



Northern Ireland
Assembly

Committee for Social Development

OFFICIAL REPORT (Hansard)

Welfare Reform Bill: DSD Briefing

4 October 2012

NORTHERN IRELAND ASSEMBLY

Committee for Social Development

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Members present for all or part of the proceedings:

Mr Alex Maskey (Chairperson)
Mr Mickey Brady (Deputy Chairperson)
Ms Paula Bradley
Ms Pam Brown
Mr Michael Copeland
Mr Fra McCann

Witnesses:

| | |
|---------------------|-----------------------------------|
| Ms Martina Campbell | Department for Social Development |
| Ms Anne McCleary | Department for Social Development |
| Mr Colm McLaughlin | Department for Social Development |
| Mr Michael Pollock | Department for Social Development |

The Chairperson: We have with us this afternoon four officials from the Department: Anne McCleary, Michael Pollock, Martina Campbell and Colm McLaughlin. Thank you all for being here.

I remind Committee members that we are here to hear a briefing from the Department on how it views the general principles of the Bill, in advance of Tuesday's Second Stage debate. It is not a debate on the merits or demerits of the Bill; it is not that type of discussion. I remind members that, this morning, we strayed from the discussion into the rights and wrongs or whatever else of the policy, as opposed to dealing with the Bill itself.

Anne, I welcome you and your colleagues. I will leave it to you to take members through the principles of the Bill.

Ms Anne McCleary (Department for Social Development): Good afternoon. Thank you to the Committee for the opportunity to brief you on the high-level principles contained in the Welfare Reform Bill for Northern Ireland, which, as you are all aware by now, was introduced by the Minister on Monday past. The Bill's Second Stage is scheduled for Tuesday 9 October, with Committee scrutiny scheduled to commence the following day. Therefore, it is opportune for us to meet the Committee today to outline the legislative process thus far and what happens next, and to take the Committee's views on issues of particular concern, which, hopefully, we can address during its clause-by-clause scrutiny of the Bill.

Before I go on, I want to introduce, or possibly reacquaint members with, the individuals supporting me. Martina Campbell and her team have responsibility for universal credit, and no doubt this will not be Martina's only appearance before the Committee. Michael Pollock's team has overall responsibility for the Bill, its drafting, and so on, and, in particular, for working-age benefits, which will ultimately

migrate to universal credit. Again, I am quite sure that this is not going to be the first and only time that you see Michael. There are others involved in this across the social security policy and legislation division, including my colleague Colm McLaughlin, and from the Social Security Agency (SSA) and elsewhere. For example, the child maintenance and enforcement division is involved in what is the most radical shake-up of the welfare reform system since its inception.

I will start by briefly going through what is in the Bill. The first thing is the creation of universal credit, which, as you know, will replace the key working-age benefits. Secondly, we have the creation of the personal independence payment (PIP), which will replace the disability living allowance (DLA). Thirdly, we have reform of the social fund. Fourthly, we have housing benefit reforms. Fifthly, we have the introduction of a benefit cap. Sixthly, there are changes to the employment and support allowance (ESA); that is, the one-year limit on the payment of contributory ESA. Seventhly, we have new conditionality and sanctions powers. Finally, there are new powers to deal with fraud. Those are the key changes contained in the Bill.

It is important to look at the context and at why the reform is necessary. There are a number of reasons, the first being sustainability. The system has, quite simply, become too expensive. The second reason is simplicity. The system, as I am sure you are all aware from your constituency business, has become too complex. Thirdly, it needs to be targeted. We need to ensure that resources are focused on those who are most in need.

We then have personal responsibility. We want to ensure that those who can work are helped to move towards work, and not trapped in benefit dependency. We want to make sure that the system is fairer. We want to make the system fair for not only those who receive the benefits but those who fund it; in other words, the taxpayer. Finally, there is the infamous parity. Northern Ireland simply does not have the capacity to run or fund its own social security service. Cost is around £4.6 billion a year. That is effectively the same cost as the health service in Northern Ireland. Therefore, that is the kind of money that we are talking about and the context that we are dealing with.

I mentioned the next steps in the legislative process, but let us focus particularly on the Committee's role, by way of scrutinising the Bill. I suppose that what we as officials hope to get from today's session is an appreciation of particular aspects of the Bill that members have questions around so that we can tailor our approach for future briefings to facilitate Committee scrutiny and address the issues raised. On that point, I want to say that we are very appreciative of the Committee's decision to sit on additional days. I think that that is very helpful for all concerned.

