



Briefing to Committee for Social Development

October 2012

**Bernadette Maginnis
Strategic Policy Adviser
(Poverty and Social Inclusion)**

**Age NI
3 Lower Crescent
Belfast
BT7 1NR**

t: 02890 892623

Age NI delivers care services, provides advice and advocacy, campaigns, fundraises and lobbies decision-makers to improve later life for us all.

Executive Summary

Age NI's key concerns regarding the introduction of the Welfare Reform Bill and its impact on older people relate to the following;

- Mixed age couples who will be assessed under Universal Credit
- Reduced capital limits under Universal Credit in relation to mixed age couples
- Unsuitable sanctions being applied to older working age claimants and the impact this will have on their older partner
- Restrictions with regards to occupancy and help with housing costs for mixed age couples
- The impact of PIP and lack of clarity around DLA reassessment for pensioners

Introduction

Age NI is the new, independent charity for older people in Northern Ireland. Our vision is to 'create a world in which older people flourish' and our mission is to 'enhance and improve the lives of older people'. Age NI welcomes the opportunity to meet with and brief members of the Committee for Social Development on the issue of Welfare Reform and how it will impact the lives of older people.

Background and context

The Welfare Reform Bill paves the way for wide ranging changes to welfare payments and whilst Age NI supports the Government's aim to simplify the benefits system in order to tackle poverty and provide better incentives to work, we have some significant concerns regarding some of the details of the Bill.

In Northern Ireland,

- 23% of pensioners are living in poverty and this figure is increasing¹ unlike other areas of the UK
- 61.5% of older people are living in fuel poverty in NI (up from 47% in 2006)
- 75.8% of people over 75 are in fuel poverty in NI (up from 55%)
- 83.2% of lone older people are in fuel poverty in NI (up from 62%)²

Universal Credit and mixed age couples

Currently couples can claim Pension Credit as long as one partner has reached the qualifying age – which is gradually increasing in line with rises in women's State Pension age. However 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.

¹ DSD (2009) Households Below Average Income

² NIHE (2009) House Conditions Survey

We accept there is a case for treating everyone aged below women's State Pension age consistently, in terms of expectations with respect to work, but we would oppose any move which would reduce the overall income of households where one member has reached the age of eligibility for pensioner benefits.

For example:

John is aged 61 and Mary aged 56. Currently they are eligible to qualify for Pension Credit and would be entitled to a Pension Credit payment of £217.90 per week. Under Welfare Reform, they would be assessed under Universal Credit and would only be entitled to a weekly income of **£115.45** per week

This is a reduction in income of £102.45 per week.

There are potentially many variables at play but this could also be further reduced should one or both be disabled due to the proposed changes to severe disability premiums. Within Universal Credit, individuals will only qualify for either a disability or a carer element, not both. In addition, they could lose other benefits linked to the receipt of Pension Credit.

Benefit rates will be published later this year but standard rates are expected to be linked to current Jobseeker's Allowance (JSA) or basic Employment and Support Allowance (ESA). Benefit rates for 2012-2013:

Personal allowance couples aged 18 or over ESA/JSA	£111.45
Pension Credit standard minimum guarantee couple	£217.90
Pension Credit standard minimum guarantee single	£142.70

It can be seen that if mixed age couples are treated in the same way as younger couples, a pensioner could have a higher income living alone and claiming Pension Credit than receiving Universal Credit as a couple.

Age NI has submitted a request to the Department for Social Development to estimate the proportion of couples who will be affected by these changes. A question asked recently in the House of Commons, Westminster revealed that approximately 15% of Pension Credit claimants in GB were couples where one partner was aged below 60. While this percentage applied to GB, the proportion of those affected in Northern Ireland is likely to be similar.

Age NI is concerned that the changes could affect the health and well being of some older people, will increase pensioner poverty, force people to use their retirement savings to support a younger partner and put pressure on family relationships.

Age NI therefore calls on the Department for Social Development to carry out a detailed analysis of the impact of treating mixed age couples as working age for benefit purposes including providing information about the numbers over time, the circumstances of those affected and changes in the overall level of financial support.

Capital

Pension Credit does not currently have a capital limit although savings over £10,000 are treated as providing £1 a week additional income for every £500 over this threshold. Under Universal Credit there will be a £16,000 capital limit with savings over £6,000 treated as providing £1 a week income for every £250 over this threshold. In the future those with a low income but over £16,000 savings who have a younger partner will be excluded from Pension Credit but will not be entitled to Universal Credit due to their savings. And those with £6,000 to £16,000 will face a much steeper withdrawal of benefit. As a consequence some older people will find they have to use up more of their retirement savings to support a younger partner.

Age NI calls for the absolute cap to be removed and the current tapered system to be maintained and that recognition be given to the importance of passport benefits accessed through Pension Credit.

