Emergency Budget sets out welfare reform savings of £11 billion

Welfare benefit and tax credit measures outlined by Mr Osborne include –

**Uprating**
- the government will adopt the Consumer Price Index (CPI) for the uprating of benefits and tax credits from April 2011.

**DLA**
- the government will introduce the use of ‘objective medical assessments’ for all DLA claimants from 2013/2014.

(continued on page 2, column 2)
Government announces fundamental reform of pension system

The government has announced the ‘bold steps’ it intends to take in a fundamental reform of the pension system, including a call for evidence on raising the state retirement age to 66.

Secretary of State for Work and Pensions, Iain Duncan Smith, said – ‘Britain used to have a pensions system to be proud of, but due to years of neglect and inaction we are left with fewer people saving into a pension every year and the value of the state pension has been eroded, leaving millions in poverty. We must live up to our responsibility to re-invigorate the pension landscape.

People are living longer and healthier lives than ever, and the last thing we want is to lose their talent and enthusiasm from the workplace due to an arbitrary age limit. We also need to recognise that to meet the challenge of providing an affordable, stable pensions system in a society with ever increasing life expectancy, people will need to work longer.

And we will reward their longer working life by making sure that when they do retire, their pension is worth getting. We are taking radical action to restore the earnings link with the triple guarantee, ensuring our pensioners get the best possible deal.’

A DWP statement on the pension reform announcement says that, in addition to the call for evidence – that runs until 6 August 2010 and is aimed at organisations and individuals who have information that is relevant to the timing of an increase in the state pension age to 66 – the ‘radical agenda’ on pension reform will be driven by –

- restoring the link between the State Pension and earnings from 2011;
- consulting on the phasing out of the default retirement age; and
- an independent review of how to make auto-enrolment into workplace pensions from 2012 work.

The call for evidence on when the state retirement age should increase to 66 is available from www.dwp.gov.uk/docs/spa-inec-to-66-call-for-evidence.pdf

Emergency Budget sets out welfare reform savings of £11 billion

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Tax credits

- from April 2011, the second income threshold for the family element of child tax credit will reduce from £50,000 to £40,000 and, from April 2012, the family element of child tax credit will be withdrawn immediately after the child element;
- from April 2011, the first and second withdrawal rates for tax credits will increase to 41 per cent;
- from April 2011, the baby element will be removed from child tax credit and, from April 2012, the 50 plus element will be removed from working tax credit;
- in April 2011, the child element of child tax credit will increase by £150 above CPI indexation and, in April 2012, it will increase by £60 above indexation;
- from April 2011, the level of in-year rises of income that will be disregarded from calculations of tax credit entitlement will decrease from £25,000 to £10,000 and, from April 2013, will be reduced further to £5,000;
- from April 2011, people aged over 60 will qualify for working tax credit if they work at least 16 hours a week, rather than 30 as now; and
- the government will not introduce the £4 supplement in child tax credit for each child aged one and two from April 2012, which was announced in the March 2010 Budget;
- from April 2012, the period for which a tax credit claim and certain changes of circumstances can be backdated will be reduced from three months to one month.

Benefits & children

- the health in pregnancy grant will be abolished from January 2011;
- from April 2011 the government will restrict eligibility to the sure start maternity grant for the first child (or children where the first is a multiple birth);
- child benefit will be frozen for three years from April 2011; and
- from October 2011, lone parents whose youngest child is aged 5 or above will be eligible for jobseeker’s allowance rather than income support, and existing claimants will be transferred from income support to jobseeker’s allowance from April 2012.

Benefits for older people

- state pension will be uprated by a ‘triple guarantee’ of earnings, prices or 2.5 percent, whichever is the highest, from April 2011, but the basic state pension will increase by at least the equivalent of the retail price index;
- the standard minimum income guarantee of pension credit will increase in April 2011 by the cash rise in a full basic state pension; and
- the government will review the age at which the state pension age will rise to 66, and will consult shortly on how it will quickly phase out the Default Retirement Age from April 2011.

