

# Welfare Reform Bill

## Section 75 Update

**April 2013**

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## Preface

The Welfare Reform Bill is currently progressing through the Northern Ireland Assembly. In line with its Section 75 statutory duties the Department carried out an Equality Impact Assessment on the Bill and consulted on it between September and November 2011 and a revised document was published in May 2012.

The Welfare Reform Bill reflects the policy intent of the Coalition Government. The complex changes are focused on a number of objectives, including:

- simplifying the benefits system;
- providing increased incentives for work; and
- ensuring resources are better targeted towards those most in need.

There are advantages for Northern Ireland in the Bill, not least in meeting the cost of benefits here. The principles of simplification and increasing incentives to work are also welcomed. There are constraints however which are not to our advantage and Minister McCausland is seeking to find ways to redress those disadvantages. He has already secured agreement with the Department for Work and Pensions that benefits for rent can be paid direct to landlords, that benefit payments can continue to be paid on a twice monthly basis where claimants so require, to help with budgeting, and to enable payments to be split between both members of a couple where that is appropriate. He has also negotiated the delayed implementation of Universal Credit in Northern Ireland until 2014.

In recognition of concerns raised by respondents in relation to the suitability of the data used in the equality assessment the Department gave a commitment that an update would be provided in relation to Section 75 impacts when new data became available.

In partnership with the Department for Work and Pensions the Department has developed a “Policy Simulation Model” (PSM). The PSM is a micro-simulation model used for poverty and scenario analysis which can be used to demonstrate the financial impacts on different demographic groups as a result of policy changes to the tax and benefits system. The PSM is based on the Family Resources Survey (FRS) and therefore covers the same Section 75 groupings as the main survey. From 2002/03 – 2010/11 the FRS covered the following Section 75 categories: Gender, Religious Belief, Age, Racial Group, Marital Status, Persons with or without a disability and Persons with or without dependents. Questions were added to the 2011/12 survey to cover Political Opinion and Sexual Orientation for the first time. The current version of the PSM is based on the results of the FRS 2010/11 as analysis of the 2011/12 data will not be available until later in 2013.

Over the past two months the Department has published a series of Welfare Reform Information booklets that provide the most up-to date information on the wider impacts of Welfare Reform.

The Department also continues to actively develop a detailed research programme<sup>1</sup> to both monitor and predict the outcomes of Welfare Reform. This includes work to further develop our understanding of the impact on different Section 75 groups and to inform the wider work of the Department and the Northern Ireland Executive in tackling poverty and disadvantage.

This update document outlines the most up to date data the Department holds in relation to the expected Section 75 impacts as a result of changes in the Welfare Reform Bill.

While it is not our intention that this update will be the subject of a formal consultation process any comments which may inform further equality screenings are welcomed and can be sent to the following email address - [sspld@dndi.gov.uk](mailto:sspld@dndi.gov.uk).

Alternatively comments may be sent to the address below.

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Requests for this document in alternative formats such as Braille, large print, audio cassette and minority languages can be made to the Bill team using the contact details above.

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<sup>1</sup> Details of Research Programme at Annex 1

## **SECTION 1 - Introduction**

### **Background**

Social Security policy originates at Westminster and under the Devolved powers the Department for Social Development has responsibility for making the legislation required to implement the policy in Northern Ireland.

The Belfast Agreement recognised social security as an area where parity with the rest of the United Kingdom is normally maintained. This was reflected in the Northern Ireland Act 1998 where, although social security, child support and pensions are not designated as excepted or reserved matters, specific provision was made to ensure that the systems in the two jurisdictions could continue to work, in effect, as coherent single systems.

### Legislative context

Section 87 of the Northern Ireland Act 1998 places a statutory duty on the Minister for Social Development and the Secretary of State for Work and Pensions to consult with one another with a view to securing a single social security system for the United Kingdom. Section 88 of the 1998 Act makes provision for financial adjustments to support the maintenance of these parity arrangements.

Underpinning the parity principle is the argument that as people in Northern Ireland pay the same rates of income tax and National Insurance contributions as people in Great Britain, they are entitled to the same rights and benefits paid at the same rates.

The parity principle has significant advantages for Northern Ireland as benefit levels are set by reference to average wage levels in Great Britain; this results in higher rates of benefit being paid in Northern Ireland than would be the case if they were set by reference to economic conditions here.

### IT context

At an operational level, the social security systems in Great Britain and Northern Ireland have developed in parallel and have very close inter-relationships. Virtually all the social security benefits paid in Northern Ireland are processed on computer systems provided and operated by the Department for Work and Pensions. Any changes to the IT delivery system which are outside of the parity arrangements could result in the Department for Social Development having to fund the development and purchase of a separate computer system or having to pay the full cost of having access to, and fully funding any modifications to, the Great Britain system. Similar arrangements apply in respect of child support. Given the complexity of the social security and child support systems clerical delivery is not a realistic alternative and they would be impossible to deliver without access to computer systems.

## Economic Imperative

The Northern Ireland social security system is heavily subsidised by Great Britain. Contributory benefits are financed from the Northern Ireland National Insurance Fund. However, the revenue raised for the fund through the collection of national insurance contributions has been insufficient to meet the cost of contributory benefits in Northern Ireland for many years. The Northern Ireland Fund has to be balanced each year by a compensatory payment from the Great Britain National Insurance Fund. The amount of financial assistance from the Great Britain National Insurance Fund and the money received to fund non-contributory benefits, which are demand led and financed out of taxation, can exceed the total amount raised in income tax in Northern Ireland. The funding, which amounts to nearly £4 billion per annum, is predicated on the maintenance of parity and this is outlined in HM Treasury's Statement of Funding Policy.

## **Need for Reform**

The need for reform of the welfare system was outlined in a series of government publications including the consultation document "21st Century Welfare" and a "White Paper - Universal Credit: welfare that works"

There are three key problems with the current system:

- **The system is too complex** both in terms of administration and for claimants. People often need to provide the same information to numerous agencies and entitlement to benefit paid by one agency can affect the benefit paid by another.
- **Work incentives for some groups are poor.** The financial incentives to enter work at less than 16 hours per week are relatively low and the rate at which benefits and tax credits are withdrawn means that some people see no more than a few pence for every extra £1 earned – resulting in the perception that work does not pay.
- In addition demographic changes mean that **the cost of the welfare system is predicted to rise at a time when we can least afford it.** Consequently reform is required to ensure that support is targeted more efficiently to protect the most vulnerable in our society.

It is against these constraints that the Welfare Reform Bill was introduced in the Northern Ireland Assembly on 1 October 2012.

## **The Welfare Reform Bill**

In progressing the Northern Ireland Welfare Reform Bill Minister McCausland seeks to make the social security system simpler, fairer, more affordable and better able to tackle poverty and welfare dependency.

The fundamental aim of the welfare reform agenda is to tackle long standing issues within the existing welfare system which are considered to be at odds with the original premise upon which the social security system was conceived and with how modern society functions.

The intention is to promote the fact that work always pays and to incentivise individuals to enter the labour market. Over time, the perception that there may be a financial risk for people moving from benefits into work has grown and this needs to be addressed. By allowing those moving into work to keep more of what they earn, and by reducing support gradually as earned income increases, it is hoped that this will encourage people on benefits to see work as a more effective route out of benefit and welfare dependency.

### **Wider Policy Context**

In the Programme for Government 2011-15 the Northern Ireland Executive outlined its commitment to growing a sustainable economy and investing in the future. This will be achieved by creating opportunities, tackling disadvantage and improving health and well-being and the Executive has recognised that Welfare Reform is part of this process.

Some of the key commitments made by the Executive include:

- The establishment of an advisory group to assist Ministers in alleviating hardship including any implications of the UK Government's Welfare Reform Programme (OFMdfM);
- Publication and implementation of a Childcare Strategy with key actions to provide integrated and affordable childcare (OFMdfM);
- Developing and implementing a Financial Capability Strategy for consumers (DETI);
- Developing and implementing a Strategy to reduce economic inactivity through skills, training, incentives and job creation (DETI / DEL); and
- Delivering a range of measures to tackle poverty and social exclusion through the Delivering Social Change delivery framework (OFMdfM).

The Delivering Social Change Framework seeks to co-ordinate key actions across Government Departments to take forward work on priority social policy areas. It aims to deliver a sustained reduction in poverty and associated issues across all ages and improve children and young people's health, well being and life opportunities thereby breaking the long term cycle of multi-generational problems.

The framework has already produced "A Strategy to improve the lives of people with disabilities 2012 – 2015" and "A Children and Young Persons early action document". The disability strategy states that Welfare Reform should be supported by programmes that will ensure appropriate and sustainable employment opportunities for people with disabilities. In addition the children and young person's document recognises that the framework may in the short-term, have to help to alleviate increases in overall poverty and social exclusion levels among children and young people here.



Further, under the Programme for Government an Advisory Group has been set up to assist Ministers in alleviating hardship, including any unwanted impacts of the Coalition Government's Welfare Reform programme. It is through measures like this outside of the social security system that any mitigation will mainly be considered.

The equality impact assessment which accompanied the Programme for Government recognised that there were some inequalities in Northern Ireland society but highlighted measures which had the potential to reduce inequalities across all Section 75 groups. Overall, there is clear potential for positive impact through effective delivery of the Executive's priorities within the Programme for Government.

Both the Programme for Government and the accompanying equality impact assessment are available online at <http://www.northernireland.gov.uk>.

## **Section 2 – Assembly Consideration and Scrutiny**

### **Social Development Committee**

The Welfare Reform Bill was referred to the Social Development Committee (the Committee) for consideration on completion of the Second Stage of the Bill on 9 October 2012.

The Committee heard oral evidence and received written submissions from key stakeholders including women's and family groups, disability groups, trade unions, housing groups, the Equality Commission, the Human Rights Commission and the NI Council for Ethnic Minorities. Department officials also provided evidence to the Social Development Committee and provided written clarification on issues raised by other stakeholders.

During evidence sessions committee members became concerned that the Bill was not fully compliant with equality and human rights requirements; they therefore brought a motion to the Assembly to set up an Ad Hoc Committee to specifically address these concerns. The Assembly supported this motion and the formal Committee Stage of the Bill was suspended from 20 November to 29 January 2013 whilst the Ad Hoc Committee completed its scrutiny. The Committee resumed its consideration of the Bill on 30th January and agreed its report on 14 February. The Committee's report is available on the Assembly's website.

<http://www.niassembly.gov.uk/Documents/Reports/Social-Development/8856%20Complete%20Version.pdf>

### **Ad Hoc Committee on Conformity with Equality and Human Rights Requirements**

The Ad Hoc Committee was established on 20 November 2012 and submitted its report to the Assembly on 22 January 2013; during this time the scrutiny of the Bill by the Social Development Committee was suspended.

The Ad Hoc Committee took oral evidence and accepted written submissions from a number of representative bodies, including the Equality Commission for Northern Ireland and the Northern Ireland Human Rights Commission.

In addition the Chairperson and Deputy Chairperson met with the Chairperson of the House of Lords and House of Commons Joint Committee on Human Rights to gain an insight into the approach used by that Committee in its scrutiny of Westminster legislation.

The Ad Hoc Committee made recommendations which it considered would promote the continued monitoring of equality and human rights considerations. While members believed that the Committee's scrutiny had revealed a number of areas of concern they concluded that they could not

identify any specific breaches of equality or human rights within the Welfare Reform Bill. The report is available on the Assembly's website.

<http://www.niassembly.gov.uk/Documents/Ad-Hoc-Welfare-Reform-Committee/Report/NIA921115.pdf>

## **Recommendations**

Both the Social Development Committee and the Ad Hoc Committee have made recommendations for proposed changes to the Welfare Reform Bill. The recommendations currently being considered by the Executive include:

- A default position of twice monthly payments to all claimants (unless the claimant specifically opts for a monthly payment) and the payment of Universal Credit to the main or designated carer.
- Operational flexibilities around under occupancy provisions where no reasonable alternative accommodation is available.
- Revision of the claimant commitment provision to allow for a member of a couple to be treated as a single claimant in instances where one partner refuses to sign the claimant commitment.
- Revision of the proposed sanction regime to reduce the highest level of sanction from 3 years to 2 years.
- Extending entitlement to Contributory ESA beyond the proposed 12 month entitlement period.
- Use of “informal” cautions for cases of attempted fraud rather than imposing an administrative penalty and a review of administrative penalties to ensure proportionality.
- Retention of a child disability premium equivalent to the existing arrangements under Child Tax Credits.
- Retention of the severe disability premium currently paid to those in receipt of higher rate ‘care’ component of DLA.

A full list of the Social development Committee's recommendations is at **Annex 2**.

## **Executive Sub-Committee**

At its meeting on 15 December 2011 the Northern Ireland Executive agreed to the establishment of an Executive Sub Committee on Welfare Reform to focus on developing an Executive response to mitigate against negative impacts and develop policy proposals to achieve potential long term benefits for the

people of Northern Ireland. The Terms of Reference for the Committee are outlined at **Annex 3**.

The Executive Sub-Committee has considered papers on a range of issues including: passported benefits; payment flexibilities including payment frequency, payments to the main carer, direct payments of rent to landlords; and under occupancy.

### **Ministerial Action**

Minister McCausland is aware of the concerns raised by both claimants and elected representatives in relation to some elements of the Welfare Reform Bill. He has engaged extensively with stakeholders and Lord Freud, Minister for Welfare Reform, and officials in the Department for Work and Pensions to ensure that the needs of Northern Ireland claimants are taken into account.

Unlike the rest of the UK, the Minister has secured some flexibilities in the way in which Welfare Reform is to be implemented in Northern Ireland. These include:

- Payment frequency – payments to be made twice monthly on request;
- Direct payments of housing costs to all landlords in all cases unless the claimant opts out;
- Split payments – payments to be split between both members of a couple in a joint claim.

While the Minister would be supportive of amending some clauses in line with the Social Development Committee's recommendations he is unable to do so without the support of the Northern Ireland Executive. Any financial costs resulting from divergence between the Northern Ireland system and policy in Great Britain would need to be met by the Executive from the Northern Ireland block grant and this has significant implications for other spending priorities such as schools, hospitals and roads.

The proposed changes are currently being considered by Minister and the Executive and any additional mitigation will be considered further when a decision has been taken on the financial implications.

## **Section 3 - Equality Duties**

The Department is committed to the fulfilment of its Section 75 statutory duties and proactively seeks to integrate equality considerations into its day to day business. Significant progress has been made over the last 12 months in gathering additional data and research to inform and support the Departmental Equality Scheme and policy development generally. Full details of the Department's research programme are outlined at **Annex 1**.

### **Welfare Reform – Equality Impact Assessment**

Prior to the introduction of the Bill in the Assembly and in line with its equality duties the Department carried out and consulted on an Equality Impact Assessment on the policy proposals. The document was sent directly to 65 different organisations / bodies as well as being made available on the Department's website. A total of 27 responses representing the views of 37 groups and individuals were received.

The majority of respondents accepted the general principles of the Bill but had concerns about some of the individual proposals and their potentially negative impact on particular groups.

In addition they felt the Department's supporting data and research was insufficient and out of date as statistics derived from the Policy Simulation Model relied on data from the Family Resources Survey 2008/09.

The Department recognised that there were shortcomings in the data available originally and gave a commitment that the statistics would be updated when new data was available.

The Policy Simulation Model has since been revised and now reflects data from the Family Resources Survey 2010/11. The revised statistical analysis is outlined in Section 4. Additional Welfare Reform Information booklets have also been prepared by the Department's Analytical Services Unit; as these booklets are published they are made available on the Department's website <http://www.dsdni.gov.uk/welfare-reform-publications.htm>. The chapters which have been published to date cover:

- Personal Independence Payments
- Changes to Housing Support
- Employment and Support Allowance
- The Benefit Cap
- Universal Credit

### **Academic advice**

Furthermore the Department has secured the services of Dr John Kremer to provide independent academic advice and guidance in relation to equality considerations of Welfare Reform, including screening of the supporting regulations.

## Key Principles

Although the proposals for Welfare Reform remain contentious we thought it would be helpful to identify the key principles around which there is broad consensus, these are:

1. Fundamental need for reform of benefit system as existing system is overly complex, burdensome and inequitable;
2. Any reform must be based on sound data and not conjecture or anecdotal evidence;
3. In line with Executive priorities, the overall distribution of benefits should contribute to reducing levels of poverty across NI, with a particular focus on child poverty;
4. A reformed benefit system should aim to ensure that for those who are capable, work pays and to encourage more people to see work as the best route out of poverty;
5. Parity with the rest of the UK should continue to guide reform except where local circumstances dictate the necessity to deviate from that principle and where there is support from other Executive funds or programmes;
6. The focus of the reform should therefore fall on those of working age;
7. The distribution of benefit must acknowledge real and practical constraints and barriers, e.g. availability of suitable housing and access to job opportunities, and the Executive must work together to address these;
8. The amount of benefits payable within any single household should not exceed the amount that is fair reasonable and proportionate in comparison with an equivalent household that is in full time work;
9. Any reform of disability benefits should better reflect today's understanding of disability, help to address the barriers disabled people face in participating in society and the capacity to lead a full, active and independent life;
10. Housing benefits for social sector tenants should be proportionate to a household's requirements for living, including the number of bedrooms required in line with that payable to those in similar circumstances in the private rented sector;
11. All reforms must have due regard to the need to promote equality of opportunity; and

12. All reforms must pay regard to the desirability of promoting good relations and human rights, while operating within budgetary constraints as determined by the Coalition Government and the NI Executive.

