Maternity, paternity and adoption pay reform

Government introduces Work and Families Bill

The framework for new maternity, paternity and adoption pay rules has been laid with the publication in October 2005 of the Work and Families Bill.

Introducing the Bill, Trade and Industry Secretary Alan Johnson said that its publication – ‘…delivers on our commitment to help working parents balance the demands of their job with caring for their children by introducing a modern framework of rights and responsibilities that offers real choice and flexibility.’

New measures in the bill and forthcoming regulations include –

- extending statutory maternity pay and maternity allowance to nine months from April 2007 with the ambition of moving to a year by the end of the Parliament (including extending eligibility for additional maternity leave); and

- a power to introduce new paternity leave for fathers, enabling them to benefit from leave and statutory pay if the mother returns to work after six months but before the end of her maternity leave period.

Other measures to be introduced include ‘keeping in touch days’ so that a woman on maternity leave can go into work for a few days without losing her right to maternity leave or a week’s statutory pay; extending the period of notice for return from maternity leave to two months to enable more effective planning for return to work; and measures to help businesses manage the administration of statutory maternity, paternity, and adoption pay.

Recovery of tax credit overpayments suspended

Paymaster General, Dawn Primarolo, has announced that automatic recovery of all disputed tax credit overpayments is to be suspended.

Although Ms Primarolo said in August this year that the government had asked the Revenue to follow the Parliamentary Ombudsman’s recommendation – made in June 2005 – to suspend the recovery of disputed overpayments, she only gave a commitment that this would be arranged ‘at the earliest opportunity’.

However, giving evidence to the Treasury Select Committee in October 2005, Ms Primarolo announced that, from the middle of November 2005, ‘if a claimant disputes recovery of an overpayment, action will be taken to prevent automatic recovery until the tax credit office has looked into the case and made a decision.’

Ms Primarolo added that the new overpayment recovery procedures will apply to both existing and new cases and the Revenue will aim to complete inquiries and come to a decision in all cases within four weeks. She confirmed however that Revenue staff will be suspending recovery manually, and that this would not be as effective as an automated system, which would take another 12 months to develop.

Having threatened to commence legal action against the Revenue unless it changed the way it recovered overpayments, the Child Poverty Action Group (CPAG) welcomed the Paymaster General’s announcement. However, CPAG Chief Executive, Kate Green, said that – ‘We remain concerned that the current system still puts all the onus on the claimants to know that they can dispute the recovery of an overpayment. CPAG has had legal advice that automatic recovery, without first applying discretion, is unlawful. As a result, hundreds of thousands of families are facing financial hardship. It is now up to the Revenue to demonstrate that they have taken these concerns fully on board.’

NB – The Treasury Select Committee has announced that it will carry out a new inquiry into the administration of the tax credit system focusing on ‘identifying future solutions to the difficulties which have plagued the system, rather than simply “raking over” past administrative decisions and practices.’

The Committee plans to take oral evidence on the inquiry early in 2006.

Capital thresholds to rise from April 2006

New regulations have been issued that provide for increases in the capital thresholds for means-tested benefits.

Amongst other changes to income and capital rules, from April 2006, the Social Security (Miscellaneous Amendments) (No.2) Regulations 2005 (SI.No.2465/2005) provide for an increase in the income support, income-based JSA, housing benefit and council tax benefit lower capital limit, from £3,000 to £6,000, and an increase in the income support and income-based JSA upper capital limit, from £8,000 to £16,000.
DWP to use ‘21st century techniques’ to tackle benefit fraud

The DWP has published a ‘tough’ new strategy for tackling benefit fraud that aims to use ‘21st century techniques’ to reduce still further the less than 0.8% of total benefit expenditure it estimates is lost to fraud.

In his foreword to the new strategy document, Reducing fraud in the benefit system, Work and Pensions Minister James Plaskitt says –

‘The way we deliver benefits is changing – as is the way suspected fraud is investigated. The Department is modernising benefit delivery, using technology more than ever before, and increasing the amount of data it uses – from across government and from the private sector – to detect and prosecute fraudsters.’

