

# WELFARE REFORM

20a

FACTSHEET

**'The purpose of the Bill is to implement proposals for fundamental reform of the Welfare State. The Governments aims broadly speaking are to improve work incentives, to simplify the benefits system and to make it less costly to administer.'**  
**(Human Rights Joint Committee, UK Parliament.)**

- **Universal Credit**

One single payment to replace 6 current benefits and will be paid to a household rather than individual. Some vulnerable groups will be able to receive fortnightly payments split, or paid to individuals rather than the household.

- **The introduction of Personal Independence Payment**

To replace DLA, vast majority of applicants will have to undergo a work assessment before a decision is made on their claim.

- **Changes to Housing Benefit**

Local Housing Allowances (LHA's) reduced to cover only rents in the bottom 30% of local rents. Housing benefit restricted to shared room rate for under 35s.

If a house is deemed to be under occupied the tenants will be expected to make up the difference in or move.

The much talked about "Bedroom tax". The Assembly has stated that it will provide a top up fund for current tenants affected by this.

- **Introduction of a benefit cap**

Overall cap (£500/£350 for single people) to total benefits payable to those of working age not in employment 2013

- **Changes to Social Security Fund**

Community Care Grants and Crisis Loans will be replaced by a new type of help called Discretionary Support, offering loans which must be paid back and grants which do not have to be paid back.

- **The introduction of new fraud and error powers**

The current fraud investigation functions from across Tax Credits, Housing Benefit and Social Security Benefits will be brought together into a Single Fraud Investigation Service from 2013.

- **Changes to Employment and Support Allowance**

Entitlement to be cut to one year for those in the work related activity group .

- **Changes to sanctions and hardship Provision**

Claimants, who do not meet conditions in order to receive universal credit, could have benefits removed from 7 days to 3 years.

## Some reforms have already been introduced:

### Child benefit

Freeze in benefit rates for three years from 2011-12

Withdrawal of benefits from households with a higher earner (threshold £50,000 tapers at £60,000)

### Tax credits (some of the changes)

Reduction of the threshold of the family element of child tax credit.

Three year freeze on working tax credit.

### Childcare

Help with childcare costs reduced from 80% to 70% of actual costs

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## Conditionality and sanctions

Universal credit will operate with claimants having to agree to a claimant commitment. This operates under the principle the people who can look for work must look for work. There will be four conditionality groups.

- No work related requirements (for health or the stated caring responsibilities)
- Work focused interview (includes those caring for a child aged between 1 and 4)
- Work preparation (claimants must be being to prepare for work if they have been assessed as having limited capacity for work through work capability assessment)
- All work related requirements (most claimants will fall into this category)

Those in the work related requirement will be expected to:

- Be available for work of any hours (up to 35) and within 90 minutes of travel from home
- Take all reasonable action to look for work (usually 35 hours of searching per week)
- Be willing and able to immediately take up work
- Be willing and able to immediately attend an interview
- Look for more work, or better paid work

Sanctions can be used when an advisor deems that a claimant is not meeting their commitments

High, medium and low level sanctions can mean the removal of 100% of allowance for the specified time. Lowest level will mean 40% removal of allowance. High level sanctions will be imposed for 91 days for the first failure and 1095 day (3years) for 3rd failure. Low level sanctions will be imposed until a claimant complies added to that between 7 - 28 days removal of allowance.

ACCOMODATION ELEMENT OF UNIVERSAL CREDIT SHOULD NOT BE IMPACTED BY SANCTIONS.

Universal credit will be paid, in most cases, to the household rather than individuals. It is not yet clear how households, including those with children will be impacted by sanctions.

## Why does the Government want to reform the system?

Many people on benefits believe that the financial risks of moving into work are too great. For some, the gains from work, particularly if they work part-time, are small, and any

gain can easily be cancelled out by costs such as transport.

The government believes that the current system is too complex and there

are insufficient incentives to encourage people on benefits to start paid work or increase their hours.

We are aiming to make the benefit system fairer and more affordable to help reduce poverty, worklessness and welfare dependency and to reduce levels of fraud and error."

(Department of Work and Pensions)

CDHN believe that the while the complex social security system does need changed to become more user friendly, we contend that the current reforms are likely to actually increase poverty, including work poverty. We have serious concerns regarding the reforms, including the use of sanctions and the impacts of these. We would also challenge the use language and idea of 'welfare dependency' as a life choice rather than the outcome of structural inequalities.

CDHN feel the reforms are likely to increase social and health inequalities or at the very least make tackling them increasingly difficult over the coming years. Our health and social care system is becoming increasing unsustainable, as so is under reform. How will our system cope with the changes brought by widening social and health inequalities. Given this we need to ask; has the human and financial costs of these reforms been truly considered?

We have produced another factsheet to be used in conjunction with this on the impacts of welfare reform.

**WELFARE  
BENEFITS**