The impact of older people not being able to access Pension Credit does not stop with the level of direct financial assistance afforded by Pension Credit but the extra vital assistance it opens doors to such as Cold Weather Payments, full rate rebate and free dental and optical care (for recipients of the guaranteed element). Although people of all ages can receive additional support linked to income such as help with health costs, these are provided at higher income levels for pensioners.


Claimant commitments

All Universal Credit claimants will have to sign a 'claimant commitment' specifying the actions they are to take in order to find work and the consequences should they fail to meet these targets. Relevant claimants will have to sign a commitment prior to the introduction of Universal Credit, which is broadly similar to that which is currently expected of them. Age NI supports the principle of having such a claimant agreement, but believes that for people with significant barriers, including long-term sickness, voluntary participation in job search activities is a much more effective method of engaging older jobseekers and should be used where possible.

In regards to mixed age couples, Age NI are concerned that, as the younger partner of the couple will have to fulfill all work related requirements and if sanctions are imposed, this will impact detrimentally on the older person who will lose out on payment of benefit through no fault of their own.

Age NI also believes that the new claimant commitment under Universal Credit needs to take account of the needs of people aged over 50. With the extension of working lives, it is important that all the necessary support is provided to help older workers both remain in and re-enter employment and that advisers should be trained to be more aware of the circumstances and aspirations of the 50+ age group.

We support the notion that those with 'regular and substantial caring responsibilities' will be exempt from the requirement to sign the claimant commitment. However, greater clarity is needed on the exact meaning of this. Furthermore, there are many jobseekers who may have



intermediate level caring responsibilities who will be subjected to the same job search requirements as those who are available to look for work full-time.

Age NI recommends the legislation should include a graded system of conditionality that could be applied to such carers, similar to that which is included for parents of young children; or alternatively, that Jobcentre Advisers are given greater discretion to tailor claimant commitments for this group.

Tackling age discrimination is of great importance to helping older workers find sustainable employment, and we recommend that the Government continues to advocate the benefits of older workers and work with employers to help them develop an age-positive culture.

Housing


The Welfare Reform Bill restricts the level of Housing Benefit for tenants in social housing who are considered to have more rooms than they need. The Government said this measure would not apply to pensioners. However, once Universal Credit is introduced, pensioners with younger partners will be regarded as 'working age' and the rent restrictions will apply to the housing element in Universal Credit. We do not have information on numbers of mixed age couples who will be affected in the future but it is likely that many will have an additional room. Although they may no longer have children living at home, it is often very important to have a spare room for family visits and for relatives or friends providing temporary support at times of illness. There is provision for an extra room if someone has a non-resident carer who needs to stay overnight. However, this is unlikely to help people who need occasional support or whose needs may change in the future. And there is no concession for an extra bedroom for couples who need to sleep apart due to the health needs of one or both partners.

Housing costs for younger people will be included in Universal Credit and for older people, a housing credit element will be introduced into Pension Credit. The intention is that someone will be broadly entitled to the same amount of support as they would have been under Housing Benefit and there are provisions for other changes such as the introduction of a capital limit for the housing credit.

Age NI welcomes the principle of incorporating help with housing costs into Pension Credit as this has the potential for simplifying the claim process and could improve take-up. However, we are keen to see the details of these proposals and to be reassured that people will not be adversely affected by the changes.

Personal Independence Payment

The Bill makes provision for the introduction of the Personal Independence Payment (PIP) to replace Disability Living Allowance (DLA) which will have two components - the daily living component and the mobility component each payable at two levels. The Government has announced that reform of DLA is expected to reduce expenditure by around 20 per cent. Age NI do not disagree with the principle of looking at changes to DLA but we are concerned that reducing expenditure appears to be a major aim rather than ensuring



disabled people have adequate support. DLA currently provides essential help with the costs of disability for many people and we have been contacted by older disabled people who are worried that they will lose the support they rely on. Age NI are anxious to ensure that the introduction of the Personal Independence Payment provides adequate support for disabled people aged over 50.

The new legislation states that a person will not be entitled to PIP after they reach State Pension age (or 65 if that is higher), although there is provision for exceptions to this. The explanatory notes say that an example of an exemption could be if someone is already in receipt of PIP before they reach that age. This is the current position with DLA and we seek assurance that people entitled to help with their mobility costs will not lose that help once they reach 65.

The original announcement and the Disability Living Allowance Impact Assessment refer to people of working age being reassessed but the consultation paper on reform stated that 'We are considering whether to reassess children and people aged over 65'. Age NI believe that people currently aged 65 or over receiving DLA should be exempt from the reassessment process.

We would also like clarity on whether the Government envisages that the introduction of PIP will lead to changes to Attendance Allowance for people disabled after the age of 65.

Age NI will be judging the success of the Bill by whether it delivers improved outcomes for people in later life – both those below the State Pension Credit age and those beyond State Pension Credit age. The Bill must provide everyone aged over 50 with the support they need to be independent.

ENDS