Rise in pension age to 66 to be delayed by six months

The proposed rise in the state pension age to 66 is to be delayed by six months, from April 2020 to October 2020.

The change has been introduced – in response to the concerns raised by the group of women who, under the original proposals, would have to wait for up to an extra two years to collect their pensions – by an amendment to the Pensions Bill 2011 which received its third reading in the House of Commons on 19 October 2011.

Speaking during the third reading of the Bill, Secretary of State for Work and Pensions Iain Duncan Smith said –

‘The House will be aware that we have listened and responded to concerns about the women most affected by the accelerated rise in the state pension age … no women will see their state pension age increase by more than 18 months. We have always been clear that our policy will not change and we will still equalise the state pension age by 2018 and increase it to 66 by 2020. We have, however, honoured the commitment I gave on Second Reading to ease the transition process for those who are most affected.’

In addition, Pensions Minister Steve Webb told MPs that, subject to the Bill being approved by the House of Commons and House of Lords, the

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Universal credit will not prevent a rise in child poverty, says Institute for Fiscal Studies

New report says that decrease in poverty caused by universal credit will be ‘more than offset’ by other tax and benefit changes

Universal credit will not prevent a rise in child poverty, according to the Institute for Fiscal Studies (IFS).

In a report published on 11 October 2011, Child and Working-Age Poverty from 2010 to 2020, the IFS says that, although universal credit will cause a reduction in child poverty, this will be more than offset by other tax and benefit changes.

Commenting on the report’s findings, Alison Garnham, Chief Executive of Child Poverty Action Group, said –

‘This devastating report leaves the government's child poverty and social mobility strategies in jeopardy. The government must accept that you cannot fight poverty or improve life chances by making the poor poorer.’

Key findings from the report include –

- for the period between 2009–2010 and 2012–2013, absolute poverty is forecast to rise by about 600,000 children and 800,000 working-age adults, while median income is expected to fall by around 7 per cent in real terms, which would be the largest three-year fall for 35 years;
- in the longer term, the planned introduction of universal credit will act to reduce both absolute and relative poverty, with approximately 450,000 children and 600,000 working age adults being lifted from relative poverty in 2020–2021;
- however, the net direct effect of the government’s tax and benefit changes is to increase both absolute and relative poverty – this is because other changes, such as the switch from RPI to CPI indexation of means-tested benefits, more than offset the impact on poverty of universal credit.

Child and Working-Age Poverty from 2010 to 2020 is available from ifs.org.uk

For more information on all these changes see –

www.rightsnet.org.uk
the welfare rights website for advice workers
DWP sets out details of new ‘conditionality threshold’ for working claimants of universal credit

The DWP has set out details of a new, higher ‘conditionality threshold’ for working claimants of universal credit. Key features of the new threshold, set out in numbers 11 and 13 of the DWP’s Universal Credit policy briefing notes, include –

- working claimants falling above the new threshold will be in the ‘no work related requirements’ group whilst claimants falling below the threshold could face full work-related conditionality for as long as they continued to receive universal credit;
- the threshold will be defined in terms of gross taxable pay per benefit unit – for single claimants this means their gross taxable pay, whilst for joint claimants this means their combined gross taxable pay;
- the maximum threshold for a single claimant will be set at the level of earnings that would be accrued by working full-time at the national minimum wage (based on 35 hours work per week, the maximum conditionality threshold for an individual aged over 21 would be set at £212.80 at current rates);
- claimants could look to increase their earnings in three ways – by increasing their hours or their wage in their current job; by finding one or more additional jobs that they could do alongside their existing job; or by finding a new job that offered a higher income;
- claimants will be able to decide whether they want to increase their hours with their current employer, find an additional job or find a replacement job, and any work search and work availability requirements will then be set accordingly – however, the claimant’s preferred option must have reasonable prospects of being successfully realised, and may be time limited;
- there will be no requirement for a claimant to move jobs unless doing so will raise their gross earnings and a claimant will not be required to leave a permanent job for a temporary one, even where the temporary job offered significantly higher wages; and
- advisers will also take into account other benefits of the claimant’s current employment, especially those that are particularly relevant to their circumstances, before imposing any requirement to take an alternative job.