At the outset, I point out that the Bill is essentially an enabling Bill, which sets out the broad policy direction and will subsequently allow for the detail around the policy intent to be set out in regulations. We are beginning to see the process work through for the GB legislation at Westminster, which gained Royal Assent in March this year. Hopefully, the outworkings of that will be useful in the Assembly and for the Committee's deliberations.

The Bill is set out in seven Parts, ranging from the introduction of universal credit in Part 1, through changes in working-age benefits in Part 2, to Part 7, which deals with the generalities of repeals, interpretation, and so on. We envisage that there will be something in the order of 25 sets of regulations flowing from the Bill, many of them containing a number of provisions. By any stretch, that represents a significant workload for all concerned, including the Committee — in fact, particularly the Committee — and, in some cases, the full Assembly, as some of the regulations will be confirmatory and, therefore, must be debated in the Assembly within six months of coming into operation. In that regard, as I said, it is extremely helpful that the Committee has agreed to additional sessions.

As you will be aware, we are aiming to achieve Royal Assent for the Bill by March of next year. To manage the regulations, we plan to group them into three packages, depending on their operational date. I think that we have already provided some papers to the Committee explaining that approach.

In advance of today, we also provided Committee members with an outline paper that touches on some of the headline topics in the Bill. If members are happy, it may be useful to run through that paper quickly. We can take any questions that members might have after that.

The Chairperson: OK. We are happy enough to continue on that basis.

Ms McCleary: Take a look at the document headed "Annex A". It contains the information that we will go through. The background there to universal credit —

The Chairperson: Is it annex A or annex 1?

Ms McCleary: In my pack, it is annex A.

The Chairperson: We have it as "Appendix 1".

Ms McCleary: It is headed "Briefing for Social Development Committee on the general principles of the Welfare Reform Bill".

The Chairperson: It follows Anne's covering letter.

Ms McCleary: OK. Let us start with universal credit. The background is the overall policy intent, and that, as no doubt you have heard before, is:

"to address poverty through tackling worklessness and benefit dependency. The underlying principle is that work should always pay and that people should be better off in work."

It continues:

"Universal Credit will replace a complex system of working-age benefits and credits with a single set of rules."

The grid compares the current system with the new universal credit. I do not want to go through each and every aspect of it, but you can see that it is about reducing the number of benefits from 30 to just one. It looks at improving work incentives and conditionality, because there are concerns:

"some benefit claimants are capable of working but have no obligations to look for work."

That is not about forcing them to work but about moving them closer to the workplace.

Next, it states:

"Payments are paid to different adults in a household and for various periods."

Therefore, this is about streamlining that entire process.

Universal credit is a working-age benefit that replaces income support, income-based jobseeker's allowance (JSA), income-related ESA, housing benefit, child tax credits and working tax credits. The upper age limit is the age at which one becomes eligible for state pension. We know now that the first claims for universal credit will start, as currently planned, in October 2013, and then there will be a migration for a number of years after that.

Entitlement will be based on households rather than on individuals. Universal credit will be paid monthly, the idea being that it replicates a wage, as most wages are paid monthly. That is about smoothing the transition into work and making it easier for people to move into work.

We then have the support that will be available, including budgetary advice and help. Entitlement will be based on information already held, and this is where we get into the HM Revenue and Customs (HMRC) information. Information on those who have earnings from employment will come in from HMRC. We will use real-time information to try to make benefit calculations as accurate as possible.

There will be a single taper rate and a simple system of disregards, based on people's particular circumstances. The idea of that is that people can see more clearly that they will be better off in work. Therefore, they will be able to look at that and make those decisions.

The real-time information will also mean that universal credit payments can be gradually reduced as earnings increase. It will make that system easier. Taper rate is expected to be set at around 65%. In other words, 35 pence in every £1 earned would be kept. That means that someone would be £35 better off for every £100 of net earnings that they have. That is a distinct advantage by comparison with the current system.

