**New benefit rules for same-sex couples**

New benefit rules for same-sex couples were introduced from 5 December 2005, with the coming into force of the Civil Partnership Act.

Under the Act, two people of the same sex are allowed to form a civil partnership, with the same rights and responsibilities as those provided by marriage for an opposite-sex couple. However, for benefit purposes, same-sex couples are now treated in the same way as opposite-sex couples, whether they are in a civil partnership or not.

Effectively the definition of ‘couple’ in the social security regulations now covers four different categories: married couples who are members of the same household; unmarried couples who are living together as husband and wife; same-sex couples who have formed a civil partnership and are members of the same household; and same-sex couples who are living together as if they are civil partners.

Positive benefit consequences of the new rules include that incapacity benefit, retirement pension, carer’s allowance and maternity allowance claimants may be entitled to extra benefit in respect of their civil partner, and claimants will be able to rely on their civil partner’s NI record, for example in qualifying for a retirement pension or bereavement benefit.

However, being required to claim as a couple for the first time may result in some claimants – for example, those in receipt of income support, JSA, housing benefit or council tax benefit – being worse off than before, and others will find they no longer qualify for benefit at all.

There may also be issues relating to overpayment of benefit where a claimant did not notify the relevant benefit authority about their same-sex relationship by 5 December 2005.

NB – For tax credit claimants, being treated as a couple from 5 December 2005 is a change of circumstance that will end their current claim, and a same-sex couple must therefore reclaim tax credits jointly within three months. Failure to do so could result in tax credits being overpaid, and the Revenue imposing a penalty.

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**Government announces series of measures to further improve tax credit administration**

Further to the ‘improvements’ to tax credit administration announced by the government in May 2005, the Paymaster General, Dawn Primarolo, has outlined a series of further changes designed, in part, to reduce the level of tax credit overpayments.

Following the pre-Budget report on 5 December 2005, the Paymaster General issued a written statement in which she said that the new measures, along with those already being implemented by the Revenue, will lead to steady and ongoing improvements in the tax credits system, and that without the changes initial estimates suggest that subsequent years’ overpayments would be of broadly the same level as in 2003/2004. However, Ms Primarolo said that, when fully implemented, the changes are expected to reduce the value of overpayments by around a third.

The changes, to come into force over the next 18 months, are –

- from April 2006, there will be an increase, from £2,500 to £25,000, in the limit on the amount that family income can rise over the tax year without affecting tax credit entitlement for that year;
- in summer 2006, the deadline for providing information to finalise and renew tax credit awards will be brought forward by one month to shorten the period during which provisional payments may be made using out-of-date information;
- from November 2006, automatic limits (set at the same levels at which overpayments from a previous tax year are currently recovered) will be imposed on the extent to which tax credit payments can be reduced to recover higher payments in the earlier part of the year which could lead to an overpayment for the year as a whole;

(continued on page 2)

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**Benefit uprating 2006/2007**

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 2006.

In a statement in the Commons, Work and Pensions Minister, Stephen Timms, said that most national insurance benefits will rise by the retail prices index, which is 2.7%, and that most income-related benefits will be uprated by Rossi, at 2.2%. The increases, Mr Timms said – ‘… take another big step away from the legacy of pernicious poverty, which we are determined should never return.’

The new rates are now 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 2006 issue of review.
from November 2006, the range of changes reducing entitlement that must be reported to the Revenue within three months will be expanded to include changes in work status or in the number of children for which the family can claim support;

• In early 2007, towards the end of the tax year, the Revenue will contact key groups of claimants to obtain more up-to-date information on which to base the next year’s payments while the finalisation process is completed;

• From April 2007, when claimants report a fall in expected income during the year, their tax credit payments will be adjusted for the rest of the year to reflect their new income level, but will no longer include a one-off payment for the earlier part of the year – at the end of the year, their award will be finalised when their actual income is known, and if they have been underpaid, a further payment will then be made;

• From April 2007, the time allowed to report changes reducing entitlement that must be reported to the Revenue will be reduced from three months to one; and

• From 2008/2009, the income figure used in setting provisional payments will be uprated by average earnings where up-to-date information has not been provided.