Housing costs & housing benefit

- from October 2010, the standard interest rate used to calculate support for mortgage interest payments will be set at a level equal to the Bank of England’s published monthly Average Mortgage Rate;
- deductions for non-dependents will be uprated in April 2011 on the basis of prices, reversing the freeze in these rates since 2001/2002;
- from April 2011, housing benefit claimants with a disability and a non-resident carer will be entitled to funding for an extra bedroom;
- from April 2011, local housing allowance rates will be capped at £250 per week for a one bedroom property, £290 per week for a two bedroom property, £340 per week for a three bedroom property and £400 per week for four bedrooms or more;
- the government contribution to discretionary housing payments will be increased by £10 million in 2011/2012 and £40 million in each year from 2012/2013;
- from October 2011, local housing allowance rates will be set at the 30th percentile of local rents;
- from April 2013, housing entitlements for working age people in the social sector will reflect family size;
- from April 2013, housing benefit awards will be reduced to 90 per cent of the initial award after 12 months for claimants receiving jobseeker’s allowance; and
- from 2013/2014, local housing allowance rates will be uprated in line with the CPI.

Council tax

- the government will work in partnership with local authorities to implement a freeze in council tax in England in 2011/2012 and will clarify ‘in due course’ the terms under which local authorities that commit to freeze or reduce their council tax will be compensated.

The emergency Budget report, and accompanying Treasury documents, are available from www.hm-treasury.gov.uk/2010_june_budget.htm
New Work Programme to be in place nationally by Summer 2011

The government is ‘determined to move quickly’ and aims to have a new single Work Programme, that will replace all existing programmes, in place nationally by the Summer of 2011, according to a Written Ministerial Statement from Minister for Employment, Chris Grayling, earlier this month.

In the Statement, Chris Grayling says the new Work Programme will –

‘...give providers longer to work with individuals and greater freedom to decide the appropriate support for them. We will also offer stronger incentives for providers to work with the harder to help, paying providers out of the additional benefits they realise as a result of placing people into work.’

Mr Grayling also states that the government is committed to supporting severely disabled people, and that it is reviewing the best way of doing this, before going on to say –

‘The government has today written to relevant providers and will be beginning one to one discussions with them to discuss what this means for them. We believe that the Work Programme will offer significant new opportunities for contractors from the private and voluntary sectors to deliver truly flexible and personalised support, building appropriate partnerships to do so.’

The Minister goes on to emphasise that the government recognises the crucial role that the voluntary sector, in particular, has to play in tackling worklessness, and that its plans reflect this. ❑

Pathways to Work programme has had ‘limited impact’ says National Audit Office

The Pathways to Work programme has had a ‘limited impact’ on the reduction in people claiming incapacity benefits and provides ‘poor value for money’, according to a National Audit Office report.

The report, ‘Support to incapacity benefits claimants through Pathways to Work’, highlights that the contribution of the Pathways to Work programme to the reduction of 125,000 in the number of people claiming incapacity benefits is likely to be limited, and that other elements of Pathways employment support – at an estimated cost of £94 million in 2008/2009 – appear to have had no impact on claimants, with new claimants just as likely to move into employment without Pathways support as they are with it.

In addition, the National Audit Office finds that there is no evidence that the programme is performing better or costing significantly less in contracted out areas than in those run by Jobcentre Plus; that contractors have universally underperformed against targets set by the DWP; and that with a third of contracts making a financial loss, the programme’s contracted out delivery does not appear to be sustainable.

Introducing the report, Amyas Morse, head of the National Audit Office, said –

‘The Department for Work and Pensions has made a concerted effort to reduce the number of people claiming incapacity benefits and deserves credit for grappling with a problem often seen as intractable.

However, the Pathways to Work programme has turned out to provide poor value for money and it is therefore important that the Department learns from the experience. In the future it should base its programme decisions on a robust and clear evidence base, follow best contracting practice and establish a measurement regime which allows it to understand better what happens to those whom they may have helped.’


rightsnet has changed!

On 16 June 2010 we launched a new version of our rightsnet website with a host of new features introduced in response to users’ feedback.

As well as continuing to provide the most up to date welfare rights news and case law development, the new rightsnet also offers –

Updates in other areas of law –

In response to feedback in our recent survey, in which rightsnet users said they’d like to see us providing information in other areas of social welfare law, we’ve launched a brand new service to keep advisers up to date across four other key areas.