Standard allowance is the core cash component of any universal credit claim. It is intended to help with ordinary living expenses. On to that basic amount, additional amounts will be added to provide for particular circumstances, such as the number of children, childcare costs, persons with disability in the household and housing costs. They are like building blocks. Each of those building blocks will be added to the core cash component. An amount will be included for those who are responsible for children, and an additional amount will be paid if a dependent child or qualifying young person is disabled. That is consistent with the objectives of simplicity and affordability. That will replace child tax credit and take over its role as the main source of extra support for children in low-income families either in, or indeed out, of work. As now, child benefit will remain separate. Therefore, child tax credit will be a part of universal credit, but child benefit will continue to be separate.

Support with the cost of childcare will be available to all lone parents and couples where both members are in work, regardless of the number of hours that they work. Families will be able to recover childcare costs of 70% for up to £760 for one child or £1,300 for two or more children. That mirrors the current arrangements under the tax credit system.

The housing cost element will cover similar types of payment liabilities as are covered by the current housing benefit and support for mortgage interest schemes. Claimants who are tenants in the social rented sector and who underoccupy their properties will have their housing benefits payments limited. The size criteria will replicate that which applies to claimants in the private rented sector.

People will remain registered on the system for two years after their claim has ended. That means that they will not have to wait for vital support if they lose their job or cannot work for a period owing to ill health.

Following universal credit in the Bill, we have the benefit cap. As you are probably aware, the cap will be limited to around £500 a week for couple and lone-parent households and £350 a week for single households. Those amounts correspond to the level in GB, even though earnings are in fact lower in Northern Ireland.

It is important to remember that there are exemptions from the benefit cap. Those exemptions are for war widows and, particularly importantly, for households with a member in receipt of DLA, personal independence payment, attendance allowance, industrial injuries benefit, the support component of ESA or the limited capability for work or work-related activity element of universal credit. Therefore, the benefit cap will not apply to a significant amount of people in Northern Ireland.

Current figures suggest that 64% of households will have the same or an improved — higher — benefit entitlement. However, for those who do not, there will be a transitional protection package to ensure that there are no losers as a direct result of the move to universal credit where circumstances remain the same. If somebody's circumstances change, that will make a difference, but if they remain the same, transitional protection will assist that person.

The other factor is conditionality groups, of which there are four: full conditionality; work preparation groups; those who are keeping in touch with the labour market; and no conditionality. You have a description of who meets what criteria in your papers.

Relevant to the conditionality groups are sanctions. One of the features of the Welfare Reform Bill is strengthened conditionality supported by a new system of financial sanctions. The sanctions are there to provide greater incentives for people to meet their responsibilities. Under the existing JSA sanctions regime, the consequences of failing to comply with requirements are not always clear. For example, if a person refuses a reasonable job offer, he might get a sanction of anywhere between one and 26 weeks. The new regime will make it far clearer as to what anyone should expect in that circumstance. Prior to the introduction of universal credit, the JSA and ESA sanctions regime will be revised to align themselves broadly with the universal credit sanctions model and will feature four levels of sanctions: high; medium; low; and lower still. No one will be sanctioned if no work is available, and sanctions will apply only if a job is available, the claimant has been offered it and he or she does not take that job. The level of sanction will depend on which conditionality group that person is in, and there is a table in your papers that explains all of that.

It is proposed that a new, one-year time limit will apply to people who claim contributory ESA and are placed in the work-related activity group. I stress that that will not apply to those who are in the support group for contributory ESA. For the most severely ill or disabled people who will be in the support group, work is not a viable option for them, and they will not be affected by this. Therefore, the time that they are entitled to the benefit will not be limited.

I move on to fraud and error. People who fail to report or are negligent with their benefit claim will now face a financial penalty as well as recovery of the overpaid benefit. The current administrative penalty and cautions will be replaced with a new minimum administrative financial penalty, and cautions will be replaced by a new minimum administrative financial penalty for benefit fraud or 50% of the amount overpaid — whichever is the greater — up to a maximum of £2,000. They will also have a loss of benefit for four weeks. Again, that is intended to deter. It is not about penalising; it is about deterring from fraud in the first place.

I move on to the personal independence payment, which will replace DLA for people aged between 16 and 64. The rationale is quite clear. DLA has not been fundamentally reviewed since it was introduced in 1992. It has become hard to understand, and it is certainly very complex to administer, as I am sure you are all aware. There is no systematic process for checking that awards remain correct. As we all know, medical conditions change. They can either improve or they can worsen, so we need to make sure that there is a systematic process. We also need to target our support at those who most need help. It is worth noting that, in 2010-11, spending on DLA was £754 million, a significant amount of money.