Whilst the Paymaster General confirmed that she is still considering whether there is more that can be done to alert claimants about the recovery of an overpayment before the Revenue starts to collect it, she said that the scale of changes to the computer system that would be needed means that this cannot be done quickly.

In addition, whilst a case had been made for a system of fixed awards based on the previous year’s income, Ms Primarolo said that the government believes that, on balance, it is preferable to maintain the current system that ‘flexibly responds to changing circumstances’.

NB – in the Chancellor’s pre-Budget report the government also outlined ‘further action to improve compliance in the tax credits system’. The new measures will include more than doubling the number of pre-payments checks carried out on new claims; doubling the number of pre-payment checks carried out in cases where the Revenue suspects there may be an undeclared partner living in the household; and introducing new training and procedures for all Contact Centre staff who handle calls from tax credits claimants, so that they can recognise and intercept potential fraud in telephone contacts from the public.

16/17 year-old claimants and ‘estrangement’

New DWP guidance

The DWP has issued new guidance to Jobcentre Plus staff who deal with income support and JSA severe hardship payment claims from young people aged 16 and 17.

The guidance – Young Person’s permission to contact third parties – replaces previous guidance which required DWP staff to routinely confirm estrangement with parents, and instead advises that the young person should be believed unless their statement is self-contradictory or inherently improbable – ‘There is no rule in law that corroboration of the customer’s own evidence is necessary and it is seldom safe to reject evidence solely because the customer’s demeanour does not inspire confidence in their truthfulness.

Whilst it is desirable to have third party corroboration, by a responsible adult, that it would be inadvisable for the Young Person to return to the household, it is not essential.’

In addition, Jobcentre Plus staff are advised to always ask for permission from the young person before contacting a third party if corroboration of their statement is required, and that ‘undue pressure’ must not be placed on them to give permission which must be ‘given voluntarily and not as a result of threats or inducements.’

The new guidance is available from the news area of the rightsnet website @ www.rightsnet.org.uk

DWP and other government support to be combined in ‘individual budgets’

‘Income streams’ oversee by the DWP are to be brought together with money from other government departments to help older and disabled people across England to ‘manage their support and choose the services that suit them best’, the government has announced.

Thirteen pilot sites will receive a share of £2.6m to set up systems to test out ‘individual budgets’ for older people, people with learning or physical disabilities, people with mental health needs and young adults, combining income streams overseen by the DWP; the Department of Health and the Office of the Deputy Prime Minister.

Whilst the pilot sites will look at various models for delivering individual budgets, all will be designed to streamline the assessment process across agencies ‘so people don’t have to repeatedly provide the same information’.

The pilots, that will start in the first half of 2006, will last for between 18 months and two years in West Sussex, Lincolnshire, Leicester, Essex, Norfolk, Barnsley, Coventry, Bath and North East Somerset, Kensington and Chelsea, Barking and Dagenham, Gateshead, Oldham and Manchester.
Enhanced NI number application process to be introduced in 2006

The DWP has announced that Jobcentre Plus is to introduce an enhanced application process for National Insurance numbers (NI No) early next year.

Key features of the new process include –

- a standard approach to processing – with fourteen large-scale interview locations set up across England, Scotland and Wales, supported by around 30 satellite offices and seven sub-offices;
- two sites – Glasgow and the Isle of Wight – processing all applications;
- claimants being directed to a Jobcentre Plus contact centre with dedicated 0845 telephone number lines for NI No interview appointments, all booked via a computerised booking system;
- interview appointment being organised at the location most convenient for the applicant; and
- mobile interviewing teams for those claimants unable to travel to an interview, or living in remote rural areas.