The Universal Credit policy briefing notes are available from the DWP website.

Support for mortgage interest under universal credit will continue ‘as now’, says Lord Freud

Support for mortgage interest under universal credit will continue ‘as now’, according to Minister for Welfare Reform Lord Freud.

Speaking during the fourth day of the House of Lords committee stage of the Welfare Reform Bill 2011, on 13 October 2011, Lord Freud said that assistance with eligible mortgage interest will continue to be provided for homeowners as part of the housing cost element of universal credit as it is now, and that –

‘The support is time-limited for two years, so we have it within universal credit, albeit with these rules. It is not a question of indefinite support at working age. There are groups of people who receive indefinite support: disabled people and pensioners – pensioners are in any case outside universal credit.’

In addition, when asked whether that meant that the government would be extending help with mortgage interest to people who are in full-time paid work, Lord Freud replied –

‘No. I am saying that we are leaving the rules as they currently are, because we will give support to people who lose a job for those two years. That is the process and we are not planning to change it any way.’

The fourth day of the House of Lords committee stage of the Welfare Reform Bill 2011 is available from Hansard.

Government announces extra £300m in childcare support under universal credit

The government has announced an extra £300m in childcare support under universal credit for people working less than 16 hours per week.

A joint announcement by Deputy Prime Minister Nick Clegg and Secretary of State for Work and Pensions Iain Duncan Smith, said that the government will invest an additional £300m into childcare support under universal credit, on top of the £2bn already spent under the current system, and that it is removing the minimum hours rule so that all families receiving universal credit will be eligible for financial help.

The announcement also said that, as now, families will be able to recover childcare costs at 70 per cent (reduced from 80 per cent in April 2011) of up to £175 for one child or £300 for two or more children per week.

Deputy Prime Minister Nick Clegg said –

‘Childcare support is vitally important. It’s a lifeline for families up and down the country, particularly for mums who want to get back into work, maybe for just a few hours a week after they’ve had children.

This will help an extra 80,000 families who have previously had no help at all with childcare costs. We all know how difficult it is sometimes to juggle family and work but this is really good news, especially for lone parents and mums up and down the country.’

Jobseekers to face ‘stronger conditions’ and ‘tougher sanctions’

In a written statement to parliament on 6 October 2011, Minister for Welfare Reform Lord Freud announced a number of measures designed to ‘take further the government’s welfare reforms by placing strong requirements on benefit claimants who are able to work and providing tougher sanctions for claimants who fail to meet those requirements’.

Measures announced by Lord Freud include the expectation, to be set out in the jobseeker’s agreement, that a claimant should be spending several hours a day to achieve his or her weekly job-search goals, and the requirement, from day one, that claimants look for any suitable job within a 90-minute commute from their home, subject to caring responsibilities or health considerations.

Lord Freud also said that, as well as placing stronger conditions on a claimant’s benefit, the DWP will be improving its ability to monitor their activities with the introduction, from Spring 2012, of an IT system which will allow jobseekers to search and apply for jobs online and will help Jobcentre Plus staff to monitor their activities.

Lord Freud went on to say that the government needs to be sure that claimants ‘understand the financial consequences’ if they fail, without good reason, to meet the conditions attached to their benefit, and that – in addition to the claimant commitment set out in the Welfare Reform Bill –

“We will also introduce a clear framework for sanctions under which the more serious the failure the longer the sanction, and the more frequent the failures the longer the sanction. The highest sanction will be set at three years for someone who fails three times to take up a reasonable job offer. This sends a clear signal to claimants about the importance we attach to their undertaking job search in a serious way.”

Lord Freud’s statement on claimant jobseeking requirements and sanctions is available from Hansard.