PIP is a new benefit. It is payable to those who meet conditions that will be set out in regulations. Those conditions are expected to include: being resident and present in Northern Ireland; having a physical or mental condition that limits or severely limits their ability to carry out daily living or mobility activities; and having had the disability for a qualifying period of three months, with the prospect of remaining disabled for the next nine months — that is the prospective test. Claimants will be assessed on their ability to perform nine daily living and two mobility activities. A claimant who has a terminal illness may be entitled to benefit without having to satisfy either the qualifying period or a prospective test. Again, we have two components: a daily living component and a mobility component. Each component will be payable at either a standard or an enhanced rate, and that will be set out in regulations.

The majority of awards will be for a fixed term, and there will be a process to regularly review the awards to ensure that they remain correct. The SSA will retain responsibility for decision-making, but decisions will carry a right of appeal. A key part of the reform is that decisions will be based on an assessment. You will be pleased to hear that there will be a shorter, two-part claim form.

With PIP, it is always important to remember what it is there for. DLA has reached the stage where people sometimes forget what it is for. It is not there to replace income; it is there to help people with their living costs caused by their disability.

PIP will consider the impacts that the person's disability has on that individual's ability to perform a range of everyday tasks. The assessments will be carried out by a third-party provider. The criteria are still being developed, but they have been consulted on. They will take account of physical, sensory, mental, intellectual and cognitive impairments. They will consider that individual's ability to carry out the activities over a period of time and those that apply for the majority of the time, for example, in cases where a person's condition fluctuates. I am sure you are aware that that has been an issue during the consultation.

A key part of the assessment process for claimants will be the face-to-face consultation with a trained health professional, and that will apply to the majority of claimants. Separate consultations on the assessment criteria and the detailed design of personal independence payment have been undertaken in conjunction with the Department for Work and Pensions (DWP). The formal response to those consultations will be published in due course.

Those are the key changes coming through in the Welfare Reform Bill as proposed. The timetable for the Bill, as I am sure you are aware, is that from June 2013, new claims will start to be received. In October 2013, there will be a natural reassessment; in other words, where there has been a change in circumstances or where the claims come to an end. From January 2014, there will be managed reassessment, through which 1,000 cases a week will be reassessed by March 2016.

That concludes what I wanted to say. We are happy to take questions. In particular, we are interested to know the issues in relation to which the Committee has a particular interest so that we can provide as much assistance to you as possible in your scrutiny role.

The Chairperson: Thank you for that, Anne. I remind members that, first of all, I want you to address whether you are satisfied with the presentation you have got this morning as to what the Bill is

supposed to be doing. It is not a discussion on whether you like it or not, or any element of it, or think that it is wonderful. It is a matter of whether we are satisfied with the explanation given on what the Bill is supposed to do. That is the first thing. Are we happy enough with it? Do we think there is anything in this paper that we need further understanding about? It does not matter whether you agree with the Bill's intention or not. I am taking that as a yes.

Again, then, the potential thing here would be if there was something specific about the Bill. I am not sure how we can do this, Anne, because a range of issues have been debated at length around the table over quite a number of sessions. That is as it should be. We are certainly not going to get a consensus in the Committee that we agree on a, b and c. Perhaps if members have specific concerns that they want the Department to consider, they should just itemise them. You do not need to elaborate on them; just identify what the fundamental issues are. We do not expect a to and fro about whether we agree or do not agree.

Mr Copeland: Thank you for your presentation. I have seven points that I wish to seek clarification on, and I am quite happy to take the replies in writing. First, I would like some explanation or information on any differences that exist between our proposed legislation and the current legislation in GB. I would like clarification on the arrangements for direct payments; in other words, that they will be the same as those enacted by DWP. If they are not, I would like to know what the differences are. Is the Department content that you have exhausted all potential areas of operational flexibility? Will the facility for permitted work for people in both categories of ESA continue to exist in its current form? I would like some indication on what the net reduction in the cost of the welfare bill will be at the end of this process.

I have a theoretical point, for which I apologise. I foresee that a large number, or a potentially large number, or an unknown number of people who currently consider themselves to be unfit for work by virtue of disability or illness will be classified as being fit for some sort of work. Have any discussions taken place with the Departments that are charged with providing work to see whether work will be available? The most recent figures that I saw are that 66,000-odd people are looking for work and 5,417 available jobs. For me, that does not compute. I know that that is not a point about the Bill, but it goes to the core of this. I apologise for the length of those questions, and I would appreciate written answers at some stage.