## SECTION 4 – Revised data and statistics

### Part 1: Universal Credit

The impact of the new Universal Credit policy has been assessed through the use of the NI Policy Simulation Model (PSM). The PSM is a micro-simulation model used for poverty and scenario analysis and produces outputs including the financial impacts on different demographic groups from policy changes to the tax and benefits system. The PSM is based on the Family Resources Survey (FRS) and therefore has coverage of the same Section 75 groupings as the main survey. i.e. Religious Belief, Racial Group, Men/Women, Marital Status, Age, Persons with a disability, Persons with dependents.

Questions were added to the FRS 2011-12 survey year to cover Political Opinion and Sexual Orientation for the first time. Analysis of the 2011-12 datasets will not however be available until late 2013. Thereafter the new survey data will be fed into future iterations of the PSM. However given that detailed validation checks are required, it is unlikely that a revised PSM using 2011/12 data will be available before Spring / Summer 2014.

The sample size for the FRS is approximately 2,000 households per annum. This sample size is sufficient to allow an assessment of a particular issue at a Northern Ireland level. However, Section 75 analysis on specific sub groups or geographies (particularly small area geographies) may be limited. Any FRS sub-analysis should ideally be based on a sample of 100 households or more in order to ensure a level of statistical validity. No sub-analysis at all should be produced if the sample is 30 or less. This is the rule that is also applied to the production of all PSM derived analysis. Failure to adhere to this rule could lead to a breach of the DSD statistical disclosure policy (which can be found using the attached link).

[http://www.dsdni.gov.uk/index/stats\\_and\\_research/about-national-statistics-protocols-compliance.htm](http://www.dsdni.gov.uk/index/stats_and_research/about-national-statistics-protocols-compliance.htm)

Production of analysis based on small sample sizes, would also be a breach of Principle 5 of the Code of Practice for Official Statistics (as enforced by the UK statistics Authority). Principle 5 relates to Confidentiality and required producers of official or national statistics to “....**Ensure that official statistics do not reveal the identity of an individual or organisation, or any private information relating to them, taking into account other relevant sources of information**”. The attached web link provides further information on this.

<http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html>

Where possible we have provided analysis in terms of the impacts of UC by equality group

As previously noted, data was not available for political opinion or sexual orientation. The sample size for the other equality groups was too small to



allow analysis to be produced in a way that would ensure statistical validity and data confidentiality (in line with the aforementioned guidance).

## Headline Statistics<sup>2</sup>

- Under the Full Entitlement model and a Universal Credit “Benefit Pool” of 305,000 households there will be: **115,000 households entitled to an average of £32 more per week; 102,000 households entitled to an average of £36 less per week; and 88,000 households will see no change.**
- Under the Take Up Adjusted model and a Universal Credit “Benefit Pool” of 287,000 households there will be: **102,000 households entitled to an average of £35 more per week; 86,000 households entitled to an average of £34 less per week; and 99,000 households will see no change.** This equates to an overall increase in entitlements of approximately £35 million per annum (2014/15 prices). This does not take into account the cost of transitional protection or savings due to reductions in Fraud and Error.
- Those with higher entitlement (based on the Take Up Adjusted model) will be: **couples with children who will gain £1.96 on average per week; and 64% (19,000) of renting families.** This is mainly due to a reduced benefit withdrawal rate. Universal Credit has a single withdrawal rate of 65%. Cases in receipt of Housing Benefit, in conjunction with other benefits under the current system tend to see a higher combined withdrawal rate as well as a more generous disregard combination and increased childcare support.
- Those with a lower entitlement (based on the Take Up adjusted model) will be: **people who receive new Tax Credits, work full time and are in receipt of no other benefits**, this equates to over half (45,000) of all identified cases with lower entitlements. This is due to an increase in their taper rate. Working Tax Credit is currently tapered at 41% whilst under Universal Credit it will be 65% so they lose their entitlement at a faster rate. **Almost 20% (28,000) of workless households will receive a lower entitlement under Universal Credit.** The majority of these cases will be due to changes to the disability premiums. However, in many cases, workless households will experience no change to their entitlement in static financial terms. This is due to the fact they do not benefit from an earnings disregard, and their basic benefit rates remain as in the current benefit system. This is true for 62% of workless households.
- Through the development of **Transitional Protection** there is a commitment to ensure that **no one will experience a reduction in the**

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<sup>2</sup> Headline Statistics taken from the *Universal Credit Information Booklet* prepared by Analytical Services Unit, DSD [www.dsdni.gov.uk/uc-impact-booklet-transitional-protection.pdf](http://www.dsdni.gov.uk/uc-impact-booklet-transitional-protection.pdf). Any perceived discrepancies between the headline statistics and the data in tables 1-9 can be accounted for through the further breakdown of data by Section 75 groups and subsequent rounding.

**total benefits** they are receiving as a result of the introduction of Universal Credit, **for as long as their circumstances remain the same.**

- The breakdown of work incentives under Universal Credit are as follows: **80,000 individuals will have a higher Marginal Deduction Rate under Universal Credit – Median increase 4%; 30,000 individuals and will have a lower Marginal Deduction Rate under Universal Credit – Median decrease 41%.** Under the current system, Marginal Deduction Rates are 100% for anyone working while in receipt of income-related benefits and earning above the disregard level. Under Universal Credit, every hour of work pays.
- Under the Universal Credit system **33,000 households will be newly taking up/taking up more benefit as a result of Universal Credit.** Primarily this is due to changes in entitlement, increases in take-up, and the integrated nature of the Universal Credit system.
- **More governmental support shall be provided under Universal Credit.** Current Tax credit rules state that childcare is only available to parents who work more than 16 hours per week. Universal Credit will remove this requirement and provide support to parents regardless of how many hours they work.

### **What is Universal Credit?**

Universal Credit is a radical new approach to welfare:

- It will bring together different forms of income-related support and provide a simple, integrated benefit for people in or out of work.
- It will consist of a basic personal amount (similar to the current Jobseeker's Allowance) with additional amounts for disability, caring responsibilities, housing costs and children.
- As earnings rise, Universal Credit will be withdrawn at a constant rate of around 65 pence for each pound of net earnings. Higher earnings disregards will reinforce work incentives for selected groups.
- The clear financial incentive provided by Universal Credit will be backed up by a strong system of conditionality with unemployed people who can work being required to take all reasonable steps to find and move into employment.
- Strengthened conditionality will in turn be supported by a new system of financial sanctions. The new sanctions will provide greater incentives for people to meet their responsibilities.

When introduced, Universal Credit will initially apply to new claims. It will be phased in for existing benefit and Tax Credit recipients. There will be no cash losers at the point of change, ensuring that no one will see their benefits reduced when Universal Credit is introduced.

The policy rationale is to remove the financial and administrative barriers to work inherent in the current welfare system. The goal of the reform is to

ensure that work always pays and to encourage more people to see work as the best route out of poverty.

## **Delivery**

Overall administration of the benefit will be managed by a single delivery agency in one department – the Social Security Agency in the Department for Social Development. The aim is to make this simpler than current arrangements where delivery of benefits is administered through the different organisations such as the Social Security Agency, HM Revenue and Customs and NI Housing Executive.

Under Universal Credit, claims will be made individually by single people or jointly by both members of a couple. Most Universal Credit claims will be made online – consistent with the Government's aim to transform our services to claimants by putting digital services at the centre of the business.

Over recent years the Northern Ireland Executive has invested heavily in upgrading the telecoms infrastructure to improve the accessibility of broadband. This is set to continue with DARD intending to invest £5million in rural broadband through the Rural Development Programme over the next two years<sup>3</sup>. The Department of Enterprise, Trade and Investment funded Next Generation Broadband Project, which completed in March 2012, has enabled Northern Ireland to have the highest availability of superfast broadband services in the UK. Ofcom estimates that 94% of homes in Northern Ireland had access to superfast broadband services by March 2012, compared to a UK-wide figure of 60%<sup>4</sup>.

Universal Credit will be more responsive to changes in income and other circumstances. The new system will adjust payments according to income reported through an upgraded real-time information version of the Pay-As-You-Earn tax system<sup>5</sup>. The system will reduce the need for claimants to inform the Government of changes in their income and will be more responsive to those changes so as to ensure that people receive additional help quickly should their incomes fall; it will tackle the problems people have experienced with the annual, retrospective, calculation of tax credits. As a result claimants will be much clearer about their entitlements and the effects of increasing their earnings, for example by taking on more hours or overtime.

Universal Credit will offer support to those claimants who are self employed insofar as self-employment is the best route for them to become financially independent. This policy will include the introduction of a Minimum Income Floor which is an amount of assumed income from self-employment. This will limit the amount of Universal Credit a claimant can receive while declaring themselves to be self-employed on low income. This approach is aimed at limiting the extent to which Universal Credit subsidises underemployment and

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<sup>3</sup> DARD press release 8 January 2013

<sup>4</sup> Ofcom: Communications Market Report – Northern Ireland (2012)

<sup>5</sup> HM Revenue and Customs has consulted on *Improving the operation of PAYE: Collecting Real Time Information*

long-term low-earning businesses. The coalition Government believes that by applying a Minimum Income Floor (MIF) this will encourage and incentivise individuals to increase their earnings through developing their self employment. The MIF has been set at an appropriate level so that claimants become less reliant on benefits.

Claimants with self-employed income (whether they are required to meet work search conditionality requirements or not) will be required to report this to the Social Security Agency on a monthly basis. Monthly reporting will allow Universal Credit to be adjusted on a monthly basis, which will ensure that claimants whose income from self-employment falls do not have to wait several months for a rise in their Universal Credit. It should also help claimants to keep simple records which give them a stronger hold on their business finances. In steady state, claimants will be required to report their income using a tool within their personal online account. Claimants will receive messages towards the end of each assessment period alerting them that they will need to make an income report once the assessment period has finished. The reporting tool will be available to the claimant as soon as the assessment period ends. As soon as he/she submits the income report, the household Universal Credit payment will be calculated and payment made.

## **Conditionality**

Currently claimants in receipt of some out of work benefits are expected to meet certain work-related conditions. In particular, jobseekers must actively search for and be available for employment as conditions of entitlement to Jobseeker's Allowance. Under Universal Credit, the Government will extend this work-related requirement, where appropriate and dependent on the particular circumstances of individual claimants. However, people with regular and substantial caring responsibilities, limited capability for work and work-related activity will not have any work related conditions placed upon them. All claimants will be required to accept a 'claimant commitment'.

## **Transitional protection**

The move to a simpler system will change the level of entitlements for some households. A package of transitional protection has been developed in order to ensure that no claimant becomes a cash loser as a direct result of the move to Universal Credit **for as long as circumstances remain the same.**

Transitional protection only applies to cases that do not have a change of circumstances and are therefore moved to Universal Credit through a "Managed Migration". Also if the household has a change of circumstances once they have moved to Universal Credit then transitional protection will be lost.

A change in circumstances is one which leads to a re-evaluation of the benefit. This includes changes such as moving from in-work to out-of work (Working Tax Credits to Jobseeker's Allowance / Income Support), a change of address (a new Housing Benefit claim) and a first child entering the

household (a new Child Tax Credit claim) as well as various other examples which will be set out in regulations.

The value of this transitional protection will steadily decrease over time even when there is not a change of circumstances. This is because the transitional protection amount will not be up-rated year on year, so as the amount of Universal Credit payable increases the amount of transitional protection decreases until the Universal Credit reaches same rate or transitional protection ceases for another reason.

### Changes to Entitlement: Higher & Lower Entitlements

Tables 1 - 3 show the impact of Universal Credit on the level of entitlement in the steady-state i.e. after transitional protection has been fully eroded. They show the number of households who see an increase, reduction or no change in their entitlement along with the proportion in each group and the average weekly change. 70% of households (201,000) will see either no change or higher entitlement. The 36% (102,000) of households who have a higher entitlement will see an average gain of £35 per week. The 30% (86,000) of households who will see a lower entitlement will have an average loss of £34 per week.

**Table 1: Entitlement changes for households in the population pool: segmented by age of the head of the household<sup>6</sup>**

		<b>Higher Entitlement</b>	<b>Lower Entitlement</b>	<b>No Change</b>	<b>Total</b>
<b>Under 25</b>	<b>Households</b>	16,000	14,000	20,000	50,000
	<b>% Change</b>	32%	29%	39%	
	<b>Average Change (£pw)</b>	£ 24	-£ 18	£ -	£ 3
<b>25-49</b>	<b>Households</b>	64,000	54,000	51,000	169,000
	<b>% Change</b>	38%	32%	30%	
	<b>Average Change (£pw)</b>	£ 35	-£ 30	£ -	£ 3
<b>Over 50</b>	<b>Households</b>	22,000	17,000	28,000	67,000
	<b>% Change</b>	33%	26%	41%	
	<b>Average Change (£pw)</b>	£ 44	-£ 59	£ -	-£ 1
<b>All Households</b>	<b>Households</b>	102,000	86,000	99,000	287,000
	<b>% Change</b>	36%	30%	34%	
	<b>Average Change (£pw)</b>	£ 35	-£ 34	£ -	£ 2

Source: DWP Policy Simulation Model (based on FRS 2010/11).

<sup>6</sup> On the Family Resources Survey, the head of household is defined as the person with the highest income. Where more than one person in the household are in receipt of benefit, then the oldest person is defined as the head of household.

*Caseloads rounded to the nearest 1000 households. Entitlement changes are rounded to the nearest £1. Percentages are rounded to the nearest percentage point.*

Table 1 shows the impact of Universal Credit on the level of entitlement in the steady-state that is after transitional protection has been fully eroded.

- 39% (20,000) of under 25s will see no change in their entitlement and a further 32% (16,000) are likely to see an increase in their entitlement of £24 per week on average. Under 25s experience the lowest average reduction in their entitlement (£18 per week).
- 38% (64,000) of 25-49 year olds are likely to see an increase of £35 per week in their entitlement, with 32% (54,000) more likely to see a reduction in their entitlement of £30 per week on average.
- Over 50s are the least likely to see a reduction in their entitlement as 41% (28,000) will experience no change and a further 33% (22,000) are likely to see an increase in their entitlement of £44 per week on average. However 17,000 (26% of claimants) over 50s also face the largest average reduction (£59 per week).

Overall the change for all households is a higher entitlement of £2 per week. Those aged over 50 are the only group to receive a lower entitlement of £1.

Table 2 below shows the entitlement changes by gender and family type.

**Table 2: Entitlement changes for households in the population pool: segmented by gender and family type.**

		<b>Higher Entitlement</b>	<b>Lower Entitlement</b>	<b>No Change</b>	<b>Total</b>
<b>Single Male</b>	<b>Households</b>	14,000	12,000	55,000	80,000
	<b>% Change</b>	17%	15%	68%	
	<b>Average Change (£pw)</b>	£ 39	-£ 39	£ -	£ 1
<b>Single Female</b>	<b>Households</b>	43,000	31,000	33,000	107,000
	<b>% Change</b>	41%	29%	31%	
	<b>Average Change (£pw)</b>	£ 30	-£ 25	£ -	£ 5
<b>Couples</b>	<b>Households</b>	45,000	43,000	11,000	99,000
	<b>% Change</b>	45%	43%	12%	
	<b>Average Change (£pw)</b>	£ 38	-£ 39	£ -	£ 0
<b>All Households</b>	<b>Households</b>	102,000	86,000	99,000	287,000
	<b>% Change</b>	36%	30%	34%	
	<b>Average Change (£pw)</b>	£ 35	-£ 34	£ -	£ 2
<b>Households with men</b>	<b>Households</b>	59,000	55,000	66,000	180,000
	<b>% Change</b>	33%	31%	37%	
	<b>Average Change (£pw)</b>	£ 38	-£ 39	£ -	£ 1
<b>Households with women</b>	<b>Households</b>	88,000	74,000	44,000	206,000
	<b>% Change</b>	43%	36%	21%	
	<b>Average Change (£pw)</b>	£ 34	-£ 33	£ -	£ 3

Source: DWP Policy Simulation Model (based on FRS 2010/11).

Caseloads rounded to the nearest 1000 households. Entitlement changes are rounded to the nearest £1. Percentages are rounded to the nearest percentage point.