Under the new strategy the DWP will –

● expand its data matching ability to include credit reference agencies to check what claimants tell it about their financial situation against what they tell others;
● increase its use of risk profiling to identify the types of people whose claims are more likely to be fraudulent and check their claims more frequently;
● consider the use of identity cards to combat identity and other types of fraud;
● explore ‘cutting edge private sector techniques’, such as the use of voice stress analysis in telephone claims; and
● reorganise its Fraud Investigation Service to combine its national and regional operations into one organisation, with a new networked IT system.

The DWP explains that underlying the new strategy is the same principle that is driving welfare reform – that the welfare state should provide ‘something for something’ – and advises that it ‘will come down hard on those abusing the system, while encouraging honest customers to take full advantage of the help and support we are able to offer them.’

Reducing fraud in the benefit system is available @ www.dwp.gov.uk

Means-tested benefits to rise by 2.2% in April 2006

Means-tested benefits are set to rise by just 2.2% in April 2006, despite warnings that the present formula for setting benefit levels risks creating a group of people who are increasingly marginalised from the rest of society.

Income-related benefits are usually uprated in line with September’s 12-month rate of the Rossi index – defined as the all-items Retail Prices Index excluding rent, mortgage interest payments, council tax and depreciation costs – and, in the twelve months to September 2005, the Rossi index increased by 2.2%.

However, earlier this year Citizens Advice had said that continuing to update means-tested benefits in relation to the Rossi Index would result in three million people falling further behind the rest of the population as the gulf in incomes between those in and out of work widens.

Calling for a review of the formula, Citizens Advice had said –

‘By pegging their benefits to a prices index … the government is creating a group of people who are becoming increasingly socially excluded because their incomes are falling further and further behind the incomes of the rest of society. Poverty ought to be unacceptable for all.’

NB – Since the basic state pension – together with child benefit, incapacity benefit and disability living allowance – is uprated in line with the 12-month September rate of the Retail Prices Index, this will result in a rise of 2.7%, compared with 3.1% last year. In addition, with pension credit increases linked to earnings, currently rising at a rate of 4% a year, the gap between the state pension and pension credit is set to increase to almost £30.

New online training and policy resources

Now available on rightsnet

A brand new welfare benefit and tax credit training resource and an area dedicated to policy issues that affect the provision of advice and legal services have been launched on lasa’s welfare rights website – www.rightsnet.org.uk

The new training area includes background information and dates for all our courses, details of special offers and discounted places, and online booking.

Rightsnet training courses cover all aspects of welfare benefits advice, from welfare benefits overview courses, through to courses that develop the skills of advisers who prepare cases for, and represent at, tribunals.

All our courses are Law Society accredited and carry Continuing Professional Development (CPD) hours, and our trainers have extensive experience in providing expert social security advice and support to individuals and organisations.

The new policy area, funded by the City Parochial Foundation, includes the latest policy and funding news, summaries of key research, details of government consultations, evaluation reports and statistics, and a dedicated discussion forum, where advisers and policy workers across the country can share their ideas, experience, expertise and best practice.

The new area is designed to assist organisations in making the case for independent advice provision to policy makers and funders; to help raise the profile of advice on strategic initiatives, for example in relation to regeneration and health; to highlight strategies affecting the provision of advice; and to improve awareness of advice policy issues amongst government, funders and the wider voluntary sector.

Both new areas can be accessed via the navigation bar @ www.rightsnet.org.uk
There can be ‘no quick fixes’ in the forthcoming welfare reform Green Paper

The Child Poverty Action Group, Disability Alliance and One Parent Families urge government to ‘tread very carefully’

CPAG, Disability Alliance and One Parent Families have written to the Secretary of State for Work and Pensions, David Blunkett, to warn that there can be ‘no quick fixes’ in the forthcoming welfare reform Green Paper.