Following successful testing, that showed that ‘claimants were happy with its quality and efficiency’, the new process will be rolled-out in stages from January to March 2006.

For more information on all these changes see –

www.rightsnet.org.uk

the welfare rights website for advice workers
Benefit highlights in the 2005 pre-Budget report

Measures to facilitate the move from welfare to work, to help councils tackle HB fraud, new social fund capital limits and changes to the treatment of charitable, voluntary and personal injury payments were all announced by the Chancellor in his 2005 pre-Budget report, delivered on 5 December 2005.

In addition to the Paymaster General’s announcement of new rules, to be introduced over the next 18 months, to improve the administration of tax credits – see page one – the welfare benefit reforms outlined by the government included –

Jobseeker’s allowance
- the introduction of Jobseeker Mandatory Activity pilots in twelve areas from April 2006, where claimants over 25 years old who have been unemployed for six months will be required to participate in a three-day work course and three additional follow-up interviews; and
- consideration of the scope for strengthening the focus on monitoring and enforcing jobseeking responsibilities.

Housing benefit
- increases in the housing benefit and council tax benefit earnings disregard, to £14.90 in April 2006, to ensure that claimants gain from increases in working tax credit; and
- funding to ensure that all local authorities can take steps to reduce housing benefit fraud by reviewing or visiting at least 50% of claimants each year.

Lone parents
- extension of the New Deal Plus for lone parents to two further Jobcentre Plus districts in Scotland and Wales from October 2006;
- extension of the support offered through the pilots in the existing five locations for a further two years, to 2008; and
- to reduce the risk of lone parents alternating between work and benefits, exploration of ways to ‘incentivise’ Personal Advisers to continue to support lone parents when in work.

Young people
- the introduction of Learning Agreements pilots, in eight Learning and Skills Council areas from April 2006, aimed at 16 and 17 year olds who are in work but not receiving accredited training, and designed to improve training options (in Greater Manchester, West Yorkshire, East London, Cornwall & Devon, Lancashire, South Yorkshire, Black Country and Southend & Thurrock); and
- the introduction of Activity Agreements and Allowances pilots, again from April 2006, in the eight Learning and Skills Council areas with the highest numbers of 16 and 17 year-olds not in education, employment or training (in Greater Manchester, Greater Merseyside, West Yorkshire, Central London, East London, Kent & Medway, Cornwall & Devon and Tyne & Wear).

Social fund
- from April 2006, increases in the capital limits for budgeting loans, crisis loans and community care grants, to £1,000 for people of working age and to £2,000 for pensioners; and
- to strengthen adult financial capability, the provision of information on opportunities for financial education to applicants for social fund budgeting loans.

Winter fuel payments
- a commitment to pay winter fuel payments, at £200 for households with someone aged 60 or over, and £300 for households with someone aged 80 or over, for the rest of this Parliament.

Volunteers and benefits
- to ensure a ‘greater diversity of new young volunteers’, the publication, by April 2006, of a ‘rulebook’ setting out existing rules on volunteering and the benefit system.

Charitable, voluntary and personal injury payments
- from October 2006, disregarding all charitable, voluntary and personal injury income payments when assessing eligibility for income support and jobseeker’s allowance (to mirror the existing rules for pension credit and pension-age housing benefit and council tax benefit); and
- from October 2006, the introduction of a 52-week grace period for lump sum personal injury payments when assessing eligibility for income support, jobseeker’s allowance, and working-age housing benefit and council tax benefit.

NB – the pre-Budget report also outlined the contribution made by the DWP to £4.7 billion of ‘efficiency gains’ across the public sector.

By the end of September 2005, the report advises, the DWP had delivered average annual savings worth £180 million as a consequence of having renegotiated its IT contract, and having reduced its workforce by 18,426 (with 4,211 of these posts having been ‘reallocated’ to front-line roles). In addition 600 DWP posts have been relocated outside London, in line with recommendations made in the 2004 Lyons report.