginning of the payment period – good news if this increases entitlement; bad news if it decreases or there is a loss of entitlement Discourages self-employment as after the first year in business, self employed will be assessed monthly and will be treated as receiving a set threshold regardless of their income/profit.
<p>Oct 2014</p>	<p>Pension Credit</p>	<p>Changes linked Universal Credit changes</p> <ul style="list-style-type: none"> A new ‘housing credit’ within the Pension Credit as Housing Benefit is abolished for new claims. New ‘child additions’ as no Child Tax Credit <p>New capital limit: Ministers have stated that it will be substantially higher than for other means tested benefits.</p> <p>Couples – both will have to be of ‘pensionable age’ to qualify for this benefit, not just the older partner</p> <p>Workers lose: could claim Working Tax Credit, but will not be able to claim Universal Credit.</p>	<p>A person may be eligible for the housing credit even if they can’t get Guarantee or Savings credit.</p> <p>Child Tax Credit is being abolished for new claims from April 2014; Provision will be via new child additions within PC instead, but unless rules change many could be worse off: CTC does not have capital limits pays maximum CTC for income below a high threshold. Where income exceeds this CTC tapers off t 41% rather than £ for £. And has a £300 disregard on pension income</p> <p>Couples where one under pension age will have to stay on Universal Credit – which unlike old “working age” means tested benefits does not have Pensioner Premium. A significant cut for new mixed age couples – or anyone thinking of going back to work for a bit.</p>	<p>Potentially a different calculation for this housing credit than the elements of Pension Credit as they merge the different calculation and rules of housing benefit into ‘Pension Credit – housing credit’.</p> <p>Will add to the confusion for claimants, and may impact on ‘special guardianship orders’ as benefits will not be as generous as under current entitlement of tax credits.</p>
<p>April 2016</p>	<p>“Single tier” Retirement Pension</p>	<p>Draft bill – Jan 2013 - to merge Retirement Pension, additional state pensions (e.g. SERPS, S2P) and PC (Savings Credit) into a single state pension.</p> <p>To be set at equivalent of c£144 now. 35 years NI (all to pay at contracted in rate) for full pension and minimum of between 7 and 10 years for any pension.</p>	<ul style="list-style-type: none"> Simplifies RP and reduces gender inequalities (from old NI contribution conditions and differential accumulation of earnings related second pensions). Less means testing as new combined pension rate would be above basic PC appropriate amount – PC claims cut by 50% Increases incentive for saving 	<p>Idea widely seen as having merit, but issues:</p> <ul style="list-style-type: none"> Unfair to those who made their additional pension provision via SERPS rather than works/private schemes? Ends cost effective option of additional pension via additional NI Not available to people already retired. Pension age goes up to 67 earlier PC Guarantee Credit top up still available, but note changes above.