Whilst strongly supporting the government’s ongoing policy to reduce poverty, the three organisations argue that to do so successfully means looking at the complex, structural causes of poverty and making sure that delivery is sustainable.

Urging Mr Blunkett to ‘tread very carefully’, the organisations’ chief executives, Kate Green, Lorna Reith, and Chris Pond, highlight that –

- increases in conditionality, which risk forcing people with real barriers to work into jobs they do not want and may not be able to keep, will not only be expensive but counterproductive;
- further action is needed to meet the government’s own target of halving child poverty by 2010 including a more adequate safety net for those who cannot work, more support into employment for those who can work, and sufficient Jobcentre Plus staff to deliver services on the ground; and
- to tackle poverty, benefits must be adequate for both children and adults, and yet, currently, against the yardstick of the poverty line, the gap (after housing costs) for a couple with two children is approximately £80.

NB – as we go to press there are reports that the Green Paper has been delayed as a result of cabinet differences about the extent of planned reforms of incapacity benefits. We will provide full details of the Green Paper in the next issue of review.

DWP confirms closure of medical examination centres

The DWP has confirmed that it has accepted recommendations from Atos Origin, the private company contracted to provide medical assessments for incapacity and disability benefit purposes, for the closure of eleven medical examination centres.

Atos Origin’s original proposal had involved the closure of 21 medical centres, and led to claimant organisations mounting a campaign in opposition. By August 2005, the DWP had confirmed that the plans were on hold.

However, in a new DWP briefing note, its Medical Provision and Contracting Team advise that Work and Pensions Minister Anne McGuire has now agreed closures with the Secretary of State for Work and Pensions, and that ‘by closing smaller centres and moving work to larger centres (some of which will be new centres), Atos Origin will be able to improve the standard of accommodation and service it provides.’

In consequence, whilst three new medical centres will be opened – in North East England, East London and South London – the following eleven are to be closed – Bath; Catford; Chelmsford; Darlington; Dorchester; Greenock; Hartlepool; Lewisham; Middlesbrough; Seven Sisters; and Thornton Heath.

The DWP advises however that the new medical centres will offer ‘high standards of accommodation, excellent transport links and generally improved standards of customer service’ and will act as a ‘benchmark for the service improvements we expect as part of the new contract with our partners Atos Origin.’

NB – The new DWP briefing note also advises that, from October 2005, Atos Origin will be inviting ‘suitable DLA and AA customers’ to be examined in a purpose-built examination room rather than at home. In addition, from early 2006, Atos Origin is to pilot the use of suitably qualified and trained healthcare professionals (i.e. in addition to doctors) in carrying out benefit medical assessments.

Social fund reform from April 2006

The government has announced a series of further changes to the social fund loan scheme from April 2006.

In his Annual Report on the Social Fund for 2004/2005, Secretary of State for Work and Pensions, David Blunkett, says that the government is committed to tackling financial exclusion as a means to helping to overcome child and family poverty and that, in consequence, from April 2006 –

- the rules for determining the size of the maximum budgeting loan will be simplified using three rates – one for single people, one for couples without children, and one for families with children (the rates will vary according to demand on the loans budget);
- the minimum budgeting loan amount that can be awarded will be increased, from £30 to £100;
- the higher budgeting loan repayment rate will be reduced, from 25% to 20%;
- the overall debt limit for budgeting loans and crisis loans combined will be increased, from £1,000 to £1,500; and
- the period of time over which budgeting loans and crisis loans can be repaid will be increased.

Mr Blunkett said that the new rules will make it easier for people to understand the scheme and assess how much they can borrow; will make the scheme more generous and flexible, reducing the need for people to have recourse to commercial credit often at extortionate rates; and will reduce the risk of hardship caused by high repayments.