Table 2 shows that 45% (45,000) of couples and 41% (43,000) of single females see increases in their entitlements compared to 17% (14,000) of single men. This is partly because couples and single females are more likely to be in the groups who are receiving tax credits and other benefits. As a result they will benefit from the lower taper and also, if they have children, from the higher earnings disregard.

Of the 45,000 (45%) of couples receiving higher entitlement, the average increase is £38 per week with 43,000 (41%) single females receiving an additional £30 per week and 14,000 (17%) single males receiving an additional £39 per week.

43,000 (43%) of couples and 12,000 (15%) single males will see a lower entitlement averaging -£39 per week, whilst 31,000 (29%) single females will see an average reduction of £25 per week.

Overall the average change in entitlement is higher for single females (£5) and households with women (£3). This could be because a higher proportion of households with children experience higher entitlements under Universal Credit. Couples with one partner under and one over qualifying age for Pension Credit may see a decrease in their entitlement as they would have previously have qualified for more generous allowances available under Pension Credit. Existing couples will receive transitional protection as long as circumstances remain the same.

Of those with lower notional entitlements, the majority tend to be households with higher incomes who see an increase in their taper under Universal Credit.

Table 3 below shows the entitlement changes by disability status.

**Table 3: Entitlement changes for households in the population pool: segmented by disability status.**

		Higher Entitlement	Lower Entitlement	No Change	Total
<b>Disabled</b>	<b>Households</b>	40,000	32,000	47,000	119,000
	<b>% Change</b>	33%	27%	40%	
	<b>Average Change (£pw)</b>	£ 38	-£ 42	£ -	£ 2
<b>Not Disabled</b>	<b>Households</b>	62,000	54,000	51,000	168,000
	<b>% Change</b>	37%	32%	31%	
	<b>Average Change (£pw)</b>	£ 33	-£ 29	£ -	£ 3
<b>All Households</b>	<b>Households</b>	102,000	86,000	99,000	287,000
	<b>% Change</b>	36%	30%	34%	
	<b>Average Change (£pw)</b>	£ 35	-£ 34	£ -	£ 2

Source: DWP Policy Simulation Model (based on FRS 2010/11).

Caseloads rounded to the nearest 1000 households. Entitlement changes are rounded to the nearest £1. Percentages are rounded to the nearest percentage point.

Disabled defined as those adults in part of the Assessment Unit those with difficulty in one or more of the following 9 categories: Mobility (moving about), with ability to lift/carry/move objects, manual dexterity (using hands for daily tasks), continence, communication (speech hearing or eyesight), memory/ concentration/learning/understanding, understanding when in physical danger, physical co-ordination (e.g. balance), and difficulty in Other area of life.

The Welfare Reform Bill provides for an additional amount to be payable for any dependent child or young person who is disabled and / or an additional amount to the claimant and their partner if they have limited capability for work and work related activity or substantial caring responsibility.

The Social Development Committee expressed concern about the removal of the Severe Disability Premium. Currently a person qualifies for the severe disability premium if they are in receipt of a qualifying benefit: DLA (highest or



middle rate of the care component), Constant Attendance Allowance or Exceptionally Severe Disablement Allowance; and has no-one receiving Carer's Allowance for her/him; and has no non-dependants aged eighteen or over normally residing with them.

Universal Credit will be a radical simplification of current benefits and entails abolition of all existing premiums and additions with the savings used to recycle support to those with limited capability for work or work related activity. Rather than a severe disability premium a claimant is likely to receive the limited capability for work and work related activity element. As part of the Welfare Reform changes, as resources become available, the Coalition Government intends to raise the weekly rate of the support component of Employment and Support Allowance (equivalent to £34.80 today) in stages to around £81 per week. This will help to focus resources more effectively on the most severely disabled people.

For disabled children, the proposal is to mirror the two elements for adults. The higher rate will be based on the child being eligible for the highest rate of the Disability Living Allowance care component (and widened to include children who are registered blind). The lower rate will be based on the child being eligible for the other rates of Disability Living Allowance and would be less than now (£28.53 (rounded) instead of £53.84) to mirror the limited capability for work element for adults. The higher rate disabled child addition will be £81.44 per week (rounded). This change is intended to provide increased support for the most severely disabled children. Payments for disabled children and adults need to be aligned as between 2003 and 2010 the up-rating of child payments increased at a faster rate than those of adults. The Coalition Government believes that this represents the best allocation of resources as savings from changes to the current system are being used to support the most severely disabled people.

Within Universal Credit claimants will only qualify for a limited capability for work element or a carer element, not both. This reflects the fact that the elements are paid in respect of not being able to work through either a medical condition or by virtue of caring responsibilities. However, households will still be able to get a limited capability for work element for one member and the carer element for the other member.

### **No change in entitlement**

Table 3 shows that households with a disabled person are less likely to see a change in their entitlement compared to non-disabled households (40% (47,000) compared with 31% (51,000)); this is because disabled persons are more likely to be out of work.

### **Higher entitlement**

For those households who do see an increase in their entitlement, the average gain is higher for households with a disabled person (£38 per week) than households without a disabled person (£33).

40,000 (33%) disabled persons and 62,000 (37%) non disabled persons will see an increase in entitlement.

### **Lower entitlement**

For households who will experience a lower entitlement than the current system, the average change is larger for disabled households (-£42) than for non-disabled households (-£29).

The table shows that 32,000 disabled and 54,000 non disabled will see lower entitlements.

Overall 86,000 households (30%) will see lower entitlements, 99,000 (34%) will see no change and 102,000 (36%) will see an average gain of £35 per week.

These larger than average gains and losses are due to the reallocation of resources within support for disabled people, where funding has been targeted at the most severely disabled. However, the transitional protection arrangements put in place will mean there are no cash losers as a direct result of the move to Universal Credit where circumstances remain the same.

### **Impact on incentives to move into work**

Tables 4 – 9 show the impacts on work incentives broken down by section 75 categories where available. Overall there is no significant adverse impact on gender, age, disabled person or non disabled persons.

The improvements on work incentives are due to key features underpinning the policy intention of Universal Credit. These include, the single taper (65%), higher earnings disregards and the fact that childcare costs will be available regardless of the number of hours worked.

The Participation Tax Rate (PTR) is a measure of the financial reward for entering work – it measures the proportion of total earnings lost as a result of the withdrawal of benefits and taxation. A high PTR means the financial incentive to work is low, and a low PTR means that the incentive is higher.

Tables 4 - 7 show the positive impact of Universal Credit on the distribution of PTRs for people moving into ten hours of work per week at the minimum wage. There is a significant reduction in the number of households facing a PTR of over 70%.

**Table 4: Percentage distribution of PTRs for first earners in a workless household at ten hours per week by age**

	Current			Universal Credit		
	Under 25s	25-49	50+	Under 25s	25-49	50+
<b>Below 60%</b>	*	*	29%	92%	98%	96%
<b>60% to 70%</b>	36%	65%	56%	-	*	*
<b>70% to 80%</b>	-	-	*	-	-	*
<b>80% to 90%</b>	*	*	*	*	*	*
<b>90% to 100%</b>	31%	26%	*	*	*	*
<b>Total</b>	<b>33,000</b>	<b>70,000</b>	<b>55,000</b>	<b>33,000</b>	<b>71,000</b>	<b>56,000</b>

Source: DWP Policy Simulation Model (based on FRS 2010/11).

Percentages are rounded to the nearest percentage point.

Bottom row contains the total number of people in each column, rounded to nearest 1000.

“\*” Less than 10,000 households, based on less than 30 sample cases and therefore subject to FRS suppression rules.

“-” denotes no sample cases.

First-earners of all workless households, including those not entitled to income-related benefits, tax credits or Universal Credit.

Table 4 shows that the change to Universal Credit will have a positive impact across all age groups for people moving into ten hours of work per week at the minimum wage. The increase is highest for households where the head is aged 25 – 49. Under Universal Credit 98% of people in the age bracket 25 – 49 years will see a PTR of under 60%. Over 96% of 50 year olds will see a PTR rate of below 60%.

**Table 5: Distribution of PTRs for first earners in a workless household at ten hours per week by gender**

	Current		Universal Credit	
	Male	Female	Male	Female
<b>Below 60%</b>	13%	20%	95%	97%
<b>60% to 70%</b>	47%	66%	*	*
<b>70% to 80%</b>	*	*	*	*
<b>80% to 90%</b>	*	*	*	*
<b>90% to 100%</b>	32%	*	*	*
<b>Total</b>	<b>82,000</b>	<b>76,000</b>	<b>82,000</b>	<b>77,000</b>

Source: DWP Policy Simulation Model (based on FRS 2010/11).

Percentages are rounded to the nearest percentage point.

Bottom row contains the total number of households in each column, rounded to nearest thousand.

“\*” Less than 10,000 households, based on less than 30 sample cases and therefore subject to FRS suppression rules.

First-earners of all workless households, including those not entitled to income-related benefits, tax credits or Universal Credit.

Table 5 shows that both males and females experience an improvement in the distribution of PTRs for people moving into ten hours of work per week at the minimum wage. 95% of males and 97% of females will have a PTR of less than 60% under Universal Credit. This means the incentive to work will be high.

**Table 6: Distribution of PTRs for first earners in a workless household at ten hours per week by disability status**

	Current		Universal Credit	
	Disabled	Non Disabled	Disabled	Non Disabled
<b>Below 60%</b>	*	24%	98%	94%
<b>60% to 70%</b>	80%	34%	-	*
<b>70% to 80%</b>	*	*	*	*
<b>80% to 90%</b>	*	*	*	*
<b>90% to 100%</b>	*	32%	*	*
<b>Total</b>	76,000	82,000	76,000	83,000

Source: DWP Policy Simulation Model (based on FRS 2010/11).

Percentages are rounded to the nearest percentage point.

Bottom row contains the total number of households in each column, rounded to nearest thousand.

‘\*’ Less than 10,000 households, based on less than 30 sample cases and therefore subject to FRS suppression rules.

‘-’ denotes no sample cases.

First-earners of all workless households, including those not entitled to income-related benefits, tax credits or Universal Credit.

Disabled defined as those adults in part of the Assessment Unit with difficulty in one or more of the following 9 categories: Mobility (moving about), with ability to lift/carry/move objects, manual dexterity (using hands for daily tasks), continence, communication (speech hearing or eyesight), memory/ concentration/learning/understanding, understanding when in physical danger, physical co-ordination (e.g. balance), and difficulty in Other area of life.

Table 6 shows that the proportion of disabled people with a PTR of below 60% increases from fewer than 10,000 cases to 98% on the introduction of Universal Credit. For people without a disability the proportion with a PTR of below 60% increases from 24% to 94%. This means the incentive to work ten hours per week is high.

**Table 7: Percentage distribution of PTRs for first earners in a workless household at ten hours per week by ethnicity**

	Current		Universal Credit	
	Ethnic Minority	White	Ethnic Minority	White
<b>Below 60%</b>	*	16%	*	96%
<b>60% to 70%</b>	*	56%	-	*
<b>70% to 80%</b>	-	*	-	*
<b>80% to 90%</b>	*	*	-	*
<b>90% to 100%</b>	*	22%	-	*
<b>Total</b>	*	156,000	*	157,000

Source: DWP Policy Simulation Model (based on FRS 2010/11).

Percentages are rounded to the nearest percentage point.

Bottom row contains the total number of households in each column, rounded to nearest thousand.

‘\*’ less than 10,000 cases.

‘-’ denotes no sample cases.

First-earners of all workless households, including those not entitled to income-related benefits, tax credits or Universal Credit.

Table 7 shows the positive impact of Universal Credit on the distribution of PTRs for people moving into 10 hours of week per week at the minimum

wage. As there are less than 30 households within the Family Resources Survey from an ethnic minority the sample size is too small and therefore subject to suppression rules. The table shows, however, that 96% of those from a white background will now have PTRs below 60% compared to 16% in the current system.

### Impacts on incentives to increase hours of work

Table 8 shows the impact of Universal Credit on the financial incentive to increase hours of work as measured by Marginal Deduction Rate (MDR).

The MDR is the proportion of any extra earnings that is lost as a result of paying more tax and National Insurance and losing benefits. A higher Marginal Deduction Rate implies there is less incentive to increase earnings.

**Table 8: MDRs for households in the population pool in work (working age only) by age**

	Current			Universal Credit		
	Under 25s	25-49	50+	Under 25s	25-49	50+
<b>Below 60%</b>	62%	29%	*	*	27%	*
<b>60% to 70%</b>	-	*	-	*	14%	*
<b>70% to 80%</b>	*	58%	*	*	56%	*
<b>80% to 90%</b>	*	*	-	*	*	-
<b>Over 90%</b>	*	*	*	-	*	*
<b>Total</b>	<b>20,000</b>	<b>95,000</b>	<b>14,000</b>	<b>20,000</b>	<b>95,000</b>	<b>14,000</b>

Source: DWP Policy Simulation Model (based on FRS 2010/11).

Percentages are rounded to the nearest percentage point.

Bottom row contains the total number of people in each column, rounded to nearest 1000.

‘\*’ Less than 10,000 households, based on less than 30 sample cases and therefore subject to FRS suppression rules.

‘-’ denotes no sample cases.

Only includes households entitled to income-related benefits, tax credits or Universal Credit.

Table 8 shows the MDRs for households by age. This table shows that the biggest percentage, 56% of 25 – 49 year olds, as is the case under the current system, will see an MDR of around 70-80%. This means that there will be less incentive for this group to increase their earnings.

**Table 9: Distribution of MDRs for households in the population pool in work (working age only) by gender**

	Current		Universal Credit	
	Male	Female	Male	Female
<b>Below 60%</b>	*	44%	*	33%
<b>60% to 70%</b>	*	*	*	21%
<b>70% to 80%</b>	71%	41%	64%	44%
<b>80% to 90%</b>	*	*	*	*
<b>Over 90%</b>	*	*	*	*
<b>Total</b>	<b>45,000</b>	<b>84,000</b>	<b>45,000</b>	<b>84,000</b>

Source: DWP Policy Simulation Model (based on FRS 2010/11).

Percentages are rounded to the nearest percentage point.

Bottom row contains the total number of households in each column, rounded to nearest thousand.

*\*\** Less than 10,000 households, based on less than 30 sample cases and therefore subject to FRS suppression rules.

Only includes households entitled to income-related benefits, tax credits or Universal Credit.

Table 9 shows the breakdown of MDRs by gender. The table demonstrates that for males, under the current system 71% have an MDR of 70 – 80% but under the new system this will fall to 64%. For females slightly more than is currently the position will see an MDR of 70 – 80%.

**Table 10: Distribution of MDRs for households in the population pool in work (working age only) by disability status**

	Current		Universal Credit	
	Disabled	Non Disabled	Disabled	Non Disabled
<b>Below 60%</b>	*	36%	*	27%
<b>60% to 70%</b>	-	*	-	21%
<b>70% to 80%</b>	*	50%	*	49%
<b>80% to 90%</b>	*	*	-	*
<b>Over 90%</b>	*	*	-	*
<b>Total</b>	12,000	117,000	12,000	117,000

Source: DWP Policy Simulation Model (based on FRS 2010/11).

Percentages are rounded to the nearest percentage point.

Bottom row contains the total number of households in each column, rounded to nearest thousand.

*\*\** Less than 10,000 households, based on less than 30 sample cases and therefore subject to FRS suppression rules.

*‘-’* denotes no sample cases.

Only includes households entitled to income-related benefits, tax credits or Universal Credit.

Disabled defined as those adults in part of the Assessment Unit with difficulty in one or more of the following 9 categories: Mobility (moving about), with ability to lift/carry/move objects, manual dexterity (using hands for daily tasks), continence, communication (speech hearing or eyesight), memory/ concentration/learning/understanding, understanding when in physical danger, physical co-ordination (e.g. balance), and difficulty in Other area of life.

Table 10 shows MDRs by disability status. The position is very similar to now for both categories. 21% of non disabled people will see a MDR of 60-70% and 49% (compared to 50% currently) will see a MDR of 70-80%.

**Table 11: Distribution of MDRs for households in the population pool in work (working age only) by ethnicity**

	Current		Universal Credit	
	Ethnic Minority	White	Ethnic Minority	White
<b>Below 60%</b>	*	34%	-	27%
<b>60% to 70%</b>	-	*	-	19%
<b>70% to 80%</b>	-	52%	*	51%
<b>80% to 90%</b>	-	*	-	*
<b>Over 90%</b>	-	*	-	*
<b>Total</b>	*	129,000	*	129,000

Source: DWP Policy Simulation Model (based on FRS 2010/11).

Percentages are rounded to the nearest percentage point.

Bottom row contains the total number of households in each column, rounded to nearest thousand.

“\*” less than 10,000 cases.

“-” denotes no sample cases.

Only includes households entitled to income-related benefits, tax credits or Universal Credit.

Table 11 shows that just over half (51%) from a white background will have an MDR of between 70 – 80 % compared to 52% under the current system.