Ms McCleary: We can come back to you on that. It is key to remember that the Bill is, generally speaking, an enabling Bill. A lot of the detail will be in the regulations.

Mr Copeland: I understand that.

Ms Martina Campbell (Department for Social Development): You said that you had seven points. You have given six, I think.

The Chairperson: I really have to caution, because we are going into detail that we cannot get into. This is about the principles of the Bill.

Mr Copeland: I understand, Chair.

The Chairperson: We just need to satisfy ourselves that we understand what the Department is saying about the principles. It does not matter whether we agree with them or not, and, with respect, we cannot really go into the type of detail that you tried to go into there now.

Mr Copeland: Apologies. It should have been six.

The Chairperson: Sorry about that, Michael.

Mr Brady: Thanks for the presentation; we were starting to miss you, Anne. *[Laughter.]*

Ms McCleary: You will not be missing me in the near future.

Mr Brady: We are thinking of you, honestly.

Ms McCleary: That reassures me and does my heart good.

Mr Brady: I just want to make you feel wanted.

I have a few fairly general questions. You talked about the reduction from 30 benefits to one. Is it possible to check how many of those benefits will actually be abolished rather than reduced? For example, the young person's incapacity benefit, which replaced severe disabled allowance. With the industrial injuries benefit, unforeseen aggravation and all that will go out the window. You could maybe check those.

You mentioned the monthly payment. Within the past week, David Freud has said that, for a two-year period, people may be paid fortnightly. The premise is that people are paid monthly when they are in work. That is not the case here; most people are paid fortnightly. However, he did not go into detail on that.

The taper will be set at 65%, and people will earn £35 for every £100. To me, that may encourage employers to pay less so that they can get more benefit. I am not sure if that has been addressed.

You talked about childcare, and your paper says:

"This mirrors the current arrangements under the Tax Credit system."

The reason that that has failed, particularly for lone parents, is that your child has to be looked after by a registered childminder. Is that going to persist, or will it be looked at? My constituency had one of the worst childcare provisions in western Europe when the survey was done. That can easily be checked.

How long is the timeline for transitional protection? Has there been any thought about the people who pay contributory benefits and who will only get ESA for a year based on the contributions? People will consider that grossly unfair.

You talked about the rationale for the change from DLA to PIP and said that there is no systematic process for checking that awards remain correct. I do not accept that. The periodic review was specifically introduced for that purpose. I attended the briefings by the Department in the mid 1990s, and we were told that that was the purpose. I do not necessarily agree that it has become hard to understand and complex to administer, because that was a self-inflicted wound by the Department. Our report in the last mandate highlighted how the Department could change that.

The paper says:

"Key part of the assessment process for claimants will be a face to face consultation with a trained health professional".

We went into a lot of detail on the work capability assessment and how it is fundamentally flawed. There is nothing to suggest that the assessment will be different.

Ms McCleary: A lot of this is to do with the regs, particularly in relation to things like the monthly payments and childcare, and I appreciate the issue of formal childcare as opposed to informal childcare. Those factors are still being looked at. Perhaps one of my colleagues can confirm the timeline for transitional protection.

Ms M Campbell: It is for as long as their circumstances remain the same. There is no cut-off.

Mr Brady: As we said previously, childcare in Britain is a statutory entitlement from the local authority. We do not have that here, and are unlikely to for quite a while.

Ms McCleary: That issue is being looked at.

Finally, from my perspective, the face-to-face discussions — referring now to PIP — as we very often remind people, particularly the media, there is considerable confusion about the difference between an assessment for ESA and an assessment for DLA or now PIP. They are for very different purposes, and there is a general lack of understanding about that. One is about whether someone is able to work or able to move closer to the workplace, and the other is about what that person needs to help them in their day-to-day life.

Mr Brady: Is that a fundamental change in the Department's thinking? Initially, we were told that it was going to be much the same type of assessment by the same company.

Ms McCleary: We do not know which company will do the assessment.

Mr Brady: When you find out, will you let us know?

Ms McCleary: I am sure that you will be the first to know.

Mr Brady: I do not think that I will be the first, but I would like to be on the list.

