Transfer
to new child
support
system
Will not be complete
for at least 3–5 years

The government has confirmed that the transfer to the new child support system of those currently assessed under the old system will not be complete for at least 3–5 years.

In a November 2004 parliamentary debate, Work and Pensions Minister Chris Pond said –

‘... even after we have made the decision to move across to the new scheme, phasing arrangements will apply, which will mean that people will not move immediately onto new assessments ...

We reckon that 80 per cent. of cases, even with phasing, will move on to the new assessment within three years, although the change will take up to five years for others. That process is designed to ensure that people will not face large changes to their liabilities or assessments.’

Asked to comment on the fact that only under the new system are lone parents entitled to the child maintenance premium – a disregard of £10 per week – and that those still assessed under the old system have already lost out on more than £700 because of the delay in their transfer, Mr Pond said –

‘We want to ensure that all who are entitled – and 600,000 children would benefit – receive that help as quickly as possible. My right hon. Friend the Secretary of State is looking afresh at this and a number of other issues to ensure that we can make that happen.’

NB – At the end of November a massive computer failure, believed to be one of the biggest in Whitehall’s history, caused chaos when more than three-quarters of the DWP’s system for processing payments to millions of claimants collapsed.

For more information about the SSAC’s work, see its website @ www.ssac.org.uk

SSAC expresses concern
about proposed reductions
in DWP staffing

Ambitious DWP plans for more individually tailored services for people of working age do not sit easily with the government’s plans for reductions in DWP staffing, according to the Social Security Advisory Committee.

With the government having announced in its 2004 Spending Review that by 2007/08 the DWP will achieve a total reduction of 40,000 civil service posts, with redeployment of 10,000 of these posts to front-line roles, the Social Security Advisory Committee, in its latest annual report, expresses concern that the proposal is based on improvements in IT and benefits and procedures simplifications –

‘In our view, it would be much less risky to have any reduction in staff numbers following from a successful roll-out of new systems and processes.

From what we have seen from our visits, there is currently little slack in the system, and a fair number of pressure points … The welcome and ambitious plans for more individually tailored services for people of working age, do not sit easily with pressure to meet manpower targets.’

NB – The chief executive of the Child Support Agency, Doug Smith, subsequently resigned on 17 November 2004 amid widespread criticism of the agency’s work, and the failings of its computer system.

Retirement pension
deferrals

Changes to the rules that apply to those who defer receipt of their state retirement pension have moved a step nearer on the Pensions Bill – a central part of the Government’s strategy to promote simplicity, security and choice in UK pensions – receiving Royal Assent in November 2004.

Although the Pensions Act 2004 largely provides for measures designed to offer security to members of occupational pension schemes, for those deferring a pension the Act will result in entitlement to a larger weekly amount than at present, and, for those deferring a pension for at least a year, scope for receiving it instead in a lump sum. During the passage of the Bill, it had been anticipated that the new rules would be introduced from 2005.

NB – The Act also enables the development of a new web-based retirement planner, due to be launched in Spring 2006, that will give individuals an overall picture of their retirement prospects, based on personalised information about their state pension and any private provision.
Where next for welfare reform?

Over the next two pages we look at the benefit and tax credit highlights in November’s Queen’s speech and the Chancellor’s 2004 pre-Budget report in which the government set out its legislative plans for the next 12 months and indicated what changes can be expected in the full Budget next spring.

Benefit and tax credit highlights in the Queen’s Speech

Amongst 37 Bills in November’s Queen’s speech the government outlined proposals that will impact directly on welfare benefit and tax credit claimants –

- a Child Benefit Bill – that will widen eligibility for child benefit and child tax credit to include parents of 16–19 year olds in unwaged training;
- an Identity Cards Bill – that will provide for the introduction of an id card scheme by 2008 and, the government has said, will help people prove their identity to access services such as welfare benefits or tax credits;
- a Mental Capacity Bill – that will provide a statutory framework for dealing with the financial, health and welfare decisions of those people who might lack capacity through mental illness or disability, and that is likely to lead to a review of the current arrangements for benefit appointeeships; and
- a bill to bring tribunals provided by central government, including benefit appeal tribunals, together into a unified system. The plans will also see the abolition of the Social Security Commissioners in 2007 in favour of a new second-tier tribunal (that will also incorporate the Lands Tribunal and Transport Tribunal, and some of the work of the Finance & Tax Tribunals).

Pathways to Work pilots to cover a third of the country

The government has announced a major expansion of the Pathways to Work pilots – where those claiming benefit on the basis of incapacity are subject to compulsory work-focused interviews with Personal Advisers; can access NHS rehabilitation support; and are eligible for a £40 per week return to work credit.

In addition to extending the seven existing pilots – in Renfrewshire, Derby and Bridgend, Essex, Gateshead and S. Tyneside, Somerset and E. Lancs – beyond 2006, from October 2005 a third of the country will be covered under a £220 million expansion of the scheme to include an extra 14 Jobcentre Plus districts, covering the 30 local authority areas with the highest concentrations of incapacity benefits claimants.

