Government consults in advance of incapacity benefit
Green Paper

The government has confirmed that it will publish a Green Paper in the summer to take forward its plans to replace incapacity benefit with ‘a system focused on helping people into work’.

NB – In February the government announced that, by April 2008, incapacity benefit will have been replaced by two new benefits – ‘rehabilitation support allowance’ and ‘disability and sickness allowance’ – to differentiate between those who have a severe condition and those with potentially more manageable conditions. For more details see review 109.

Whilst the publication of the Green Paper will lead to a formal consultation – for example on how the new benefit system will operate, and what safeguards and appeals processes should be put in place – the government is inviting feedback now on four key areas, to inform the Green Paper –

- what should be the content of the return to work activities that will be recognised as beneficial in helping people with health conditions to get back to work;
- how to minimise the risks people face when they want to move into work and ensure people have every incentive possible to try out work;
- how to ensure that the proposed new benefit – disability sickness allowance – doesn’t mean someone is written off or has no interest in working, but recognises the severity of their condition; and
- what key features the system needs to ensure that it works effectively for people with mental health conditions.

Comments should be sent to the Incapacity Benefit Reform Team at Room 220, Adelphi, 1–11 John Adam Street, London WC2N 6HT.

‘Fairness and opportunity’

Welfare benefit and tax credits highlights in Budget 2005

The government has announced a series of wide-ranging reforms in Budget 2005 aimed at ‘building a fairer society’; ‘increasing employment opportunity for all’; ‘eradicating child poverty’; ‘supporting families to balance their work and family life’; and ‘promoting saving and ensuring security for all in old age’. We provide an overview here of the key welfare benefit and tax credit related measures.

New linking rules for incapacity benefits

In recognition of the fact that, for many incapacity benefits claimants, moving into employment can be a daunting experience and that the linking rules, which allow claimants who move into employment to reclaim benefit on the same terms as their previous claim, provide reassurance during the transition from benefits to work, the government announced new rules that will provide for –

- automatic protection under the linking rules for everyone, not just those who register for ‘welfare to work’;
- the extension of the current linking rule periods to 104 weeks for all people leaving a higher rate of incapacity benefits for work; and
- claimants who move back onto benefit from work via the linking rules to be able to re-qualify immediately for the linking rules rather than first having to spend 28 weeks on benefit.

The new rules will be introduced from October 2006.

Hospital downrating

Since individuals have many on-going fixed commitments such as housing costs and utility bills while they are in hospital, the government has extended the rules introduced in Budget 2003 that allow pensioners in hospital to continue to receive their state pension entitlement for stays of up to 52 weeks. From April 2005, all those entering hospital will continue to receive their full state pension and full entitlement to incapacity benefit.

Recovery of overpayments

House of Lords’ judgment in the Hinchy case

The DWP has won its appeal in Hinchy (Respondent) v. Secretary of State for Work and Pensions (Appellant).

The Court of Appeal had decided in February 2003 that an income support claimant could not be said to have ‘failed to disclose’ to the income support office the fact that her disability allowance had expired and that she was therefore not entitled to the severe disability premium in income support, since the Secretary of State already knew that information.

However, the House of Lords has held that claimants are not ‘entitled to make any assumptions about the internal administrative arrangements of the department’ and that they have a duty to make a ‘disclosure to the person or office identified to the claimant as the decision maker.’
April 2005

Lone parents

- New Deal for Lone Parents, the In-Work Credit and Work Search Premium brought together in new Pathways to Work pilot areas.

- In-Work Credit pilots extended to lone parents and couples with children across London who have been on qualifying benefits for a year.

Childcare for working tax credit purposes

- Definition extended to cover childcare in the child’s home and childminding care for over 7s.

- Maximum eligible costs increased to £175 a week for one child and to £300 a week for families with two or more children.

Local housing allowance

- Roll-out continues to nine new areas.

Retirement pensions

- More generous rules introduced for those deferring entitlement to a state retirement pension.

War pensions

- War Pensions Scheme replaced with a new Armed Forces & Reserve Forces Compensation Scheme.

Transsexual people

- New benefit rights as a result of the Gender Recognition Act 2004.

New Deal

- ‘Building on the New Deal’ pilots launched.

Benefit backdating for refugees

- New ‘integration loan’ to replace backdating of benefit.

November 2005

Working tax credit

- Phasing out of working tax credit payment via employers commences.

December 2005

Pensioners

- £200 council tax ‘refund’ to households not in receipt of pension credit guarantee element, with someone aged 65 or over.

- £50 payment to households with someone over age 70, in addition to the winter fuel payment.

Same-sex couples

- New benefit rights for same-sex couples who enter into a civil partnership.

January 2006

Welfare Food Scheme

- New Healthy Start initiative to be rolled out nationally in ‘early’ 2006.

For more information on www.rights the welfare rights web...
April 2006

Capital thresholds

- Threshold above which savings begin to reduce eligibility for income support, JSA, housing benefit and council tax benefit to be increased from £3,000 to £6,000, and the upper limit for income support and JSA to be increased from £8,000 to £16,000.