NB – The government had already announced in its 2004 Child Poverty Review that, also from April 2006, the 15% budgeting loan repayment rate will be reduced to 12% and that the budgeting loan ‘double debt’ rule – where 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 – will be abolished.
Jobcentre Plus services to be outsourced to private and voluntary sectors

The government has confirmed that it is working on plans to outsource Jobcentre Plus services to the private and voluntary sectors.

With the Institute for Public Policy Research having said recently that the private and voluntary sectors ought to have a greater role in providing employment support initiatives, Work and Pensions Minister, Margaret Hodge, has agreed that ‘there is huge interest in this, and we are going to do it’.

With reports that she is considering a star rating classification for private agencies and voluntary groups to help local employment service managers identify the best services, Mrs Hodge said recently that – ‘I will not stop seeking anything that works to provide a more effective service for individuals to get them back into the labour market, that gives us some innovation and is good value.

‘For a lot of the inactive in the labour market, the voluntary sector, in particular, has a strong role to play.

Support for the move has also come from the voluntary sector itself. Whilst the National Council for Voluntary Organisations has said that charities must put the needs of their clients ahead of public service delivery, and see service delivery as a ‘means to an end, not an end in itself’, the Association of Chief Executives of Voluntary Organisations is reported to want a total hand-over of employment services from Jobcentres with the employment service retaining only the role of paying benefits, deciding on eligibility, and managing contracts.

Secretary of State for Work and Pensions, David Blunkett, also seems to be warming to the idea. Whilst earlier this year Mr Blunkett had said that ‘there is no plan for the wholesale privatisation of Jobcentre Plus, nor will there be’, he has subsequently met with Patrick McClure, chief executive of Mission Australia, one of the largest providers of employment services in Australia. Since 1998, Australian employment services have been delivered by the private and voluntary sectors, rather than the government, and has resulted in a 70% increase in the number of jobseekers helped into work, whilst costs have been reduced by 40%.

Mr McClure told the Secretary of State that the main reason for the success of the initiative is competition, with the government managing the delivery of employment services (over three year contracts) through the kind of star ratings system being considered by Mrs Hodge, which ‘rewards high performers with additional business, and sanctions poorer performers with a reduced market share.’

Housing Benefit Bill latest

Roll-out of the local housing allowance is amongst measures expected to be included in the government’s forthcoming Housing Benefit Bill.

The government had outlined in the Queen’s Speech earlier this year that the Bill would be designed to ‘make it easier for people to move into work, help speed up local authority administration, promote greater choice and responsibility for tenants.’

And, with preparations for the introduction of the Bill close to being finalised, the DWP has confirmed that a key focus will be the national roll-out of the local housing allowance in the private sector and a power for pilots in the social sector.

Other measures are expected to include further improvements for those entitled to extended payments and provision for joint working between the DWP and local authorities on fraud investigation and prosecution.

New mediation service to help parents agree child maintenance

A new mediation service is to be piloted to help parents agree child maintenance arrangements before they become involved with the Child Support Agency.

The ‘gateway’ service, to be launched in the New Year, will help working parents to work out satisfactory arrangements for child maintenance themselves by explaining how to calculate what should be paid, helping through the process of decision-making and, where possible, helping parents to avoid the conflict and legal enforcement which often follows CSA involvement.

The new scheme will offer a non-legislative and simple route to finding agreement through information, advice and, in some cases, the facilitation of a roundtable meeting of the parties involved.

It is hoped that the gateway will reduce the flow of cases into the CSA, currently running at 290,000 a year, and allow it to focus resources on existing backlogs and the transfer of cases from the ‘old’ to the ‘new’ child support scheme.

NB – IT problems resulted in the ‘new’ scheme, that was to be introduced from April 2002, being delayed for almost a year. Whilst new cases have been assessed under the new scheme since March 2003, the government has said that existing cases will not be taken on until such time as the supporting IT is operating effectively.

Subscriptions to review cost £19.00 a year (6 issues) for voluntary organisations, £24.00 a year for others.

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