The new Jobcentre Plus districts to be covered by the expansion of the pilots will be – Durham; Tees Valley; Lancashire West; Lanarkshire and East Dunbarton; Staffordshire; Barnsley and Rotherham; East Dunbartonshire; Newport (to be merged with Doncaster); Manchester (to be merged with Salford and Trafford); Cumbria; Greater Mersey; Liverpool (to be merged with Wirral); Eastern Valleys; Swansea Bay (to be merged with West Wales); Sunderland; Glasgow; and City of Sunderland.

Welfare-to-work and ‘employment opportunity for all’

In addition to the expansion of the Pathways to Work pilots, and changes to the ‘permitted work’ rules, the Government has also set out a series of wider welfare benefit and tax credit reforms designed to facilitate the move from welfare-to-work, including –

- the testing in pilot areas of a revised and strengthened Jobseeker’s Agreement with a clearer focus on the jobseeker’s responsibilities and a personal record of job search activity to be reviewed at subsequent interviews;
- a new signing regime in pilot areas for the first 13 weeks of a JSA claim, requiring jobseekers to attend the Jobcentre irregularly with short notice call-in, backed up by a range of regular signing regimes and innovative use of IT;
- the placing of specialist personal advisers, to help people claiming benefit on the basis of incapacity, in every Jobcentre Plus district by 2006;
- all new incapacity benefit claimants being required to attend a work-focused interview after eight weeks of their claim from October 2005 and to complete an action plan to keep them in touch with work opportunities;
- specialist employment advisers to be placed in GP surgeries, and improved training materials to be developed for doctors to help them support patients get back to work effectively;
- a pilot scheme to enable doctors to give patients better advice on fitness for work and rehabilitation, and making better use of specialist GPs dealing with mental health, musculo-skeletal and other conditions;
- additional funding of £30 million to boost the numbers of people taking part in the New Deal for Disabled People;
- an extension of the £40 per week In-Work Credit for lone parents to six further pilot areas in the south east from October 2005; and
- piloting a £10 per week Learning Allowance to encourage benefit claimants to participate in full-time training.

The reforms are designed to deliver on the government’s long-term goal of employment opportunity for all (its ‘modern definition of full employment’) to ensure a higher proportion of people in work than ever before by 2010.

Benefit uprating 2005 – 2006

New rates now available

Following the Chancellor’s pre-Budget report, the government issued the new benefit and tax credit rates that will come into effect from April 2005.

The new rates are available from the benefit rates area of the rightsnet website (www.rightsnet.org.uk)

NB – don’t forget that a full colour A3 benefit rates poster will be issued free with the April 2005 issue of review.
‘Permitted work’ reform

The government has outlined plans to reform the ‘permitted work’ rules that enable claimants to undertake some work while continuing to receive benefits on the basis of their incapacity.

The changes, designed to ‘improve and simplify’ the permitted work provisions, will include –

- requiring people undertaking permitted work to sign up to an action plan committing them to consider the prospects of a move into full time employment, with support where necessary;
- extending the initial period of permitted work to 52 weeks in all cases, and to use the 26 week point as an opportunity to ensure an ongoing commitment to, or a revision of, the action plan and to provide fresh material on the help available to make the transition to full-time work; and
- the introduction of a widened version of the permitted work provisions to cover people with the most limiting conditions, for example advanced progressive conditions, enabling them to work for a longer period of time while maintaining their entitlement to benefit.

The government hopes that the reforms will increase take-up and provide better support on entry to permitted work; facilitate progression within permitted work; and expand elements of the current permitted work provisions for people with the greatest barriers to full-time employment.

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Maternity and paternity leave and pay

A series of maternity and paternity leave and pay reforms are to be introduced by the government, designed to give parents ‘greater choice in balancing work and family life’.

In addition to an increase in the flat rate of statutory maternity pay, maternity allowance and statutory adoption and paternity pay to £106 a week from April 2005, the proposals also include –

- maximum maternity pay and child benefits for mothers at home with their first baby to rise by 2007 to £8,300; and
- extension of paid maternity leave to nine months from April 2007, together with a goal of twelve months paid maternity leave by the end of the next Parliament.

The government also intends to introduce legislation to give mothers the right to transfer a proportion of their paid leave to the child’s father by the end of the next Parliament.

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Child Tax Credit and Working Tax Credit changes from April 2005

With the announcement of the new tax credit rates for next year — including a £65 increase in the child element of child tax credit, and increases in line with inflation in the disabled child elements of child tax credit, working tax credit, and the first income threshold — the government has also outlined a series of other tax credit changes to be introduced from April 2005.

The reforms include –

- increasing, by £3 per week, the income threshold above which working tax credit is tapered, in line with inflation to £5,220;
- improvements to the childcare element of the working tax credit, with an increase in the maximum eligible costs to £175 a week for one child and to £300 a week for families with two or more children (and an increase in the maximum proportion of costs covered from 70 to 80% from April 2006);
- a new Childcare Approval Scheme, that will enable childcare in the child’s home and childminding care for over 7-year-olds to be eligible for tax credit support; and
- changing the way in which income from tax credits is taken into account in housing benefit and council tax benefit to help speed up the administration of claims.