Mr Durkan: Members who have spoken previously have touched on stuff that I have been thinking of. The lack of detail in the answers is really frightening, but I do not blame anyone for that. It is due to the fact that this is enabling legislation. *[Inaudible.]* We know very little about the content.

I have just one question specific to this, and it is on the benefit cap. Given that child benefit is separate from universal credit, is it included in the limits for the benefit cap?

Ms M Campbell: We will confirm that for you.

The Chairperson: That is an important issue. You do not have the information yet? That is what we are saying, Michael and Martina, yes?

Ms M Campbell: I do not have it with me. I am sorry.

Ms McCleary: We will come back to you on that.

Mr Durkan: It says:

"The total level of entitlement to welfare benefits is to be limited to £500 a week".

It does not say that that is the total level of entitlement under universal credit.

Ms M Campbell: It is out-of-work benefits.

Ms McCleary: It is not a benefit. It is not part of the benefit system and, therefore we do not think it would be included, but we will confirm that.

Mr F McCann: Most of the stuff has been answered, and you threatened us all at the start not to take the debate to a place where it should not be.

I am interested in the transition setup. I know from previous periods of transition that, when the slightest change in a benefit kicks in, people are taken off it. I take it that that will still be the same? Once this starts kicking in, there will be very few people who will stick to the letter of the transitional thing. It will affect most people, probably, within a short period of time.

Ms M Campbell: Colleagues in the Department are working on what they call volumetrics, the number of people that they expect in each tranche of the migration over. As you say, yes, any change in a claimant's circumstance will trigger a review in benefit assessment which could end up in losing the transitional protection. That is correct.

Mr F McCann: My other point is about fraud and error. I see the sanctions that will be applied. Considering most of the error is done within the Department, what sanctions are being laid against people working in the Department?

Ms McCleary: That is a perennial question.

Mr F McCann: The other thing is — *[Interruption.]* Sorry, I thought I had that off. I think that someone at the back has rung me.

The Chairperson: We will talk among ourselves if you want to take your call there.

Mr F McCann: Thank you very much, Chair. I appreciate it.

My other point is about underoccupancy and the rules that have been set down there. I do not see anything in there that says — certainly in policy — that if houses or accommodation are not available to take up the slack of people in underoccupancy, they will not be penalised for it.

Ms McCleary: I think that the Department with its other hat on, in other words, the housing aspect of the Department, is looking at those kinds of issues, and we are working with them on it. However, underoccupancy is the housing change in all of this. It is important to remember, when we are talking about underoccupancy, that there are groups that are excluded from that, so that we are not going to be looking at underoccupancy in relation to pensioners. However, it is an issue that we need to look at.

Mr F McCann: It applies to people up to 65.

Ms McCleary: Yes. We need to look at that, and the Department is aware that there are issues around this.

Mr F McCann: When you say the Department is aware, are you saying there will be changes to this?

Ms McCleary: I do not know quite what the Department will do. Because we have responsibility for housing, in the social sector in particular, there are things that can be looked at from a different perspective, perhaps to ameliorate the situation.

Mr F McCann: The reason I raise that is that we are being given a briefing on what is going to happen. I would like a briefing with all the facts. It is difficult to do that —

Ms McCleary: Michael might be able to help.

The Chairperson: Fair enough.

Mr Michael Pollock (Department for Social Development): Underoccupancy is one issue that —

Mr F McCann: Mickey is calling me a cynic here.

Mr Pollock: I know, but it is an issue that impacts particularly on the housing sector. Most of the welfare stuff, because of the breadth of the reform agenda, will touch on the work of lots of Departments, whether that is Health or Education. What Anne is saying is that the housing arm of our Department will be looking particularly at those issues. The Minister has already established that Executive subgroup on welfare reform. The types of issues that are exercising your mind are the type of things that will be raised at that type of forum to see whether the Northern Ireland Departments need to do something else to ameliorate or alleviate any difficulties in implementing the welfare reform programme along the way.

Mr F McCann: Michael, the only reason I raised it is because Anne raised underoccupancy in her presentation. It may lie in another part of the Department, but we are getting a departmental briefing here.

Mr Durkan: That is the thing. We are dealing with universal credit, so I do not think it is right that we are talking about different crowds, like the housing crowd and the social security crowd. I would very much like to hear from the IT crowd about the IT systems and costs. Universal credit deals with all those things.