The Department also sought to quantify the impact on ethnic minorities as a result of the move to Universal Credit. Unfortunately there are few cases from an ethnic minority which are available for analysis in the Northern Ireland Policy Simulation Model. As the data is based on survey data (Family Resources Survey 2010/11), the sample sizes involved are too small to produce any meaningful analysis on race; the estimated number of households falling into this category was below the required threshold of 10,000 and therefore couldn't be reported.

## Summary of Impact

There will be significant opportunities to promote equality for disabled people through improving work incentives and smoothing the transition into work. For example, the single taper and a higher disregard for households with a disabled adult will support those disabled people who are able to work a few hours (especially those with fluctuating capacity to work, for example, because of mental health problems). The taper and disregard will replace the more complex current Employment and Support Allowance (ESA) permitted work rules which allow people to undertake some work whilst retaining their ESA. The current permitted work lower limit allows someone to earn up to £20 per week indefinitely before any benefit is withdrawn and the permitted work higher limit allows someone to work for fewer than 16 hours per week, earning below £97.50 per week, for up to 52 weeks (indefinitely for those in the support group) before they lose their entitlement. 'Supported Permitted Work' is also allowed if working for no more than £97.50 per week.

As can be seen from the data in Tables 1 – 3 there is no significant adverse differential impact on any of the section 75 groupings for which data is available. The Executive, working together to deliver Programme for Government commitments will aim to improve opportunities for disabled people to move into work. OFMdFM's “Strategy to improve the lives of people

with disabilities 2012 – 2015” states that “Welfare Reform should be supported by programmes that will ensure appropriate and sustainable employment opportunities for people with disabilities.” Further, in developing the claimant commitment, account will be taken of individual circumstances, including for example, additional help and/or training required to help smooth the transition into work. The single taper and higher earnings disregard for households with a disabled adult will support those disabled who can work a few hours. Further, any household in receipt of Disability Living Allowance / Personal Independence Payment will be excluded from the Benefit Cap.

### **Other Section 75 groupings**

We are unable to provide any breakdown by racial group, religion, sexual orientation or political opinion. Although the Family Resources Survey 2010/11 covers all of the Section 75 groupings except Political Opinion and Sexual Orientation (which have been added to the 2011/12 survey), the sample size is either too small or non-existent and is therefore suppressed according to Office of National Statistics guidelines.

The Welfare Reform Universal Credit Information Booklet<sup>7</sup> provides further information on impacts and why entitlements might change.

We have considered both Labour Force data and the Equality Commission for Northern Ireland (ECNI) publication “Fair Employment Monitoring” (December 2012)<sup>8</sup>. It is important to note however that the ECNI data refers to the monitored workforce only. The latest data available shows that the proportion of Roman Catholics in the monitored workforce was 46.3% and the proportion of Protestants was 53.7%. According to the ECNI report, the composition of the monitored workforce now more closely mirrors the available labour force figures. Based on this information it is likely that there will be no adverse differential impact on the basis of religion.

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<sup>7</sup> [www.dsdni.gov.uk/uc-impact-booklet-transitional-protection.pdf](http://www.dsdni.gov.uk/uc-impact-booklet-transitional-protection.pdf)

<sup>8</sup> Fair Employment Monitoring: Composition of Employment (aggregated to NI level) – trends over time December 2012



## Part 2: Working-Age Benefits

### Time Limiting Contributory Employment and Support Allowance

The policy proposal is to time limit contributory Employment and Support Allowance to one year for those in the Work-Related Activity Group only. There will be no change for those in the Support Group. This would apply to all new claims and those existing claimants who have already received a year or more contributory Employment and Support Allowance as at the implementation date.

Employment and Support Allowance for people in the Work-Related Activity Group was only ever intended to cover temporary interruptions in employment as a result of illness or disability. There was an expectation that those in the Work-Related Activity Group would return to work at some stage.

Introducing a limit on the length of time people in the Work-Related Activity Group can be entitled to contributory Employment and Support Allowance is more consistent with the rules for contribution-based Jobseeker's Allowance, which has a time-limit of 6 months. Providing Employment and Support Allowance for the longer 12 month period also recognises the different nature of Employment and Support Allowance recipients and the purpose of the benefit.

Individuals can re-qualify for a further 365 days of contributory Employment and Support Allowance if they leave benefit for more than 12 weeks and they meet the National Insurance conditions in full, without using the same tax years of their previous claim (at least one later tax year must be used). This is the same for Jobseeker's Allowance currently and means that people who leave benefit for work can re-qualify if they satisfy the contributions conditions afresh.

**The most vulnerable people in the Support Group, whose medical conditions mean they have limited capability for work-related activity, will be unaffected by this measure.** Equally, claimants receiving income-related Employment and Support Allowance, will be unaffected, whatever group they are assigned to. Income related Employment and Support Allowance will not be time limited.

#### Headline Statistics<sup>9</sup>

- It is estimated that **a total of 8,224 claimants may be affected** by the proposed time limiting change. These claimants are within the Work Related Activity Group and the Assessment Phase and will have been claiming contribution-based Employment and Support Allowance for one year or more by 23 September 2013 (the assumed implementation date). **This equates to just 14% of the full Employment and**

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<sup>9</sup> Headline Statistics taken from *Welfare Reform Information Booklet* prepared Analytical Services Unit, DSD

**Support Allowance caseload** (including those in receipt of income-related Employment and Support Allowance and those in the Support Group)

- However, those claimants who receive contribution-based ESA and will lose their benefit under the proposed change may be entitled to claim income-related ESA. The project team will contact these people in advance of the change. It is estimated that **22% of current contribution-based ESA only claimants will be awarded income-related ESA.**
- Taking account of those claimants moving to income-related ESA it is estimated that **6,414 claimants could be affected by the proposed change.** This is the maximum number of claimants that could be affected as some people may stop claiming ESA between now and the assumed go live date of 23 September 2013.
- As of November 2012, **67% of claimants** claiming contribution-based ESA in the Assessment Phase and Work Related Activity Group **claimed it for less than one year and would therefore be unaffected by the change.**

Table 12 shows that currently, 37% of contributory only claimants in the WRAG, are aged 55+, compared to 29% of claimants receiving both contributory and income related Employment and Support Allowance. The policy may impact more on people in this age group than younger age groups; there is a risk that this group may find it more difficult to get back into work because of their age.

**Table 12: ESA WRAG contributory and whole caseload by age**

Age	Contributory only WRAG only	Both contributory and income related WRAG only	All ESA
16-17	0%	0%	0%
18-24	2%	2%	9%
25-34	8%	10%	14%
35-44	18%	21%	21%
45-54	35%	38%	32%
55-59	22%	21%	17%
60+	15%	8%	8%
Total	100%	100%	100%

Source ESA Midas Scan 30<sup>th</sup> November 2012

Age ranges may have changed from last EQIA due to changes in publication

Table 13 below shows a higher proportion of men than women receive both income-related and contributory Employment and Support Allowance, which suggests that when the time limit is applied, more men would qualify for income-related benefit than women.

**Table 13: ESA WRAG contributory and whole caseload by gender**

Gender	ESA WRAG Contributory		ESA WRAG both contributory and income related		All ESA	
	<i>Caseload</i>	<i>%</i>	<i>Caseload</i>	<i>%</i>	<i>Caseload</i>	<i>%</i>
Female	3,820	50%	960	42%	26,120	46%
Male	3,810	50%	1,300	58%	30,990	54%
Total	7,620	100%	2,260	100%	57,110	100%

*Source ESA Midas Scan 30<sup>th</sup> November 2012*

Employment and Support Allowance is specifically for people who have limited capability for work by reason of a physical or mental disablement. Many claimants are likely to be covered by the Disability Discrimination Act, so the proposed changes will have considerable significance for disabled people.

Table 14 shows the percentage of claimants in receipt of either contributory or both contributory and income related Employment and Support Allowance by medical condition. Although there are small differences, the differences are not materially significant and the policy in itself is therefore not expected to be more likely to have an impact on people with certain conditions.

**Table 14: ESA WRAG contributory and whole caseload by Primary Medical Condition**

<b>Recorded Primary Medical Condition</b>	<b>ESA WRAG Contributory</b>	<b>ESA WRAG both contributory and income related</b>	<b>All ESA</b>
1. Blood Disorders	0%	0%	0%
2. Infectious Diseases	1%	0%	1%
3. Malignant Diseases	2%	2%	3%
4. Psychiatric Disorders	38%	49%	44%
5. Neurological Disease	6%	7%	8%
6. Eye Disease and Blindness	0%	0%	0%
7. Hearing and Ear Problems	0%	0%	0%
8. Cardiovascular Disease	4%	4%	4%
9. Gastrointestinal Disease	2%	1%	2%
10. Diseases of Liver, Gall Bladder, etc	0%	0%	0%
11. Skin Diseases	1%	0%	1%
12. Musculoskeletal Disease	24%	20%	18%
13. Autoimmune Disorders	0%	0%	0%
14. Genitourinary Disease	1%	1%	1%
15. Hormonal Disorders	1%	1%	1%
16. Respiratory System	2%	2%	2%
17. Immune System	0%	0%	0%
18. Accidents, Injuries, etc	5%	3%	5%
19. Pregnancy and Post-Natal	2%	1%	1%
20. Abnormal Clinical Findings	11%	8%	10%
21. Dental and Mouth	0%	0%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

*Source ESA Midas Scan 30<sup>th</sup> November 2012.*

Unfortunately analysis can only be provided for some of the equality groups. The Department does not, as a matter of course monitor religious belief, political opinion, racial background or sexual orientation for the purpose of administering the social security system in Northern Ireland. We would not expect claimants to be adversely affected on these grounds.

While the Department does not hold information on the religion or beliefs of claimants we do not envisage an adverse impact on these grounds; the proportion of Protestants and Catholics of working age registered as having a disability in 2011 was evenly matched at 20% and 21% respectively<sup>10</sup>.

### **Summary of Impacts**

Individuals with low or no other income may apply for income- related Employment and Support Allowance. This will act as a safety net to support those who have no means of supporting themselves. Those who do not qualify for income-related Employment and Support Allowance are likely to have access to other forms of income for example as a result of income from a working partner or because they have capital in excess of £16,000.

In addition individuals who do not qualify for income-related Employment and Support Allowance will still be able to access the support offered by the Work Programme to help them continue to move towards work.

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<sup>10</sup> 2011 Labour Force Survey Religion Report, December 2012

## **Abolition of Concessionary Employment and Support Allowance “Youth”**

The proposal is to abolish the Employment and Support Allowance ‘youth’ provisions so this group satisfies the same contribution conditions as other groups. This measure will only apply to new claimants in the work-related activity group. Those who are in the support group will be unaffected as will anyone receiving income-related Employment and Support Allowance.

Currently a person aged 16-19 (or under 25 in certain prescribed circumstances), who is not in full time education and has had limited capability for work for 196 consecutive days will be entitled to contributory Employment and Support Allowance.

Whilst this concession has offered obvious advantages to young people who qualify, its existence has become more difficult to justify over the last few years. No equivalent concession exists in Employment and Support Allowance for any other age group with gaps in their National Insurance records. Nor does any other contributory benefit have similar arrangements.

As data on Employment and Support Allowance ‘youth’ cases is not readily available the equality impacts have been assessed on the basis of Incapacity Benefit ‘youth’ cases which have yet to migrate across to Employment and Support Allowance. Where criteria for qualification are the same we consider this to be a reasonable proxy.

**Table 15: Age of Incapacity Benefit ‘youth’ claimants**

<b>Age</b>	<b>Caseload</b>	<b>% of caseload</b>
18 to 24	790	37.56
25 to 34	1,310	62.3
35 to 44	0	-
Total	2,100	100

*Source PIB Midas Scan 11<sup>th</sup> November 2012*

Whilst claimants need to be under the age of 25 at the point of a ‘youth’ claim, they can continue receiving the benefit beyond 25. As the policy proposal will only affect new claims to Employment and Support Allowance ‘youth’ all those affected would be initially under the age of 25. New claimants will still be able to apply for income related Employment and Support Allowance as long as they meet the benefit conditions.

**Table 16: Age of ESA claimants in the year up to November 2012**

Age	Total	%
16-17	200	0.4%
18-24	4,740	9.7%
25-34	7,760	15.9%
35-44	10,200	21.0%
45-54	15,040	30.9%
55-59	8,160	16.8%
60+	2,580	5.3%
Total	48,670	100.0%

Source ASU Midas Flows Scan November 2012. On-flows to benefit between December 2011 and November 2012

The Table below shows that for contributory Incapacity Benefit 'youth' cases 57% are male and 43% are female.

**Table 17: Contributory Incapacity Benefit 'Youth' by type and gender**

Gender					
	No. Female	No. Male	Total	% Female	% Male
Recipients	910	1,190	2,090	43.33	56.67

Source PIB Midas Scan 11<sup>th</sup> November 2012

Given that those in the contributory Employment and Support Allowance only group are most likely to see a loss in income, there is a possibility that the change may affect more men than women.

The statistics outlined above remain consistent with the information contained in the original EQIA.

Unfortunately analysis can only be provided for some of the equality groups. The Department does not, as a matter of course monitor religious belief, political opinion, racial background or sexual orientation for the purpose of administering the social security system in Northern Ireland. We would not expect claimants to be adversely affected on these grounds.

## Summary of Impacts

The Department's Analytical Services Unit are unable to accurately identify Employment and Support Allowance 'Youth' cases using the data sources available, however a Northern Ireland breakdown of these cases at November 2012 has been provided by the Department for Work and Pensions. The figures provided by DWP indicate that there are currently 28 contribution-based Employment and Support Allowance 'Youth' cases in Northern Ireland.

Of these, 26 are in the Support Group and therefore are unaffected by the proposed changes. **Only two claimants are potentially affected.**

There is no justification to treat this group any differently from others. The vast majority of claimants who presently receive contributory Employment and Support Allowance on grounds of youth – around 90 per cent – are expected to receive income-related Employment and Support Allowance.

Those who don't qualify for income-related Employment and Support Allowance are likely to have capital in excess of £16,000 or a partner in full time work who may be entitled to Working Tax Credit.



## Lone Parent Conditionality

Income Support is currently the main income-replacement benefit for lone parents with a child under the age of 7. The conditionality for receipt of benefit is minimal with recipients required to attend a Jobs and Benefits Office every six months. It is now proposed that this age threshold will be reduced to lone parents with a child aged 5 and under.

Once this age is reached, workless lone parents may claim Jobseeker's Allowance, or Employment and Support Allowance if they are disabled or have a health condition. In Northern Ireland there are 3,290 lone parents claiming Income Support with a youngest child aged 5 or 6.

The following table gives an age breakdown for those on Income Support based on the age of their youngest child. This shows that over half (53%) of all lone parents claiming Income Support with a youngest child aged 5 or 6 are aged 25 to 34.

**Table 18: Lone Parent IS Claimants by age and Age of Youngest Child**

<b>Lone Parent IS Claimants: Age of Claimant by age of Youngest Child</b>					
	<b>Youngest Child Age in Years</b>				
<b>Claimants Age in Years</b>	<b>Under 5</b>	<b>5 and 6</b>	<b>7 to 9</b>	<b>10 and 11</b>	<b>12 to 15</b>
Under 18	0.8%	0.0%	0.0%	0.0%	0.0%
18-24	38.4%	10.6%	1.6%	0.2%	0.2%
25-34	46.5%	53.2%	40.4%	26.2%	11.3%
35-44	13.4%	31.3%	45.5%	52.2%	48.0%
45-54	0.9%	4.7%	12.1%	20.5%	37.3%
55-59	0.1%	0.2%	0.4%	0.9%	2.9%
60+	0.0%	0.0%	0.0%	0.0%	0.4%

*Figures as at November 2012*

*Percentages may not sum to 100 due to rounding.*

Between April - June 2012 there were an estimated 61,000 female lone parents of working age; the equivalent number for males was too small to provide a reliable quotation. Over three-fifths (62.3%) were economically active while the remainder (37.7%) were classified as economically inactive<sup>11</sup>.

As the majority of lone parents on Income Support with a child aged 5 or 6 are women (96.5%<sup>12</sup>) these measures will inevitably impact more on women than men.

Unfortunately analysis can only be provided for some of the equality groups. The Department does not, as a matter of course monitor religious belief,

<sup>11</sup> DFP Labour Force Survey Quarterly Supplement: October – December 2012

<sup>12</sup> 100% scan of the Income Support Computer System

political opinion, racial background or sexual orientation for the purpose of administering the social security system in Northern Ireland. We would not expect claimants to be adversely affected on these grounds.

## Summary of Impacts

It is generally accepted that for most people work is the best route out of poverty. The Households Below Average Income report<sup>13</sup> shows that the percentage of children in low income households for lone parent families was 40% (after housing costs); the percentage of children in low income households for couples with children was 19%. Furthermore the report states *“Children in workless families were much more likely to live in low income households than those in families with at least one adult in work. Those living in workless households (AHC) were eight times more likely to be in low income than those children living in households where all adults are in work.”* This clearly shows that increases in parental employment will reduce the number of children living in poverty. Therefore it is important that people who can take up paid employment are given help and encouragement to do so.

