NI Welfare Reform Group
Briefing for Social Development Committee
October 2012

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1. The Northern Ireland Context

The NI Welfare Reform Group welcomed the Minister for Social Development's announcement that changes had been secured in relation to the way Universal Credit is paid. We are cautious that while these flexibilities have been achieved, the Committee needs to closely examine what other steps can be taken to protect households affected by the changes and to tailor the welfare reform agenda to Northern Ireland specific circumstances. It is vital that the changes work in practice for Northern Ireland. Moving people into employment can only be achieved if there are jobs available and access to good quality and affordable childcare. Neither of these ingredients applies locally.

The Committee needs to carefully scrutinize, for example, the under–occupation penalty in public rented housing, the level of conditionality and sanctions proposed under the Welfare Reform Bill and the lack of childcare provision. The Northern Ireland Executive has set aside £20 million a year as a Social Protection Fund which could be utilized to widen the scope for exemptions to some of the more punitive arrangements in Universal Credit.

2. Regulation Making Procedures of the Welfare Reform Bill

We are concerned that many of the regulations governing critical parts of the Welfare Reform Bill will proceed through the confirmatory process with scrutiny only happening after the regulations have been laid. Given that the Welfare Reform Bill is significantly enabling legislation with detail left to regulations, this is a retrograde step.

DWP in Great Britain have yet to publish the final version of the Universal Credit regulations. Particular areas of concern to address are the crucial details governing entitlement to housing credit within Universal Credit, confirmation of the rates of personal allowances, and other additions, childcare costs, earnings disregards and the details of what will be required of people in all the work related requirements. These will clearly be central issues relating to work incentives.

The flexibility to do things differently in a Northern Ireland context lies very much within the detail of the regulations. As a result the scrutiny process must find a way of addressing where the scope for specific flexibilities exists. We recommend that the Committee asks the Department to provide a draft plan to include a timetable for publishing the regulations due to be made under the Bill.

3. **Conditionality and Sanctions**

Increased conditionality, reform of the sanctions system and changes to hardship payments are the main changes to conditionality and sanctions within the Bill.

Sanctions arrangements are an area where operational flexibilities could be put in place and the Department should be pressed hard on this issue with specific undertakings given. There are a number of issues for the Committee to consider in relation to sanctions. They are as follows:

(i) is the increased level of sanctions proportionate given its impact on the rest of the household including children? We would suggest the increase is disproportionate and sanctions of 13 weeks, 26 weeks and 3 years is too long.

(ii) regulations in Britain only provide five working days for a claimant to establish good reason before a sanction is applied. The penalty for non-compliance will be increased sharply to should a longer period to provide details of a good reason also be provided. We would support an increase to at least 15 working days to show reasonable cause.

(iii) the DWP has introduced some of the increased sanctions arrangements for JSA and ESA in advance to broadly align with UC. This seams unnecessary given that the apparent advantages of Universal Credit are not available to claimants in the interim.

Claimants who are sanctioned may apply for and receive hardship payments of income based JSA if they can demonstrate that they or their dependants would suffer hardship in the absence of such a payment. The Welfare Reform Bill seeks to make hardship payments recoverable. The NI Welfare Reform Group does not support this measure.

4. **Impact on Particular Groups**

Lone parents

If the NI Welfare Reform Bill replicates the GB proposals, more punitive sanctions will be introduced and greater conditionality placed on lone parents, as well as introducing further conditionality on some people who are already in work.

The NI Welfare Reform Group believes existing variations to the administration of social security in NI for lone parents should be retained. Previous reforms applied in GB were not introduced here, mainly due to NI's poor childcare infrastructure. As a result, lone parents in NI currently sign on for work focused interviews every 13 weeks as opposed to fortnightly in Great Britain. Given that NI already has these operational differences, and the requisite investment in childcare has still not occurred, the NI Executive should retain the existing exemptions that protect lone parents' children from the obligation on their parents to undertake employment or work-related tasks that are not in the best interests of the child.

Mixed Aged Couples & Universal Credit

Couples can currently claim Pension Credit as long as one partner has reached the qualifying age. The Welfare Reform Bill changes the age criteria so that in future, couples will only be able to claim Pension Credit when they have both reached the qualifying age. The arrangements for seeking work etc. in these types of cases should be explored further with the Department.

The Bill introduces a savings rule for Universal Credit which we understand will mirror the current capital limit for IS, JSA and ESA i.e. £16,000 with a tariff income for savings between £6,000 and £16,000. This will represent a significant change as currently tax credits and pension credit have no upper capital limit.

This measure is likely to impact disproportionately on older claimants who have spent time saving towards retirement. Two issues need to be considered. First, will tax credit claimants transferred to Universal Credit be able to remain entitled under transitional arrangements? We would welcome such safeguards. Secondly, will the capital threshold be appropriate for people on Universal Credit where the claimant or one member of the couple has reached state pension age?

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