You talked about the exemption for pensioners from underoccupancy, but that raises another issue. Say if there are a couple, and one of them is the nominated person to receive the universal credit, yet they are younger than the other person. When the other person reaches pension age, what effect does that have?

Ms McCleary: In relation to the housing aspect?

Mr Durkan: In relation to the housing aspect or other age-related benefits.

Mr Colm McLaughlin (Department for Social Development): That would go out to the housing aspect. In relation to, for example, JSA, the younger one has to claim JSA.

Mr Durkan: Yes, but say the younger person is already the nominated person, so they will be on JSA, and the older person, who is not the nominated person, then reaches pension age. What impact will that have?

Mr C McLaughlin: As far as I understand, the person on JSA has to claim for both, because he is the younger person. The person who is actually claiming has not reached the qualifying age, so that person has to be available and actively seeking work for JSA purposes. It is a joint claim.

Ms M Campbell: Where one half of a couple is of working age, the couple must claim universal credit and, therefore, be subject to the conditions applicable to universal credit.

Mr C McLaughlin: It will be the same for JSA.

Mr Durkan: Including underoccupancy?

Mr Pollock: Including the housing cost element of universal credit.

Ms M Campbell: All of the elements.

Mr Brady: Obviously it would be easier to sanction the person if they are claiming the JSA benefit, because it will be sanction-led. It would look better, from the Department's point of view, if it sanctioned the younger person rather than the pensioner. And you can accuse me of being cynical, but you tend to —

Mr F McCann: You are.

The Chairperson: Is there anything else any member wants to raise?

Mr Brady: Social fund has not been mentioned specifically. That is obviously something that is going to change dramatically here under welfare reform in general terms.

Ms McCleary: The bulk of social fund will move into the new universal credit. Then, we have the rest of it, what is known as the discretionary element of social fund, which will cease to exist. I think everybody knows that we are looking at proposals for a successor scheme for the discretionary elements of social fund. That is being looked at. I am quite sure that there will be consultation on that as we move forward.

Mr Copeland: I apologise if this sounds slightly specific, but it does concern me slightly. A number of my constituents are not capable of oversight of their own affairs and have appointed people to do that for them. Will that system still be available? Are there any implications for that system arising from these changes?

Ms McCleary: As far as I know, the nominee arrangement will continue.

The Chairperson: As members have no other issues at this moment in time, I will make two wee points, Anne. First, I appreciate that it may not be possible, no matter how many people you have at the table, to have every answer, but I do think it important that, on the key things, we make sure that people are available to respond. Secondly, when we met the Minister, Tommy Reilly and other officials to discuss the Bill and its timetable, they stressed that there were issues; that for example, if we did not meet a deadline, things like the social fund would have no legislative authority to be paid out. They said that there are a range of issues like that, but I have not seen that range of issues. I have only heard from the Minister and Tommy directly that social fund, for example, would fall foul of us not meeting a deadline. Can we have that list? It is important.

Ms McCleary: I think that a letter has been sent to the Department asking for clarity on that. You will receive that information through that.

The Chairperson: I would have thought that that should be something you should be able to say, just like that.

Ms McCleary: Well, we can tell you that there are quite considerable and significant IT issues, where there is delay with the Bill. There are other issues. As you say, social fund is one area, along with the rates element of housing benefit, that will move out of the social security arena once GB has commenced its Bill on 1 April. In both cases, that funding will move from annually managed expenditure to departmental expenditure limit. So, there are significant funding issues around that that need to be looked at. All that needs to be clarified. There are issues, undoubtedly.

The Chairperson: I want to place on record that the Committee is going to devote quite a considerable amount of additional time —

Ms McCleary: We appreciate that.

The Chairperson: Thank you for that. That is important. We are going to make sure that the scrutiny of the Bill is very robust. All parties have already acknowledged that what they want to do is enable full scrutiny with stakeholder involvement. By the same token, although I am coming into this mandate afresh, I have heard arguments in the Chamber before to say that we need to get something done because of parity or because there will be no legislative authority. Then, lo and behold, six months later, we find that that did not apply, and that people had been rushed into making decisions. I am not saying that we are going to be rushed, because we are going to give this all the time that we need.

Ms McCleary: I am not sure that the imperative is around legislation. The imperative is around money. The existing legislation will continue to exist until such times as it is repealed or a scheme is abolished. The issue is more to do with money.

The Chairperson: That is helpful, Anne. We will await the formal response. Thank you very much.