There are a number of ways that those affected by the policy changes, will be supported. For example a lone parent in receipt of Income Support who has a child for whom the middle or highest rate care component of Disability Living Allowance is payable will continue to be eligible for Income Support when their youngest child reaches 5. Lone parents whose capacity for work is limited by a health condition or disability may claim Employment and Support Allowance, if eligible.

As those affected by the change are predominantly female offering employment support to lone parents of younger children will promote equality of opportunity between men and women in accessing labour market opportunities.

Personal advisers can use existing flexibilities within the Jobseeker's Allowance system to support a lone parent's move into suitable work. The Jobseeker's Agreement will outline the claimant's hours of availability for actively seeking or undertaking work. When preparing the jobseeker's agreement the Personal Adviser must have regard to its impact on the well being of any child who may be affected by it when agreeing the activities it contains. This includes having regard to a child's physical and mental health and emotional well-being; protection from harm and neglect; education, training and recreation; the contribution made by them to society; and their social and economic well-being.

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<sup>13</sup> Households Below Average Income (NI) 2010/11

## Conditionality for Partners

The Welfare Reform Bill will set out the framework for the application of conditionality and sanctions under Universal Credit and existing benefits. It also introduces a claimant commitment which will set out the requirements placed upon the claimant and the consequences for failing to meet these agreed standards.

The policy of increased conditionality for claimants will apply to people of all ages claiming Universal Credit. As shown in table 19 below (based on recipients of income-related benefits and therefore indicative of what may occur under Universal Credit) there is not any particular age group which is affected more significantly than others in the 30 to 49 age range.

**Table 19: Partners of income based Jobseeker's Allowance, income based Employment & Support Allowance and Income Support claimants with children: November 2012**

		<b>Total</b>	<b>%</b>
<b>Gender</b>	Male	<b>2,160</b>	<b>26.1%</b>
	Female	<b>6,100</b>	<b>73.9%</b>
<b>Age</b>	< 25	<b>500</b>	<b>6.1%</b>
	25 - 29	<b>920</b>	<b>11.2%</b>
	30 - 34	<b>1,130</b>	<b>13.7%</b>
	35 - 39	<b>1,360</b>	<b>16.4%</b>
	40 - 44	<b>1,620</b>	<b>19.6%</b>
	45 - 49	<b>1,500</b>	<b>18.2%</b>
	50 - 54	<b>850</b>	<b>10.3%</b>
	55 - 59	<b>320</b>	<b>3.9%</b>
	60 +	<b>50</b>	<b>0.6%</b>

The policy is gender neutral but as can be seen from table 17 above it is likely that it will affect more women than men due to the make up of the income related benefit population.

Table 20 below shows that 25.7% of the partners who will be affected by the introduction of personalised conditionality have a disability (based on recipients of income-related benefits and therefore indicative of what may occur under Universal Credit).

**Table 20: Partners with a disability**

Disability	Total	%
Yes	2,120	25.7%
No	6,130	74.3%

*Disability was defined as a partner claiming Disability Living Allowance (care and/or mobility component) or Attendance Allowance*

The revised figures show no significant change from the data outlined in the original equality impact assessment.

Unfortunately analysis can only be provided for some of the equality groups. The Department does not, as a matter of course monitor religious belief, political opinion, racial background or sexual orientation for the purpose of administering the social security system in Northern Ireland. We would not expect claimants to be adversely affected on these grounds.

### **Summary of Impacts**

Work experience and work placements can help the claimant understand more about their career options and skills, increase confidence, and provide valuable experience that makes them more attractive to an employer. This has the potential to increase labour market equality for disabled people who are currently far less likely to be in work than the overall adult population (38.7% of disabled people are in work, compared with 73.9% of those without a disability)<sup>14</sup>.

We recognise that work experience will not always be appropriate for a claimant with limited capability for work, and are putting in place a number of safeguards to ensure requirements are always reasonable. Advisers will work with each individual to understand their capabilities. For example, it might not be reasonable to require someone to undertake full time work experience, but it might be reasonable to require them to undertake work experience for a few hours a week in a role that did not impact on their health condition.

Claimants in the Support Group – that is those who have both a limited capability for work and a limited capability for work-related activity – will not be required to undertake any work-related activity.

Applying conditionality to each member of a couple on the basis of their personal circumstances and capability, and providing appropriate support, will help more people move off benefits and into work. This is in contrast to the current system where partners of claimants are effectively ignored by the benefit system.

Safeguards will be provided in legislation to ensure that no conditionality requirements will be imposed on an individual who has regular and substantive caring responsibilities, the partner who is nominated as the

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<sup>14</sup> DFP Labour Force Survey Quarterly Supplement: October – December 2012

responsible carer for a child under one or those assessed as having limited capability for work and work-related activity.

It is intended that only work-focused interviews will be required of a person who has been nominated as the responsible carer for a child over one and under five years old and a person assessed as having limited capability for work will not be required to look for work.

At an operational level we will continue to ensure that claimants with primary school age children are able to limit their job search requirements to fit around school hours. Advisers will provide ongoing support to build up the skills and confidence of the significant numbers of existing partners who have had lengthy gaps from paid employment.

## Sanctions

The current sanction system does not encourage compliance as effectively as it could. This is partly a result of complexity - there is no consistent set of sanctions across the out of work benefits - and, because of a reliance on variable sanctions, it is not always clear what level of sanction will be imposed for any particular failure. In addition, once a sanction is imposed there is little to encourage rapid re-compliance and sanctions are insufficiently tough for claimants who repeatedly fail to meet their most important responsibilities. The proposed changes to the sanctions system are intended to address these issues.

The new model, which will be applied in broadly the same way under Universal Credit, will have three levels of financial sanction. The detail of these will be set out in regulations, but the current policy design is set out here:

**Lower level sanctions** will be applied following non-compliance with those JSA requirements which are not covered by higher or medium level sanctions, and following non-compliance by claimants in the Employment and Support Allowance Work Related Activity Group (WRAG). There will be two components to a lower level sanction – an open ended component which will end when a claimant re-engages and a fixed period of one week for a first sanction, two weeks for a second, and four weeks for third and subsequent sanctions (within a limited period). If a claimant complies within one week of the failure or before a decision to sanction is made then he will receive just the fixed element of the sanction. The open-ended component is intended to encourage claimants to quickly re-engage and the fixed component will provide a clear deterrent against non-compliance.

As now, a Jobseeker's Allowance claimant who fails to actively seek employment or be available for work will be disentitled, but if the claimant reclaims Jobseeker's Allowance, his new claim may be subject to a medium level sanction of up to three weeks following a first disqualification and up to 12 weeks following a second or subsequent one.

**Higher level sanctions** will be applied to jobseekers who do not meet their most important requirements, which include accepting reasonable job offers and taking part in Mandatory Work Activity. We intend the first sanction to be for a fixed period of three months, six months for the second, and three years for the third and any subsequent sanctions (exceptions to these standard periods will include circumstances where a claimant leaves a job voluntarily, and there is only a short period – e.g. two weeks – left of the employee's contract).

Jobseeker's Allowance claimants subject to higher, medium or lower level sanctions will, as now, lose 100% of their Jobseeker's Allowance for the duration of the sanction. Employment and Support Allowance WRAG claimants subject to a lower level sanction will lose an amount equivalent to

their personal allowance for the duration of the sanction, currently around £67.50 per week.

Lone parents with a child under five on Income Support or Employment and Support Allowance will only be subject to work-focused interview requirements. The amount of the reduction for claimants in this group will be 20% of the personal amount if they fail to attend one work-focused interview and 40% if they fail to attend two or more consecutive work-focused interviews. The sanction will end when the claimant can demonstrate re-engagement. Unlike under current Income Support rules, the sanction will be capped at 40% of the sanctionable amount and failure to attend the first interview.

Claimants will continue to be able to show good reason, and, as now, after a sanction has been imposed, claimants will continue to have the right of appeal.

The reforms do not make any direct provision in relation to age and there is no information available on the number of sanctions applied to a particular age group. However, as can be seen in Table 21, there is a higher proportion of claimants in the 18-24 age range receiving Jobseeker's Allowance and this policy is therefore more likely to have a higher impact on that age group.

**Table 21: JSA Recipients by Age Group and Gender: November 2012**

<b>Age Group</b>	<b>Female</b>	<b>Male</b>	<b>Total</b>
under 18	17	17	<b>34</b>
18 to 24	4,746	12,012	<b>16,758</b>
25 to 29	1,847	7,312	<b>9,159</b>
30 to 34	1,453	4,986	<b>6,439</b>
35 to 39	1,519	3,792	<b>5,311</b>
40 to 44	1,885	3,862	<b>5,747</b>
45 to 49	1,909	3,678	<b>5,587</b>
50 to 54	1,434	2,898	<b>4,332</b>
55 to 59	1,055	2,251	<b>3,306</b>
60 and over	216	746	<b>962</b>
<b>Total</b>	<b>16,081</b>	<b>41,554</b>	<b>57,635</b>

*Source: 100% scan of JSA Computer System at November 2012 (invalidated data, may differ from forthcoming National Statistics). Data is recipients only, credits only cases excluded. Figures may not sum due to rounding*

Currently 6.9% recipients of Jobseeker's Allowance have a partner whereas 93.1% are single. Hence, it is possible that these proposals will impact more on single people.

As can be seen in Table 22 below the majority of Jobseeker's Allowance recipients, 85%, do not have dependents therefore it is more likely that this policy will have a greater impact on that group.

**Table 22: Jobseeker's Allowance income based claimants by dependent children under 16: November 2012**

<b>Group</b>	<b>Total</b>	<b>%</b>
Without dependent children	43,583	85
With dependent children	7,723	15
<b>Total</b>	<b>51,306</b>	<b>100</b>

*Source: Scan of the JSA computer system at November 2012 (100% scan of invalidated data). JSA income based claimants need to declare partners and dependent children as part of their benefit requirements.*

**Table 23: Jobseeker's Allowance income based claimants by DLA: November 2012**

<b>Group</b>	<b>Total</b>	<b>%</b>
Without DLA	48,851	95
With DLA	2,455	5
<b>Total</b>	<b>51,306</b>	<b>100</b>

*Source: Scan of the JSA computer system at November 2012 (100% scan of unvalidated data). Shows whether the JSA income based claimant is also claiming DLA mobility and/or care component*

The revised figures show no material change from the data outlined in the original equality impact assessment.

Unfortunately analysis can only be provided for some of the equality groups. The Department does not, as a matter of course monitor religious belief, political opinion, racial background or sexual orientation for the purpose of administering the social security system in Northern Ireland. We would not expect claimants to be adversely affected on these grounds.

## **Summary of Impacts**

No specific mitigation is required as there should be no adverse differential impact as a result of changes to the sanction regime. Sanctions are only imposed when a claimant fails to comply with requirements placed upon them and can be avoided or minimised by changes in a claimant's behaviour.



## Part 3: Other Benefit Changes

### Industrial Injuries Disablement Benefit

The Industrial Injuries scheme provides non-contributory benefits for employed earners who are disabled as a result of an accident or a prescribed disease arising out of and in the course of their employment. It is proposed to standardise and simplify the way people can claim Industrial Injuries benefits reducing the number of “special cases” without radically altering the fundamental scheme by:

- Amalgamating separate schemes for people injured as trainees, and those injured before July 1948 into the main scheme;
- Paying all people injured at work the same rate irrespective of their age;
- Removing older obsolete elements.

Latest figures show that 10,280 claims are in payment under the Industrial Injuries scheme. The table below shows the age breakdown of people who claim under the Industrial Injuries scheme.

**Table 24: Claimants of IIDB by age**

Age	All Industrial Injuries Benefits
20-24	0.1%
25-29	0.6%
30-34	1.1%
35-39	2.4%
40-44	5.3%
45-49	9.7%
50-54	12.0%
55-59	12.3%
60-64	12.5%
65-69	14.1%
70-74	11.8%
75-79	8.2%
80-84	5.9%
85+	4.0%

*Source: scan of Industrial Injuries computer system  
Figures may not sum due to rounding*

The majority of people making a claim to the Industrial Injuries scheme are men. This is to be expected as typically it is men who tend to be employed in industries where accidents are more likely such as manufacturing, construction or mining.

**Table 25: IIDB claimants by Gender**

<b>Benefit</b>	<b>Gender</b>	
	<b>Male</b>	<b>Female</b>
All Industrial Injuries Benefits	76.3%	23.7%

*Source: scan of Industrial Injuries computer system*

The revised statistics have not identified any significant changes to the original position outlined in the equality impact assessment.

Unfortunately analysis can only be provided for some of the equality groups. The Department does not, as a matter of course monitor religious belief, political opinion, racial background or sexual orientation for the purpose of administering the social security system in Northern Ireland. We would not expect claimants to be adversely affected on these grounds.

### **Summary of Impacts**

No mitigation is required as no adverse differential impacts have been identified and no-one will suffer a financial loss as a result of these changes.

## Restriction of Housing Benefit Entitlement in the Social Rented Sector

It is intended to introduce size criteria for new and existing working-age Housing Benefit claimants living in the social rented sector as soon as the Welfare Reform Act receives Royal Assent. The size criteria will replicate the rules that apply to claimants in the private rented sector and whose claims are assessed using the Local Housing Allowance rules.

Initial estimates based on the DWP Policy Simulation Model suggested the introduction of the size criteria was likely to affect approximately 25,000 Housing Benefit claimants living in the social rented sector at the time of its introduction. Subsequent more detailed analysis by the Northern Ireland Housing Executive has estimated that the introduction of the size criteria is likely to affect over 32,000 working age Housing Benefit claimants living in the social rented sector. This consists of over 26,000 NIHE tenants and over 6,000 Housing Association tenants.

**Table 26: Degree of under occupation**

<b>Under-occupation of accommodation by no of bedrooms</b>	<b>NIHE</b>	<b>Housing Association</b>	<b>Totals</b>
One bedroom	19,120	5,050	24,160
Two or more bedrooms	7,270	1,220	8,480
<b>All bedrooms</b>	<b>26,380</b>	<b>6,260</b>	<b>32,650</b>

*(NIHE data - February 2013, Housing Association data - October 2012)*

*Numeric totals may not sum due to rounding*

Table 26 shows the majority of affected claimants are under occupying their accommodation by just one bedroom (74%).

The Northern Ireland Housing Executive (NIHE) was able to identify the number of claimants potentially affected by the introduction of size criteria through the Business Object reporting tool in conjunction with the live housing benefit system and property records held by NIHE and the Housing Associations.

These systems are the main tools available to the NIHE for analysing Housing Benefit data and although they can identify 32,650 potentially affected households, provision of a further breakdown by Section 75 category is not possible due to system limitations.

Data relating to Religious Belief, Political Opinion, Racial Group and Sexual Orientation is not collected as it has no bearing on the eligibility for claiming housing benefit and as such this information is not stored within the administrative systems.

## Summary of Impacts

A number of exemptions have already been secured in relation to under occupation and Minister continues to engage with his Executive colleagues to seek to identify any further mitigating measures.

Foster carers will be allowed an additional room, whether or not a child has been placed with them or they are between placements, so long as they have fostered a child or become an approved foster carer in the last 12 months.

The size criteria will not be applied to a room normally occupied by adult children who are in the Armed Forces but are stationed away from home. In addition Housing Benefit recipients will not be subject to a non-dependent deduction, i.e. the amount that those who are working are expected to contribute to the household expenses, until an adult child returns home.

Additionally other priority groups are now eligible to receive financial support for housing costs including people whose homes have had disability adaptations, and those with long-term medical conditions that create difficulties in sharing a bedroom.

Where claimants have their Housing Benefit restricted and the contractual rent is above the Housing Benefit rate they will have to meet the shortfall from other resources. The Housing Executive can consider awarding a Discretionary Housing Payment to provide further financial assistance in these circumstances. The Department has secured increased funding for Discretionary Housing Payments to give the Housing Executive more flexibility to provide additional support where it is most needed. This could be, for example, to act as a safety net for claimants who need to find alternative accommodation, or longer term support for claimants who are less able to move to new accommodation.

Discretionary Housing Payments funding of £1.142m a year in 2010/11 was increased by 50% in 2011/12 (to £1.713m) and tripled from 2012/13 (to £3.426m). This matches the Great Britain percentage increases. Further increased funding following the Budget Statement 2012, means there is £1.005m in each of the years from 2013/14 to 2016/17 available to help people (in significantly adapted accommodation) with the restriction for under-occupation in the social rented sector and £2.65m in 2013/14 and £1.508m in 2014/15 available to help with the household Benefit Cap for welfare benefits (it is envisaged that any surplus funding here could be available for other cases). This means that there will be total funding of £6.944m in 2013-14, £5.939m in 2014-15 and £4.431m in 2015-16 and 2016-17.