Allowing claimants to sign on at their local Post Office

The DWP has launched a pilot exercise where claimants in rural areas will be allowed to sign on at their local Post Office.

The pilot, that commenced on 19 September 2011 in parts of the Highlands and Islands of Scotland and Essex, will run for 13 weeks and involves seven Jobcentre Plus offices and 26 Post Office branches.

In the October 2011 issue of its Touchbase e-zine, the DWP advises –

‘Previously, some Jobcentre Plus claimants, who live in rural areas, maintained their claim by sending their declarations of unemployment and job search evidence to the Jobcentre by post. These customers are called Postal Claimants.

To provide a more active service and to demonstrate our commitment to working with other agencies, Jobcentre Plus, in conjunction with the Post Office, is conducting a Rural Signing Proof of Concept, directing postal claimants to attend their local post office to sign and hand over their declarations of unemployment, and evidence of jobsearch activity.

The trial will assess the feasibility of signing at a local Post Office branch and identify potential benefits, which could include minimised risk of fraud and error through strengthened verification of identity and secure transportation of documentation from the Post Office to Jobcentre Plus.’

When attending the Post Office branch, claimants will be asked for proof of identity; to sign a declaration of unemployment; and handover evidence

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CPAG’s legal challenge to LHA reforms an ‘ill-judged PR stunt’, says Iain Duncan Smith

CPAG’s legal challenge to LHA reforms was an ‘ill-judged PR stunt’, according to Secretary of State for Work and Pensions Iain Duncan Smith.

In Child Poverty Action Group v Secretary of State for Work & Pensions [2011] EWHC 2616 (Admin), the High Court considered a challenge to the LHA reforms by the Child Poverty Action Group (CPAG) on the grounds that – by making a large area of central London no longer accessible to housing benefit claimants in the private rented sector – the changes were contrary to the purpose of the housing benefit scheme which is a national scheme. CPAG produced evidence to the Court showing that around 9,000 London households will have to leave their homes as a result of LHA caps, and that about 4,600 will be unable to find anywhere else to live locally, which could mean upwards of 20,000 children having to move, 14,000 out of their local area, resulting in disruption to education, health and social services.

In addition, CPAG argued that the government failed to have due regard to its general equality duties under the Race Relations Act 1976 and the Sex Discrimination Act 1975.

However, the High Court dismissed CPAG’s challenge, holding that the housing benefit scheme is designed to enable the government to strike an appropriate balance between the interests of claimants and of taxpayers. The Court also held that the Secretary of State for Work and Pensions was well aware of his equality duties and paid specific regard to them before reaching a decision to introduce any reforms to LHA arrangements.

Commenting on the judgment, Chief Executive of CPAG Alison Garnham said –

‘We are greatly disappointed at today’s judgment. Minority ethnic and lone parent families are already at higher risks of child poverty and the cuts to housing benefit that we challenged will make this situation even worse, driving people out of their homes and disrupting children’s education....

We will now be studying the decision before deciding on our next steps. We will continue opposing the cuts and campaigning for fairness and justice for the families who are bearing the brunt of a financial crisis that they were not responsible for.’

However, the BBC reported Secretary of State for Work and Pensions Iain Duncan Smith as saying that CPAG’s legal challenge was an ill-judged PR stunt, and that –

‘The cost of housing benefit has spiralled completely out of control.... This judgment is further vindication of our reforms will ensure support is in place for those who need it, but stop the crazy excesses we have seen in recent years.’

Mr Duncan Smith is also reported to have said –

‘I sincerely hope that CPAG will think twice before repeating this ridiculous and irresponsible behaviour in future.’

Child Poverty Action Group v Secretary of State for Work & Pensions is available from the BAILII website.

Allowing claimants to sign on at their local Post Office

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of their jobsearch (documentation they currently post to Jobcentre Plus).

Documentation handed to the Post Office will be retained until the end of each working day, at which time it will be sent securely and by guaranteed next day delivery, to the appropriate Jobcentre Plus office for next day processing.


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