The new feature – available directly from rightsnet’s home page – provides daily updates in debt, housing, employment and community care, with the ability to tailor updates according to advisers’ own interests.

Brand new discussion forums –

In addition, to complement the new updates, we’ve also launched a brand new discussion forum that will not only continue to provide peer support in welfare rights, but also across debt, housing, employment and community care.

Individual logins –

We’re also introducing changes that we hope will make rightsnet easier to use, including the opportunity for everyone to have an individual login to the site.

This will mean that, once registered with the new site, advisers will be able to access the discussion forums and the welfare rights news and briefcase areas with a single, individual login.

Other changes –

In addition we’re rolling out a series of other changes across the site in response to the feedback we received, including –

● a new, improved search engine;

● the ability to upload attachments to forum postings;

● a new user-friendly format for briefcase summaries; and

● extra features for those who use social networking sites such as Twitter and Facebook.

Check out the new version of rightsnet at www.rightsnet.org.uk ❑
Claimants should have direct access to an independent review says Social Fund Commissioner

In his response to the government Green Paper, ‘Social Fund Reform: debt, credit and low-income households’, the Social Fund Commissioner, Karamjit Singh, has said that he welcomes the review of the social fund and that – ‘Due to the urgency of applications, and the length of time it can take for customers to have their cases resolved, I believe there is a case for shortening and simplifying the end-to-end process; by having a single tier of decision making within Jobcentre Plus, followed by direct access to an independent tier of review. This should reduce administration costs, as well as simplifying the process for customers and enabling speedier resolution of disputed decisions.’

In addition, in relation to the Green Paper’s proposals for reform of grants and loans, Mr Singh says –

- there is a case for considering the provision of grants rather than loans for very vulnerable claimants who are unlikely ever to be able to work, as they have no opportunity to increase their income in the short or long term;
- in deciding the type of support to offer claimants, its timing and whether to attach conditions to any award of a loan, the action taken should be proportionate to the nature and extent of the problems in order to achieve effective targeting and value for money; and
- claimants in the greatest financial difficulty are often those who are refused an award because of their outstanding debt and/or inability to repay a loan and, as a result, it will be necessary for an appropriate level of support to be extended to claimants who are refused a loan.


Work focused health related assessment suspended for 2 yrs

The DWP has told members of the Jobcentre Plus customer representative group that it is to suspend the work focused health related assessment for two years, from 19 July 2010.

In a letter dated 24 June 2010, the DWP advises that – ‘The Work Focused Health Related Assessment (WFHRA) was introduced in October 2008 as part of the Work Capability Assessment. The WFHRA is currently undertaken with individuals in the Work Related Activity Group of ESA and performed by a healthcare professional. To date ongoing external evaluation has shown mixed results for the WFHRA.’

Following careful consideration, it has been decided that the WFHRA element of the Work Capability Assessment will be suspended for a period of 2 years ... [to] provide an opportunity for DWP to reconsider the WFHRA’s purpose and delivery. It also improves the capacity to focus on and cope with the demands of the reassessment of existing incapacity benefit customers.’

The letter goes on to state that claimants in the work related activity group will retain the support of their personal advisers to assist them in focussing on what they can do, taking any medical condition into account.

Government announces radical rethink on getting drug and alcohol users back to work

The government has announced a radical rethink on getting drug and alcohol users back into work following the Social Security Advisory Committee’s recent report on the proposed Welfare Reform Drug Recovery pilot scheme, which found that the pilot was unlikely to be effective and contained a number of significant flaws.

Confirming that the government will not be going ahead with the pilot, Minister for Disabled People, Maria Miller, said – ‘Drug and alcohol addiction ruins lives, destroys families, and causes serious harm to children whose parents are addicts. Under the current system, over 80% of problem drug users are estimated to receive benefits, often for many years, and with no real chance of recovering or getting back to work.

Those with drug and alcohol problems often face other difficulties in finding work, and we will now focus on addressing substance misuse in the wider context of other barriers to employment such as housing and mental health issues.

We are determined to reform the welfare system so that drug and alcohol users receive the help and support they need to overcome their dependency and get back to work.’


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