## Social Fund Reform

The Social Fund is currently made up of two distinct elements:

- a regulated scheme which provides entitlement to maternity, funeral, cold weather and winter fuel payments for people who satisfy certain qualifying conditions, and
- a discretionary scheme under which people may be eligible in certain circumstances for a community care grant or a crisis loan to meet an immediate short term need.

There has been an unjustifiable growth in the use of Crisis Loans since 2006, when structural changes were made to the system. The number of awards made has increased from around 85,000 to 114,492 in 2011/12 totalling £15.2 million<sup>15</sup>, whilst the average award has remained fairly stable. In 2001/12 there were 23,822 non-repayable Community Care Grants awarded at a cost of £13.54 million<sup>16</sup>, with the average award being £568.

The Welfare Reform Bill provides for the discretionary elements of the Social Fund to be removed from the social security system. This is non contentious as in future assistance will be provided through a new Discretionary Support service. The regulated scheme will remain unchanged.

Eligibility for Discretionary Support will be on the grounds of low income rather than on receipt of a qualifying benefit and assistance will be in the form of a range of practical interventions which may include:-

- Direct provision of financial awards, primarily through interest free, repayable loans;
- Provision of non-repayable grants as a means of support in the most extreme cases;
- Provision of goods and services (either directly or through third parties). This may include essential equipment to relieve immediate household need.

The proposals for the design of the new Discretionary Support service were consulted on between 29 January and 23 April 2013 and were subject to an equality screening which is available on the Department's website.

<http://www.dsdni.gov.uk/discretionary-support-consultation.pdf>

## Summary of Impacts

The Department's proposals for the new Discretionary Support service showed no adverse differential impacts on Section 75 groups.

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<sup>15</sup> DSD: The Social Fund Annual Report 2011/12

<sup>16</sup> DSD: The Social Fund Annual Report 2011/12

## Part 4: Personal Independence Payment

The Welfare Reform Bill sets out the legal framework for Personal Independence Payment, and provides enabling powers for the detailed rules of this new benefit to be set out in subordinate legislation.

### Policy aim

These proposals to replace Disability Living Allowance for those of working age (aged 16 – 64) with Personal Independence Payment stem from the Coalition Government's welfare reform programme. The Coalition Government's policy objective is to create a benefit which will better reflect today's understanding of disability. It will be targeted at those with the greatest needs and will be a more dynamic, transparent and sustainable benefit. It is designed to help disabled people live full, active and independent lives.

The importance of the role that benefits such as Disability Living Allowance play in achieving this is clearly recognised and Personal Independence Payment will maintain the key principles of Disability Living Allowance. Crucially, as with Disability Living Allowance, it will be a non-means tested and non-taxable cash benefit available to people both in and out of work.

Disability Living Allowance is widely perceived to be an out of work benefit and receiving Disability Living Allowance in itself appears to reduce the likelihood of being in employment, even after allowing for the impact of health conditions. The assessment process for Disability Living Allowance is complex and subjective, making it difficult to assess people's needs on a consistent basis. Reviews can be infrequent and awards may not reflect changes in the impact of impairments.

### Headline Impacts

Personal Independence Payment will impact on working age Disability Living Allowance recipients. There are currently just over 118,000<sup>17</sup> Disability Living Allowance claimants of working age in NI. The potential impacts of the reform of DLA and the introduction of Personal Independence Payment, and how this data was gathered and analysis made are covered in greater detail later in this section however it is anticipated that approximately 27,000 of the total number of DLA claimants in Northern Ireland will be assessed for eligibility to Personal Independence Payment from Autumn 2013 until October 2015. The remaining 91,000 claimants will not be subject to this process until late 2015 and beyond. The majority of these reassessments will take place between October 2015 and October 2017.

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<sup>17</sup> There are 118,010 working age DLA claimants but only 117,070 working age DLA recipients. Recipients are those that are in receipt of a payment and excludes those cases where payment has been suspended due to hospitalisation, etc.

It is estimated that 25% of those Disability Living Allowance recipients who will be reassessed before October 2015 will not be eligible for Personal Independence Payment and will receive no award. It is further estimated that 32% will have their award decreased, while 24% are expected to see an increase in their payments. The remaining 19% are expected to see no change. This means that in total over 42% will see no change in their award or an increased award under Personal Independence Payment.

Personal Independence Payment is a new benefit and so projections have been made regarding potential impacts based on current DLA caseload and analysis of test cases. Further detail is included later in this section.

It is intended that the first of two planned independent reviews of the assessment will be completed by the end of 2014. This allows for the findings to be considered, and any necessary changes made before the majority of DLA recipients begin to be reassessed from October 2015. Therefore the impact analysis only considers the potential impact on those cases that will be reassessed before October 2015. No analysis has been produced, to date, that outlines the effect on DLA recipients who will be reassessed after October 2015.

### **Disability Living Allowance: The current caseload**

The tables below contain information that the Department holds in respect of the current Disability Living Allowance caseload, by some of the Section 75 categories. The analysis can only be provided for a small number of equality groups.

This is because the Department for Social Development does not, as a matter of course monitor religious belief, political opinion, racial background or sexual orientation for the purpose of administering the social security benefits' system in Northern Ireland. Social Security benefits are paid to individuals on the basis of entitlement and conditions.

The majority of the data this Department holds in relation to its claimants is derived from information provided at the point at which a service is requested - typically, when a claim for benefit is made. Only information that is essential to the assessment of the individual's request is collated. In the case of Social Security benefits, a person's age and gender are requested. Depending on the eligibility criteria of a particular benefit, information may be requested in relation to marital status, dependants or disability. Information which is not required in relation to eligibility for a benefit is not requested.

### **Disability Living Allowance: Context**

Just over 1 in 10 of the population in Northern Ireland are in receipt of Disability Living Allowance. This is compared to just over 1 in 20 of the population in Great Britain. In November 2007, Disability Living Allowance spend in Northern Ireland was £12,072,509 per week rising to £16,299,412 per week in November 2012.

In the current economic climate reform is necessary to build a new more transparent and sustainable benefit and to target support towards those with the greatest need.

Table 27 below compares the proportion of the eligible population receiving Disability Living Allowance in Northern Ireland and Great Britain. Table 28 breaks this down further and identifies the proportion of the eligible population claiming Disability Living Allowance in Northern Ireland compared to that in England, Scotland and Wales.

**Table 27: Proportion of eligible population claiming Disability Living Allowance in Northern Ireland and Great Britain (May 2012).**

Age Range	NI		GB	
	Claimants ('000s)	As % of Eligible Population	Claimants ('000s)	As % of Eligible Population
<b>Under 16</b>	15.29	4.00%	346.94	3.0%
<b>16 – 64</b>	117.02	10.1%	1863.94	4.9%
<b>Over 65</b>	58.52	22.0%	1076.42	8.9%
<b>Total</b>	190.83	10.6%	3287.30	5.4%

Source: Personal Independence Payment Information Booklet, Analytical Services Unit, DSD

**Table 28: Proportion of eligible population claiming DLA in UK broken down by constituent Country (May 2012)**

Age range								
Country	Under 16		16-64		65 and over		Total	
	Claimants ('000's)	% of eligible population	Claimants ('000's)	% of eligible population	Claimants ('000's)	% of eligible population	Claimants ('000's)	% of eligible population
<b>Northern Ireland</b>	15.29	4.0%	117.02	10.1%	58.52	22.0%	190.83	10.6%
<b>England</b>	298.54	3.0%	1531.97	4.7%	855.47	8.3%	2685.98	5.1%
<b>Scotland</b>	28.68	3.1%	204.27	6.2%	117.77	11.3%	350.72	6.7%
<b>Wales</b>	19.49	3.5%	125.87	6.8%	100.62	15.0%	245.98	8.0%
<b>Great Britain</b>	346.94	3.0%	1863.94	4.9%	1076.42	8.9%	3287.3	5.4%

Source: Personal Independence Payment Information Booklet, Analytical Services Unit, DSD  
GB total may not sum as some claimants cannot be correctly allocated to a country



The Table below details the number of Disability Living Allowance recipients by Local Government area in NI and then as a percentage of the eligible population however these figures relate to the full Disability Living Allowance caseload and have not been broken down by age range.

**Table 29: Number of DLA recipients as a percentage of eligible population by Council area**

Local Government District Area	DLA Recipients*	Population	% of eligible population
Antrim	4,820	53,428	9.0%
Ards	6,930	78,078	8.9%
Armagh	5,810	59,340	9.8%
Ballymena	4,700	64,044	7.3%
Ballymoney	2,880	31,224	9.2%
Banbridge	4,690	48,339	9.7%
Belfast	38,030	280,962	13.5%
Carrickfergus	3,510	39,114	9.0%
Castlereagh	5,680	67,242	8.4%
Coleraine	4,610	59,067	7.8%
Cookstown	4,450	37,013	12.0%
Craigavon	10,240	93,023	11.0%
Derry	14,720	107,877	13.6%
Down	7,590	69,731	10.9%
Dungannon	6,220	57,852	10.8%
Fermanagh	5,830	61,805	9.4%
Larne	2,810	32,180	8.7%
Limavady	3,520	33,536	10.5%
Lisburn	11,240	120,165	9.4%
Magherafelt	3,890	45,038	8.6%
Moyle	1,560	17,050	9.1%
Newry And Mourne	11,220	99,480	11.3%
Newtownabbey	7,680	85,139	9.0%
North Down	5,570	78,937	7.1%
Omagh	7,280	51,356	14.2%
Strabane	5,900	39,843	14.8%
Unknown	910	.	.

Source: DSD - Disability Living Allowance: Summary of Statistics (Nov 2012)

Notes: These figures relate to the full DLA caseload and have not been broken down by age range [The current proposals for PIP will only apply to DLA working age recipients, that is aged 16-64]

## The Need for Reform

Disability Living Allowance has been in place for almost 20 years, largely unchanged and it no longer takes into account the needs of disabled people. Disability Living Allowance has not been fundamentally reformed since it was introduced in 1992. In particular the main reasons why Disability Living Allowance needs to be updated and replaced are:

- Disability Living Allowance is loosely defined and has outdated eligibility criteria;
- There is widespread confusion about the purpose and rules of the benefit;
- There is an over-reliance on self-assessment; and
- There is no systematic award review mechanism.

In addition the administrative process and form are long, complex and arguably disempower people with disabilities by requiring them to talk about their disability in a negative way, focusing on what they can't do.

## Who will be affected by PIP and when

Table 30 below shows the breakdown of the total Disability Living Allowance recipients in Northern Ireland by age group and Table 31 shows Disability Living Allowance recipients by age and gender.

It is planned to replace the existing Disability Living Allowance with a Personal Independence Payment for new working age claimants aged 16-64 and reassess existing claimants within that age band from 2013/2014. However it is not possible to say at this time how individual cases will be affected.

**Table 30: Disability Living Allowance recipients by age (Northern Ireland)**

Age	Number of Recipients	Percentage of recipients
Children (under 16)	16,030	8.3%
Working Age (16-64)	117,070	60.9%
Pension Age (65 or over)	59,180	30.8%
Total	192,280	100.0%

Source DLA Midas Scan 25<sup>th</sup> November 2012

**Table 31: Disability Living Allowance recipients by age and gender (NI)**

Age	Gender						Total Number of recipients	Percentage of total recipients
	Male	Percentage of Male recipients	Male percentage of total recipients	Female	Percentage of Female recipients	Female percentage of total recipients		
<b>Children (under 16)</b>	11,030	12.0%	5.7%	5,000	5.0%	2.6%	16,030	8.3%
<b>Working Age (16-64)</b>	55,520	60.2%	28.9%	61,550	61.6%	32.0%	117,070	60.9%
<b>Pension Age (65 or over)</b>	25,730	27.9%	13.4%	33,450	33.5%	17.4%	59,180	30.8%
<b>Total</b>	92,280	100.0%	48.0%	100,000	100.0%	52.0%	192,280	100.0%

Source DLA Midas Scan 25th November 2012

Notes: Recipients figures quoted represent the Disability Living Allowance payload that is the number of people receiving payment of the benefit at the date of extract. This does not include those cases where payment has been suspended due to hospitalisation, etc. Figures are rounded to the nearest ten; Percentages are rounded to one decimal place. Totals may not sum due to rounding.

### **‘Natural’ and ‘Managed’ Reassessment**

Once Personal Independence Payment is introduced here those working age Disability Living Allowance claimants that report a change in circumstances affecting entitlement (e.g. a change in their condition) will fall into what is known as the ‘*natural reassessment*’ process. This means that they will be assessed for entitlement to Personal Independence Payment. ‘*Natural reassessment*’ will also extend to those Disability Living Allowance recipients that have a definite award that is due to expire before October 2015. It is estimated that of the current caseload of approximately 117,000-118,000 Disability Living Allowance claimants in Northern Ireland around 27,000 claimants will be reassessed for Personal Independence Payment between autumn 2013 (when it is estimated Personal Independence Payment will exist here) and October 2015 when the ‘*managed reassessment*’ process begins.

The breakdown of the 27,120 ‘*natural reassessment*’ cases that were analysed in the Welfare Reform Personal Independence Payment Information booklet prepared by the Department’s Analytical Services Unit was 12,000 claimants with fixed awards expiring between autumn 2013 and October 2015, and an estimated 15,120 claimants that it is expected will report a change in their circumstances before October 2015.

As of November 2012 it was anticipated that around 91,000 (that is the 118,000 caseload less the approximately 27,000 claimants that will be brought

in under '*natural reassessment*') people will be subject to the '*managed reassessment*' process for the new benefit and it is likely that the majority of these reassessments will take place between October 2015 and October 2017.

### **Assessment criteria for Personal Independence Payment**

The Personal Independence Payment assessment criteria are not included in the Bill but will be detailed in the Personal Independence Payment Regulations. The proposed assessment criteria were developed in collaboration with a group of independent experts in the fields of disability (including disabled people), health and social care.

The Personal Independence Payment Regulations will be subject to separate equality screening and a full EQIA if required.

### **Public consultations**

There has been significant public consultation around Personal Independence Payment (see **Annex 4**) and specifically on the draft assessment criteria, resulting in changes to these and greater clarification as a result of feedback. The importance of having a transparent and empathetic claims and assessment process, where the individual is supported and communicated with, is recognised.

Officials in Northern Ireland have worked with the Department for Work and Pensions to provide detailed analysis of the responses received here. In addition Minister McCausland wrote to the Work and Pensions Minister for Disabled People, Esther McVey MP, and secured a commitment that views and concerns expressed by people and organisations in Northern Ireland would be carefully considered and would be reflected in the Westminster Government's formal considerations of the Consultation responses.

While not detailed on the face of the Bill, or considered as part of this '*Section 75 Update document*' the assessment for Personal Independence Payment will look at people with disabilities as individuals rather than label them by their health condition or impairment. It has been designed to consider an individual's personal circumstances and the impact that their impairment has on their lives.

The aim of the Personal Independence Payment assessment is to ensure the benefit is targeted on those who face the greatest barriers to leading independent lives.

The assessment process is intended to bring greater consistency to the process for this type of benefit because the eligibility criteria are more clearly defined. It should also be more objective, since all cases will be considered by an independent health professional, normally at a face-to-face consultation with the claimant. Personal Independence Payment is also intended to be fairer since it focuses on the needs arising from a condition rather than the

condition itself, considering the impact of an impairment whether it is physical, mental or cognitive, developmental or sensory.

### **Rates of Personal Independence Payment**

Disability Living Allowance awards are payable at two mobility and three care rates leading to a possible 11 different combinations of payable rates of benefit. However the Bill provides for two mobility and two daily living rates for Personal Independence Payment leading to a maximum of eight combinations of payable benefit.

This illustrates the complexity of the current Disability Living Allowance system. Personal Independence Payment is designed to be a simpler benefit, more transparent and easier to administer and understand for claimants. Replacing Disability Living Allowance with the new Personal Independence Payment provides an opportunity to improve understanding of the benefit.

### **Disability Living Allowance and Age group**

Table 32 below outlines the differences between the different age groups and the Disability Living Allowance benefit rate combinations received.