NB – The government also confirmed plans (although without indicating from what date) to align the definition of eligible childcare in housing benefit and council tax benefit to help speed up the administration of claims.

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Social Fund loans & Winter Fuel Payments

The government has confirmed the timetable for changes to social fund loans that it had announced in July 2004’s Child Poverty Review.

The changes, which will come into force in April 2006, will involve –

- the abolition of the budgeting loan ‘double debt’ rule under which, if a claimant or their partner have an outstanding budgeting loan debt, the maximum amount they can borrow is reduced by double the amount of the outstanding debt; and
- reduction in the standard repayment rate of 15% of a person’s benefit, to 12%.

The changes are designed to make loans more consistent and easier to understand, and the Social Fund more effective in assisting those families most likely to experience over-indebtedness.

In addition, the government announced that, in 2005, a £50 payment will be paid to households with someone over the age of 70, in addition to the Winter Fuel Payment.

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Housing benefit & council tax benefit developments

The government has announced a new Housing Benefit Reform Fund and new HB/CTB income disregard rules alongside its plans, highlighted above, to more closely align housing benefit and council tax benefit with the rules governing entitlement to child tax credit and working tax credit.

The Housing Benefit Reform Fund will be worth £180m and is being introduced, between April 2006 and March 2008, to help the DWP roll out the flat-rate local housing allowance that has replaced housing benefit in 9 pilot areas across the country, and to ‘continue to improve the administration and structure of Housing Benefit.’

The new HB income disregard rules will be introduced from October 2005 and will mean that all charitable, voluntary and personal injury payments will be disregarded in the assessment of HB and CTB, to ‘allow charities to donate support to individuals without it affecting their HB and CTB entitlement.’
Ombudsman criticises Inland Revenue for its approach to tax credit overpayments

The Inland Revenue’s approach to tax credit overpayments, hardship and recovery does not recognise the needs of claimants, according to the Parliamentary and Health Service Ombudsman.

In evidence to a government Select Committee on 2 December 2004, Parliamentary and Health Service Ombudsman, Ann Abraham, said –

‘I think the real issue on tax credits is (the Revenue) have got new customers, they have got a different customer base which does not budget on an annual basis, they budget from week to week or month to month and they are not in many ways recognising the needs of that customer base.’

Questioning whether it is fair in all cases to recover tax credit overpayments, the Ombudsman said –

‘If you have six different award notices and you have no real idea of which of those, if any, is right, having a debate about whether you reasonably believed that that was the right figure, is not helpful in those circumstances... I do think there are going to be incidences where overpayments will have to be looked at very seriously by the Revenue because the recovery of them is unfair in all the circumstances and we would look at that on a case-by-case basis, but I think that there is something inherent in the system which needs to be addressed.’

As a result of these problems and failures, the Ombudsman indicated that she is considering instigating a special investigation into the Inland Revenue’s administration of tax credits.

The Ombudsman’s uncorrected evidence to the Commons Public Administration Select Committee is available from www.publications.parliament.uk.

Next step in the evolution of the New Deal

The government has announced a new ‘pick and mix’ approach to the New Deal that is to be piloted from Autumn 2005.

The ‘Building on the New Deal’ (BoND) programme will be launched in 11 areas across the country where, after discussing their needs with a Jobcentre Plus personal adviser, jobseekers will have elements from across the New Deal put together to make a programme of support that is unique to them.

Launching the BoND programme, Minister for Work Jane Kennedy said –

‘This will build on the success of the New Deal, creating a programme unique to each individual through an exciting ‘pick and mix’ approach, which gives more flexibility to customers and staff... This next step will help us get even more people into work, especially those on inactive benefits and the most disadvantaged.’

The BoND programme will commence in Autumn 2005 in the following areas – Ayrshire, Dumfries, Galloway, Buckinghamshire & Oxfordshire, Calderdale & Kirklees, Cardiff & Vale, Cheshire & Warrington, Cornwall, Norfolk, Northamptonshire, North East London, and The Marches (Hereford, Shropshire and Worcester).

NB – Inverclyde, Gateshead & South Tyneside will be included in the BoND programme from 2006.

Macmillan Cancer Relief calls for changes to the DLA/AA rules

Macmillan Cancer Relief has launch a campaign – Better Deal – following research that revealed that more than half of those who die from cancer each year – nearly 83,000 people – never receive the benefits to which they may be entitled.

The campaign calls for all cancer patients to be offered specialist benefits advice at diagnosis, and changes to the law to improve access to Disability Living Allowance and Attendance Allowance by –

• waiving the 3–6 month qualifying period for Disability Living Allowance and Attendance Allowance;
• allowing hospital in-patients to keep their Disability Living Allowance or Attendance Allowance for 52 weeks;
• scrapping the 28-day linking rule; and
• changing the definition of terminal illness from 6 to 12 months.

More information about the Better Deal campaign is available @ www.macmillan.org.uk/abetterdeal.