Childcare costs for working tax credit purposes

- Maximum share of eligible costs covered to rise from 70% to 80%.

16 to 19 year-olds

- Entitlement to child benefit, child tax credit and income support to be extended to the families of 16–19 year-olds in unwaged, work-based learning, and 19 year-olds completing a course of full-time, non advanced education.

Hospital downrating

- Pensioners entering hospital to retain their full entitlement to state pension, incapacity benefit, severe disablement allowance and income support for the entire duration of their stay in hospital.

Social fund loans

- Budgeting loan double debt rule to abolished, and standard repayment rate reduced.

Jobcentre Plus

- National roll out of Jobcentre Plus due to be completed.

October 2006

Incapacity benefit linking rules

- Automatic protection under the linking rules for everyone, not just those who register for ‘welfare to work’.
- The extension of the current linking rule periods to 104 weeks for all people leaving a higher rate of incapacity benefits for work.
- Immediate re-qualification for the linking rules on a return to benefit.

Pathways to work

- Incapacity benefit pilots to have rolled out to cover a third of all claimants.

March 2008

Local housing allowance

- DWP expect to have rolled out the LHA nationally.

April 2008

Abolition of incapacity benefit

- Incapacity benefit to have been replaced by two new benefits – ‘rehabilitation support allowance’ and ‘disability and sickness allowance’.

Appeal tribunals

- The Appeals Service and the Office for Social Security and Child Support Commissioners to have transferred to the Department for Constitutional Affairs.

April 2010

State pension age

- Equalisation of state pension ages for men and women to be phased in over a ten-year period to 2020.

In all these changes see – snet.org.uk site for advice workers
‘Fairness and opportunity’

Welfare benefit and tax credits highlights in Budget 2005

(continued from front page)

benefit, severe disablement allowance and income support for the entire duration of their stay in hospital. Those already in hospital will have their benefits increased from April 2006 if they have then been in hospital for 52 weeks or more.

Housing benefit reform

The government announced a series of measures designed to ‘simplify the housing benefit and council tax benefit system to make further improvements in administration.’ These include –

- from April 2005, aligning the housing benefit and council tax benefit rules with those in other income-related benefits so that all claims will be taken from the date of first contact as long as a written claim is made within four weeks; and
- from April 2006, ‘protecting’ student households from council tax liability if a non-student receiving an income-related benefit joins the household.

Improved IT links between local authorities and the DWP will also be introduced from April 2006 to provide faster and more accurate processing of housing benefit and council tax benefit.

£200 council tax ‘refund’ for pensioner households

The government said that it understands the problems faced by older people on fixed incomes and announced extra help, alongside council tax benefit, to help with council tax bills.

The £200 council tax ‘refund’ will be paid to households with someone 65 or over at the same time as the 2005 winter fuel payment. However, the ‘refund’ will not be paid where someone is in receipt of pension credit guarantee element (as they are already eligible for full council tax benefit).

Financial support for 16 to 19 year-olds

To encourage more young people to engage in education or training, the government confirmed that, from April 2006, entitlement to child benefit, child tax credit and income support will be extended to the families of 16–19 year-olds in unwaged, work-based learning, and 19 year-olds completing a course of full-time, non advanced education.

The voluntary sector will also be consulted on ways of simplifying and improving the processing of benefit claims for 16–17 year-olds under the ‘estrangement’ criteria.

Capital limits for means tested benefits

The government stated that it is ‘committed to ensuring the benefit system encourages households to save appropriately, particularly those on lower incomes.’ In consequence, and further to its Budget 2004 announcement that, from April 2006, the threshold above which savings begin to reduce eligibility for income support, JSA, housing benefit and council tax benefit will be raised from £3,000 to £6,000, the government announced that, again from April 2006, the upper limits for income support and JSA will be increased, from £8,000 to £16,000.

NB – In Budget 2005 the government also confirmed previous commitments that include –

- phasing out the payment of working tax credit via employers between November 2005 and April 2006;
- abolishing the budgeting loan ‘double debt’ rule and reducing the standard repayment rate of 15% of a person’s benefit to 12%;
- reviewing the JSA sanctions regime and considering the introduction of fixed fines; and
- allowing private sector lenders to apply for loan repayments to be made by deductions from benefit.

For more information on all these changes see www.rightsnet.org.uk.

So what do you think?

Win a CPAG welfare benefits handbook

We’d really like to know what you think of review and would be grateful if you could spend a couple of minutes completing the questions below. All completed questionnaires received by 10 June 2005 will be entered into our prize draw to win a copy of CPAG’s 2005/2006 Welfare Benefits Handbook.

What type of agency do you work in?

What areas of advice do you cover?

How many people will usually see your copy of review?

How useful do you find review in keeping up-to-date with benefit changes?

not useful very useful

Can you tell us how review helps you in your work?

Do you use the rightsnet website @ www.rightsnet.org.uk? If so, can you tell us how it helps you in your work?

Thank you for your help.

Name:

Organisation:

Address:

Please fax back your completed questionnaire to 020 7247 4725.