**Table 32: Disability Living Allowance recipients by age and benefit rate combination (Northern Ireland)**

<b>Rate Combination</b>	<b>Children</b>	<b>Working Age</b>	<b>Pension Age</b>	<b>Total</b>
Higher rate care and higher rate mobility	2,050	18,850	12,670	33,570
	12.8%	16.1%	21.4%	17.5%
Higher rate care and lower rate mobility	3,890	12,260	2,020	18,170
	24.3%	10.5%	3.4%	9.4%
Higher rate care only	1,720	410	730	2,860
	10.7%	0.4%	1.2%	1.5%
Lower rate care and higher rate mobility	0	6,560	7,930	14,500
	0.0%	5.6%	13.4%	7.5%
Lower rate care and lower rate mobility	50	2,740	1,110	3,900
	0.3%	2.3%	1.9%	2.0%
Lower rate care only	150	7,840	3,730	11,720
	0.9%	6.7%	6.3%	6.1%
Middle rate care and higher rate mobility	480	22,440	18,000	40,920
	3.0%	19.2%	30.4%	21.3%
Middle rate care and lower rate mobility	5,450	33,800	5,600	44,860
	34.0%	28.9%	9.5%	23.3%
Middle rate care only	2,160	6,530	2,110	10,790
	13.5%	5.6%	3.6%	5.6%
Higher rate mobility only	30	3,340	4,690	8,060
	0.2%	2.9%	7.9%	4.2%
Lower rate mobility only	50	2,300	590	2,940
	0.3%	2.0%	1.0%	1.5%
<b>Total</b>	<b>16,030</b>	<b>117,070</b>	<b>59,180</b>	<b>192,280</b>
	100.0%	100.0%	100.0%	100.0%

Source DLA Midas Scan 25<sup>th</sup> November 2012

Table 33 below shows the Disability Living Allowance working age caseload identified by benefit rate and gender. While it is not possible to say at this time how individual cases will be affected by the move from Disability Living Allowance to Personal Independence Payment the aim of the Personal Independence Payment assessment is to provide clarity, fairness and objectivity.

**Table 33: Working age Disability Living Allowance recipients by Gender, and Benefit Rate combination**

	<b>Working Age (16-64)</b>		
<b>Rate Combination</b>	<b>Male</b>	<b>Female</b>	<b>Total Number of Working Age Recipients</b>
<b>Higher rate care and higher rate mobility</b>	8,530	10,320	18,850
	15.4%	16.8%	16.1%
<b>Higher rate care and lower rate mobility</b>	6,390	5,880	12,260
	11.5%	9.6%	10.5%
<b>Higher rate care only</b>	220	200	410
	0.4%	0.3%	0.4%
<b>Lower rate care and higher rate mobility</b>	2,960	3,600	6,560
	5.3%	5.8%	5.6%
<b>Lower rate care and lower rate mobility</b>	1,080	1,660	2,740
	1.9%	2.7%	2.3%
<b>Lower rate care only</b>	3,220	4,610	7,840
	5.8%	7.5%	6.7%
<b>Middle rate care and higher rate mobility</b>	10,380	12,070	22,440
	18.7%	19.6%	19.2%
<b>Middle rate care and lower rate mobility</b>	16,720	17,080	33,800
	30.1%	27.7%	28.9%
<b>Middle rate care only</b>	3,380	3,140	6,530
	6.1%	5.1%	5.6%
<b>Higher rate mobility only</b>	1,860	1,480	3,340
	3.4%	2.4%	2.9%
<b>Lower rate mobility only</b>	780	1,510	2,300
	1.4%	2.5%	2.0%
<b>Total</b>	<b>55,520</b>	<b>61,550</b>	<b>117,070</b>
	100.0%	100.0%	100.0%

Source DLA Midas Scan 25th November 2012

Notes: Recipients figures quoted represent the Disability Living Allowance payload, that is the number of people receiving payment of the benefit at the date of extract. This does not include those cases where payment has been suspended due to hospitalisation, etc. Figures are rounded to the nearest ten; Percentages are rounded to one decimal place. Totals may not sum due to rounding.

## **Assembly scrutiny**

The policy proposals for Personal Independence Payment have come under significant scrutiny by both the Assembly's Social Development Committee and the Ad Hoc Committee on Conformity with Equality and Human Rights Requirements.

In respect of Personal Independence Payment the Social Development Committee challenged the Department on many areas including their concerns about the greater numbers of people in receipt of Disability Living Allowance in Northern Ireland, the percentage of Disability Living Allowance recipients here with mental health issues, and the primacy of medical evidence.

The Social Development Committee did not make any recommendations for specific amendments to the substantive Personal Independence Payment provisions of the Bill in their Report to the Assembly<sup>18</sup>.

In recognition of the concerns raised by both the Social Development Committee and the Ad Hoc Committee in these areas it should be recognised that the current eligibility conditions for Disability Living Allowance focus mostly on physical disability and less on mental, cognitive or sensory impairments. Personal Independence Payment however, is designed to take greater account of mental, intellectual, cognitive and sensory impairments. Personal Independence Payment is also designed to make more use of medical and other evidence, in addition to the views of the individual.

While Assembly scrutiny identified issues of concern around Personal Independence Payment, these are not specifically Section 75 related, albeit that, by default, those in receipt of this benefit will be those with a disability.

The Bill provides enabling powers to establish Personal Independence Payment and the detail of the proposed Assessment criteria will be set out in Regulations. Anyone who meets and satisfies the eligibility and assessment criteria will receive Personal Independence Payment.

## **Disability Living Allowance and Gender**

There is a slight difference between the number of men and women in receipt of Disability Living Allowance currently making up the live caseload though this is generally reflective of the demographic breakdown by gender here.

Tables 34 to 36 show the breakdown of Disability Living Allowance recipients by gender, the rate combinations by gender of the total Disability Living Allowance caseload and then further broken down to the working age category.

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<sup>18</sup> The Social Development Committee did make a recommendation in relation to Assembly procedures for consequential amendments which includes Personal Independence Payment.



**Table 34: Disability Living Allowance recipients by gender**

Benefit	Men	Women	Proportion men	Proportion women
Disability Living Allowance	92,280	100,000	48.0%	52.0%
Total	192,280		100.0%	

Source DLA Midas Scan 25<sup>th</sup> November 2012. Note: Numbers rounded to nearest 10.  
Percentages rounded to one decimal place.

In the entire Northern Ireland Disability Living Allowance caseload the proportion of men and women receiving each rate combination is broadly similar, although there are more women than men in receipt of 6 out of the 11 Disability Living Allowance rate combination categories.

**Table 35: Disability Living Allowance rate combinations by gender – Total DLA Caseload**

Rate Combination	Men	Women	Total
Higher rate care and higher rate mobility	15,090	18,480	33,570
	16.4%	18.5%	17.5%
Higher rate care and lower rate mobility	10,200	7,970	18,170
	11.1%	8.0%	9.4%
Higher rate care only	1,590	1,270	2,860
	1.7%	1.3%	1.5%
Lower rate care and higher rate mobility	6,490	8,010	14,500
	7.0%	8.0%	7.5%
Lower rate care and lower rate mobility	1,490	2,410	3,900
	1.6%	2.4%	2.0%
Lower rate care only	4,880	6,840	11,720
	5.3%	6.8%	6.1%
Middle rate care and higher rate mobility	18,310	22,620	40,920
	19.8%	22.6%	21.3%
Middle rate care and lower rate mobility	23,060	21,800	44,860
	25.0%	21.8%	23.3%
Middle rate care only	5,760	5,030	10,790
	6.2%	5.0%	5.6%
Higher rate mobility only	4,410	3,650	8,060
	4.8%	3.7%	4.2%
Lower rate mobility only	1,020	1,920	2,940
	1.1%	1.9%	1.5%
Total	92,280	100,000	192,280
	100.0%	100.0%	100.0%

Source DLA Midas Scan 25<sup>th</sup> November 2012. Note: Numbers rounded to nearest 10.  
Percentages rounded to one decimal place.

**Table 36: Disability Living Allowance working age recipients by Gender and Benefit Rate combination - by number and percentage of total caseload**

The proportion of men and women in the working age group (that is those that will be impacted by the Personal Independence Payment proposals) receiving each rate combination is broadly similar although there are more women than men in receipt of 7 out of the 11 Disability Living Allowance rate combination categories.

	<b>MALE Working Age (16-64)</b>	<b>Total Number of Male Recipients</b>	<b>FEMALE Working Age (16-64)</b>	<b>Total Number of Female Recipients</b>	<b>Total Number of Recipients</b>
<b>Rate Combination</b>					
<b>Higher rate care and higher rate mobility</b>	8,530	15,090	10,320	18,480	33,570
	15.4%	16.4%	16.8%	18.5%	17.5%
<b>Higher rate care and lower rate mobility</b>	6,390	10,200	5,880	7,970	18,170
	11.5%	11.1%	9.6%	8.0%	9.4%
<b>Higher rate care only</b>	220	1,590	200	1,270	2,860
	0.4%	1.7%	0.3%	1.3%	1.5%
<b>Lower rate care and higher rate mobility</b>	2,960	6,490	3,600	8,010	14,500
	5.3%	7.0%	5.8%	8.0%	7.5%
<b>Lower rate care and lower rate mobility</b>	1,080	1,490	1,660	2,410	3,900
	1.9%	1.6%	2.7%	2.4%	2.0%
<b>Lower rate care only</b>	3,220	4,880	4,610	6,840	11,720
	5.8%	5.3%	7.5%	6.8%	6.1%
<b>Middle rate care and higher rate mobility</b>	10,380	18,310	12,070	22,620	40,920
	18.7%	19.8%	19.6%	22.6%	21.3%
<b>Middle rate care and lower rate mobility</b>	16,720	23,060	17,080	21,800	44,860
	30.1%	25.0%	27.7%	21.8%	23.3%
<b>Middle rate care only</b>	3,380	5,760	3,140	5,030	10,790
	6.1%	6.2%	5.1%	5.0%	5.6%
<b>Higher rate mobility only</b>	1,860	4,410	1,480	3,650	8,060
	3.4%	4.8%	2.4%	3.7%	4.2%
<b>Lower rate mobility only</b>	780	1,020	1,510	1,920	2,940
	1.4%	1.1%	2.5%	1.9%	1.5%
<b>Total</b>	<b>55,520</b>	<b>92,280</b>	<b>61,550</b>	<b>100,000</b>	<b>192,280</b>
	100.0%	100.0%	100.0%	100.0%	100.0%

Source DLA Midas Scan 25th November 2012

## Medical Conditions

As noted by the Social Development Committee, approximately 22% of people in NI currently claiming Disability Living Allowance are doing so due to mental health issues. It has been set out above how Personal Independence Payment is intended to take greater account of mental, intellectual, cognitive and sensory impairments than Disability Living Allowance. For example, if an individual lacks motivation as a result of a mental health condition and needs to be prompted to carry out an activity, they may be awarded points in the assessment.

Fundamentally Personal Independence Payment will not be awarded due to a particular health condition or disability or diagnosis but on the effects of a disability on a person's life. Entitlement will be determined by assessing an individual's ability to carry out a number of key daily living and mobility activities.

Table 37 below sets out the medical conditions which result in the greatest number of claims for Disability Living Allowance in Northern Ireland.

**Table 37: Disability Living Allowance recipients by medical condition (Northern Ireland)**

Main Disabling Condition	Frequency	Percent
Alcohol abuse	3,520	1.8%
Arthritis	34,380	17.9%
Asthma	2,900	1.5%
Back ailments	14,570	7.6%
Blindness	2,150	1.1%
Chest disease	4,610	2.4%
Chronic fatigue	3,360	1.7%
Conversion*	2,640	1.4%
Deafness	2,610	1.4%
Diabetes	3,300	1.7%
Epilepsy	5,320	2.8%
Heart disease	10,030	5.2%
Hyper kinetic syndrome	2,780	1.4%
Learning difficulties	16,750	8.7%
Malignant disease	3,730	1.9%
Multiple sclerosis	2,510	1.3%
Muscles/joint/bone disease	13,390	7.0%
Neurological disorder	4,770	2.5%
Other **	9,540	5.0%
Other mental health causes	42,470	22.1%
Stroke-related	3,930	2.0%
Terminally ill	1,510	0.8%
Trauma to limbs	1,510	0.8%
Total	192,280	100.0%

Source DLA Midas Scan 25<sup>th</sup> November 2012

Notes –

\*Disabling conditions were not recorded for existing cases when they were transferred to the computer system

\*\*Other includes medical conditions that constitute less than 0.5% of all conditions

This table is in a different format from the original table and reflects how DLA main disabling condition has been published in the past.

The revised figures show no sizeable change from the data outlined in the original equality impact assessment (May 2012) which showed that no specific adverse impacts have been identified.

### **Personal Independence Payment: Assessing Potential Impact**

The Personal Independence Payment assessment criteria are not included in the Bill but will be detailed in the Personal Independence Payment

Regulations and will be subject to separate equality screening and a full equality impact assessment if required.

To help develop the assessment criteria for Personal Independence Payment, it was necessary to test the initial proposals to try to understand the effects they would have on existing Disability Living Allowance recipients. The testing exercise, which was UK wide, involved sample assessments of volunteers from Northern Ireland who were receiving Disability Living Allowance at that time. Assessments were carried out by trained health professionals and involved face to face appointments with each volunteer. In total 180 volunteers from Northern Ireland participated in the testing.

The estimated impact of the introduction of Personal Independence Payment on the '*natural reassessment*' caseload (that is those Disability Living Allowance claimants that report a change in circumstances affecting their entitlement or whose definite award is due to expire before October 2015) are based on the sample of 180 cases. As such they are subject to sampling variability and should be treated with caution. Indeed, while the sample size was sufficient to allow an assessment of the impact of Personal Independence Payment at a Northern Ireland level, it is too small to allow for any statistically valid sub-analysis by equality group.

In Great Britain it is intended that the first of two planned independent reviews of the assessment will be completed by the end of 2014. This allows for the findings to be considered, and any necessary changes made before the majority of Disability Living Allowance recipients begin to be reassessed from October 2015. Therefore this impact analysis only considers the potential impact to the '*natural reassessment*' cases that will be reassessed before October 2015.

### **The potential impact on DLA cases of '*natural reassessment*' for PIP up to October 2015**

In 2012, the Department for Work and Pensions (DWP) launched a consultation which sought feedback on the draft PIP assessment criteria. The Department for Social Development (DSD) issued the consultation document at the same time. Following evaluation of all the feedback, a number of changes were made to the assessment criteria. The written reports from the original testing of the 180 cases were reassessed by the health professionals taking account of the new assessment criteria.

Following this paper exercise, the results from the sample of 180 cases from Northern Ireland once weighted to the current Disability Living Allowance caseload show a disallowance rate of 25%.

This is shown in table 38 below which estimates the number of claimants who will undergo reassessment before October 2015 and the potential outcome to their benefit award under Personal Independence Payment.

This Table is based on the outcomes of the 180 individuals who underwent testing of the revised Personal Independence Payment assessment criteria. An estimated 32.8% will see a decreased level in their award while, as noted above, 25% will receive no reward. It is further estimated that 23.3% are expected to see an increase in their payments. The remaining 18.8% are expected to see no change.

**Table 38: NI DLA claimants reassessed by October 2015**

<b>Reassessed DLA claimants by October 2015</b>		
<b>Potential outcome under PIP</b>	<b>Number</b>	<b>Proportion</b>
<b>Award increased</b>	6,330	23.3%
<b>Award unchanged</b>	5,110	18.8%
<b>Award decreased</b>	8,910	32.8%
<b>No award</b>	6,780	25.0%
<b>Total</b>	27,120	100.0%

Source: *Personal Independence Payment Information Booklet, Analytical Services Unit, DSD*

The Department for Work and Pensions has published similar analysis. This shows that in Great Britain this disallowance rate was estimated at 30%.

Table 39 below demonstrates the potential outcome under Personal Independence Payment for Great Britain Disability Living Allowance claimants who will be reassessed by October 2015.

**Table 39: GB DLA claimants reassessed by October 2015**

<b>GB DLA claimants reassessed by October 2015</b>	
<b>Potential outcome under PIP</b>	<b>Proportion</b>
<b>Award increased</b>	27.0%
<b>Award unchanged</b>	14.0%
<b>Award decreased</b>	29.0%
<b>No award</b>	30.0%

Source: *Personal Independence Payment Information Booklet, Analytical Services Unit, DSD*

## **Disability Living Allowance to Personal Independence Payment**

As explained above Disability Living Allowance awards are payable at two mobility and three care rates leading to a possible 11 different combinations of payable rates of benefit. However the Bill provides for two mobility and two daily living rates for Personal Independence Payment leading to a maximum of eight combinations of payable benefit.

Tables 40 and 41 below show the estimated proportion of the 27,120 '*natural reassessment*' cases currently in receipt of the highest rate of Care and higher

rate Mobility elements under Disability Living Allowance and the proportion of these cases that it is estimated will be in receipt of the enhanced rates of Daily Living and Mobility under Personal Independence Payment.

**Table 40: Proportion of NI natural reassessment cases up to October 2015 who are in receipt of DLA High Care and likely proportion in receipt of Enhanced Daily Living under PIP**

High Care (DLA)	Enhanced Daily Living (PIP)
7,330	8,630
27.0%	42.4%

Source: Personal Independence Payment Information Booklet, Analytical Services Unit, DSD

**Table 41: Proportion of NI natural reassessment cases up to October 2015 who are in receipt of DLA High Mobility and likely proportion in receipt of Enhanced Mobility under PIP**

High Mobility (DLA)	Enhanced Mobility (PIP)
11,830	7,630
43.6%	37.5%

Source: Personal Independence Payment Information Booklet, Analytical Services Unit, DSD

The two tables (Tables 40 and 41 above) show that it is estimated that of the approximately 27,000 Disability Living Allowance recipients of working age in NI that will be reassessed for eligibility of Personal Independence Payment from autumn 2013 until October 2015 a higher proportion will qualify for the enhanced rates of Daily Living component of Personal Independence Payment than the highest rate of care under Disability Living Allowance. They also indicate that there will likely be a potential decrease of approximately 6 percentage points from the higher rate Mobility element of Disability Living Allowance to the enhanced rates of Mobility under Personal Independence Payment.

## Summary of Impacts

There are currently just over 118,000<sup>19</sup> Disability Living Allowance claimants of working age in NI. It is anticipated that approximately 27,000 of the total number of DLA claimants in Northern Ireland will be assessed for eligibility to Personal Independence Payment from Autumn 2013 until October 2015. The remaining 91,000 claimants will not be subject to this process until late 2015 and beyond.

<sup>19</sup> There are 118,010 working age DLA claimants but only 117,070 working age DLA recipients. Recipients are those that are in receipt of a payment and excludes those cases where payment has been suspended due to hospitalisation, etc.

It is estimated that 25% of those Disability Living Allowance recipients who will be reassessed before October 2015 will not be eligible for Personal Independence Payment. It is further estimated that 32% will have their award decreased while 24% are expected to see an increase in their payments. The remaining 19% are expected to see no change. This means that in total over 42% will see no change in their award or an increased award under Personal Independence Payment.

There is limited Section 75 data available for Personal Independence Payment. However the data that is available in respect of Personal Independence Payment does show a potential impact on existing Disability Living Allowance recipients and entitlement.

In Great Britain it is intended that the first of two planned independent reviews of the assessment will be completed by the end of 2014. This allows for the findings to be considered, and any necessary changes made before the majority of Disability Living Allowance recipients begin to be reassessed from October 2015. Therefore this analysis has only considered the potential impact to the '*natural reassessment*' cases that will be reassessed before October 2015.

### **Greater use of medical and other evidence**

Most people will receive a face-to-face consultation with a trained healthcare professional, which will provide a more accurate and consistent assessment of individual need and provide individuals with the opportunity to put across their own views of the impact of their impairment on their everyday lives.

A family member or carer may also attend the assessment. Greater use will be made of evidence from the people who provide support (such as a GP, consultant or specialist nurse). This will ensure that decisions are based on the best information available.

It is important to get the assessment right and there have already been a number of changes made as it has been developed.

### **Review of awards of PIP**

Personal Independence Payment will have a more systematic and active award review mechanism with a more personalised approach with decisions on award duration and review frequency made on the basis of individual needs and the likelihood of the health condition or impairment changing. The new assessment is aimed at improving consistency in decisions. Regular reviews will ensure that awards remain correct.

### **Independent Monitoring**

As detailed above, the Bill places a requirement on the Department that Personal Independence Payment will be subject to independent review. The



legislation commits to two statutory independent reviews particularly on the operation of the assessment for Personal Independence Payment.

As currently drafted the Bill allows flexibility to report on the operation of Personal Independence Payment in Northern Ireland within two years beginning with the date on which the first Regulations come into operation and within four years beginning with that date. So it could be earlier than two years or four years. It is important to ensure that the new benefit is operating correctly. The intention is that two reviews, reporting within two years and four years of the legislation coming into operation, should allow for a full evaluation of the operation of the assessment. Therefore any recommended changes will be made before the '*managed reassessment*' process is commenced for existing working age Disability Living Allowance claimants from October 2015.

### **Phased implementation**

Personal Independence Payment is being introduced on a gradual phased basis to ensure that we monitor and review our processes so that they are working to fully support people on an individual basis as they encounter the new benefit. The Department would expect to carry out a comprehensive programme of monitoring and evaluation using a range of methods and sources and is currently developing evaluation criteria.

### **Subordinate legislation providing for PIP and next steps**

Detail on the Regulations (or subordinate legislation) flowing from the Welfare Reform Bill is included in **Annex 5**.

The Department is committed to continuing to look at each of the elements and separate strands of Welfare Reform as the Bill progresses and the subordinate legislation is drafted. As part of the overall process any potential adverse differential impacts and possible options for mitigation (if necessary) will be identified.

As with many of the strands of Welfare Reform the reform of Disability Living Allowance with the establishment of Personal Independence Payment and any options for possible mitigation, if required, must be considered by the Executive in the context of wider measures to tackle poverty and social exclusion through the Delivering Social Change framework.

Since the key policy aim of Personal Independence Payment is to target those with greatest need and to help disabled people live full, active and independent lives this will form part of the key Programme for Government Priorities to '**Creating Opportunities, Tackling Disadvantage And Improving Health And Well Being**', and '**Building A Strong And Shared Community**'. In particular the impact of the reform of Disability Living Allowance and the introduction of Personal Independence Payment in Northern Ireland will be part of the key considerations for the Executive as it

takes forward '*A Strategy to Improve the Lives of People with Disabilities – 2012 to 2015*'.

## Part 5: Social Security: General

### Benefit Cap

Once the Welfare Reform Bill receives Royal Assent regulations will be brought forward to introduce a cap on the total amount of benefit that working-age people can receive called a “Benefit Cap”. On its introduction, the cap will be set at the GB rate (estimated at £500 per week for couples and single parent households and £350 per week for single adult households without children). This means that households cannot receive more in benefits than the average earnings of working households in Great Britain, after tax and National Insurance.

The original EQIA on the Welfare Reform Bill was unable to present statistical data in relation to the number of households likely to be impacted by the Benefit Cap. In order to produce a statistically valid and robust estimate of the impact of the Benefit Cap, Analytical Services Unit (ASU) developed a household administrative database which merged all social security benefit data (extracted between May and June 2012) with HMRC data.

The number of affected households is relatively small in relation to the actual number of claimants. Households affected by the cap will still be able to receive significant financial assistance from state welfare payments.

The total number of households estimated to have payment in excess of the cap was 13,300. However, the vast majority of these households will be excluded from the impact of the Benefit Cap as a result of being in receipt of certain benefits / tax credits. The most significant exclusion group were claimants of DLA; 10,600 households were excluded because an adult in the household was in receipt of DLA.

When all the exclusions were removed from the analysis, approximately 620 households were estimated to be affected by the Benefit Cap in Northern Ireland.

The analysis produced by ASU supports the Department’s original assertion that the Benefit Cap is likely to have a greater impact on larger families with several children and single females. The impacts are detailed below.

**Table 42: Proportion of estimated households to be capped by Age Range**

Age of Head of Household	% of Benefit Cap Claimants *
Under 30	11%
30 - 39	60%
Over 40	29%

Percentages may not sum due to rounding

\* Please note 70 households have been removed due to lack of information re date of birth, all percentages are calculated out of the revised household figure

Source: SSA administrative data and HMRC administrative data at June 2012

**Table 43: Proportion of estimated households to be capped by Family Type**

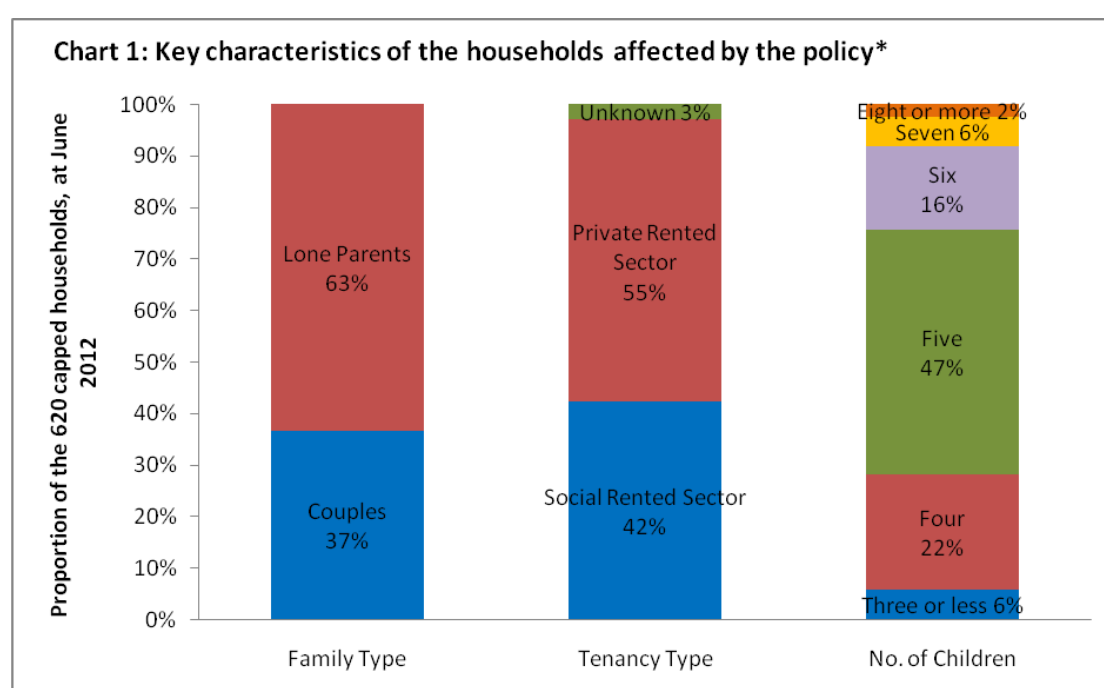
Family Type	% of Benefit Cap Claimants *
Male Single	2%
Female Single	70%
Couple	28%

Percentages may not sum due to rounding

\* Please note 95 households have been removed due to lack of gender information, all percentages are calculated out of the revised household figure

Source: SSA administrative data and HMRC administrative data at June 2012

References to single males / females refer to lone parents



\*All figures have been rounded to the nearest whole percent. Subsequently, totals may not sum due to rounding.

**Note:** 3 or less children and 8 or more were grouped to avoid small sample size and disclosure

**Source:** SSA administrative data and HMRC administrative data at June 2012

Unfortunately analysis can only be provided for some of the equality groups. The Department does not, as a matter of course monitor religious belief, political opinion, racial background or sexual orientation for the purpose of administering the social security system in Northern Ireland. We would not expect claimants to be adversely affected on these grounds.

While data is not collected in relation to the religion or belief of claimants there is evidence that the proportion of Protestants and Roman Catholics in the working age population is quite evenly balanced at 46% and 43%

respectively<sup>20</sup>. As the Benefit Cap will apply to working age benefits we do not envisage an adverse impact on these grounds.

### **Summary of Impacts**

The impact on women is mitigated somewhat by the existing support available to help lone parents move into work and qualify for Working Tax Credit, which in turn exempts them from the cap. Lone parents can become eligible for Working Tax Credit when working 16 hours or more a week so putting them at an advantage to those who have to work at least 30 hours per week. Statistics show that the number of lone parents (aged 16 – 74) with dependent children who are in work has increased significantly over the last decade. The proportion of such households where the lone parent was in part-time employment rose from 20% in April 2001 to 31% in March 2011. Similarly the proportion of such households where the lone parent was in full-time employment rose from 20% to 22%<sup>21</sup>.

Additional measures to mitigate against the impact of Welfare Reform can be considered further outside of the social security arena through mainstream Departmental Programmes and / or initiatives by the Executive Sub Committee on Welfare Reform which was established by the Executive.

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<sup>20</sup> 2011 Labour Force Survey Religion Report, December 2012

<sup>21</sup> Census 2011: NISRA Key Statistics Bulletin December 2012

## **Parts 6 & 7 of the Bill & General Amendments**

### **Child Support Maintenance**

Part 6 of the Welfare Reform Bill is non-contentious and amends existing Child Support legislation (the Child support (Northern Ireland) Order 1991 and the Child Maintenance Act 2008).

The amendments set out in the Bill are required to support the Department's aim of encouraging the making and keeping of family-based maintenance arrangements and moving away from the current reliance on the Statutory Child maintenance Scheme. The amendments allow the Department to provide support to parents to make their own arrangements without recourse to entering the statutory scheme.

The amendments provide for the transfer of cases to the new Child Maintenance Scheme 2012 and ensures that the Department will only collect maintenance where both parents are in agreement or where it is likely that the Non- Resident Parent will not pay.

This Part also enables the Department to provide parents with an indication of what a maintenance assessment would be to support their own arrangements.

The Child Maintenance Act 2008 is amended to require a review of the effect of child maintenance charges, within 30 months. Other amendments allow for any fees to be deducted from benefits.

### **Summary of Impacts**

These clauses amend existing primary legislation with a view to empowering separated parents to make their own family based arrangements and to reduce reliance on a statutory scheme.

The policy behind this and the primary legislation which these clauses amend has already been subject to the full equality impact process as part of the primary legislative process.

These are minor technical amendments to existing policy, which was agreed by the Assembly and resulted in The Child Maintenance Act 2008.

This is not a new policy and therefore does not require any screening. Any Regulations will however be subject to separate equality screening and a full EQIA if required.

## Housing Benefit up-rating local housing allowance by the consumer price index

The policy intent is to restrict annual increases in Local Housing Allowance rates used to calculate Housing Benefit for claimants in the private rented sector to equivalent increases in the Consumer Price Index. The change will apply to around 53,000 claimants (as of 1 September 2012 and includes all claimants whose Housing Benefit is calculated using Local Housing Allowance arrangements). The estimated average weekly reduction (per claim) across Northern Ireland for the categories of dwelling is as follows:

**Table 44: Estimated weekly reduction in Housing Benefit as a result of up-rating local housing allowance by CPI**

Rate	Estimated weekly deduction
shared accommodation rate	£1.65
1-bedroom rate	£0.00 (decrease (–£0.63) not applied)
2-bedroom rate	£2.10
3-bedroom rate	£1.32
4-bedroom rate	£1.11
overall average	£1.11

*Source: Housing Division*

The figures outlined above show that the proposed policy change should have a minimal impact on claimants.

Evidence would suggest that a slightly higher proportion of Roman Catholics may be affected by the proposals as 18% of Roman Catholic households rent privately compared to 13% of Protestant households<sup>22</sup>.

Unfortunately analysis can only be provided for some of the equality groups. The Department does not, as a matter of course monitor religious belief, political opinion, racial background or sexual orientation for the purpose of administering the social security system in Northern Ireland. We would not expect claimants to be adversely affected on these grounds.

### Summary of Impacts

Discretionary Housing Payments may be considered by the Housing Executive in certain circumstances. The Department will in addition be able, if it considers it necessary, to set Local Housing Allowance rates at a different level than the increases in the Consumer Price Index, by means of secondary legislation.

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<sup>22</sup> 2011 Labour Force Survey Religion Report, December 2012

## Section 5 – Way Forward

Once the Welfare Reform Bill has received Royal Assent the Department intends to bring forward Regulations which will provide more detail on the policy proposals. A summary of the regulations which are likely to follow as a result of the Bill are listed at **Annex 5**.

Initially a separate equality screening will be undertaken on each set of Regulations. The screening exercises will be used to identify potential adverse impacts and ways of mitigating such impacts identified along with options for Ministerial consideration. Without prejudicing the outcome of the screenings we would expect that not all the regulations will require a full equality impact assessment to be carried out - for example regulations making minor consequential amendments.

We would however expect to undertake an equality impact assessment on the more significant elements of reform.



## Section 6 – Bibliography

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- Department of Finance and Personnel: Labour Force Survey Quarterly Supplement: October – December 2012 (published February 2013)
- Department of Health Social Services and Public Safety: Statistics on Community Care for Adults in Northern Ireland 2011-12
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- Office of the First Minister and Deputy First Minister: A Strategy to improve the lives of people with disabilities
- Office of the First Minister and Deputy First Minister: Programme for Government 2011-15
- Office of the First Minister and Deputy First Minister: Programme for Government 2011-15 Equality Impact Assessment

- Northern Ireland Housing Executive: The Impact of the Housing Benefit Reforms on the Social Rented Sector: A Study for the Northern Ireland Housing Executive and Department for Social Development (2013)

In addition to the documents outlined above the Department has reviewed and responded to issues raised in evidence presented to the Social Development Committee and the Ad Hoc Committee during the Assembly's scrutiny process.

## **DSD RESEARCH TO INFORM AND SUPPORT THE DEPARTMENTAL EQUALITY SCHEME**

The Department has made significant progress in the last 12 months in gathering additional data and research to inform and support the Departmental Equality Scheme. This may be summarised as follows:

### **1. Administrative Data**

DSD currently hold administrative data in relation to the following:

- **Social Security Benefits, namely**
  - Income Support
  - Jobseekers Allowance
  - Disability Living Allowance
  - Attendance Allowance
  - Retirement Pension
  - Incapacity Benefit
  - Industrial Injuries Disability Benefit
  - Maternity Allowance
  - Widows benefit
  - Invalid Care Allowance
  - Pension Credit
  - Employment Support Allowance
  - Bereavement Benefit
  - Severe Disability Benefit
  - Social Fund
  - Winter Fuel Payments

Social Security data is received on a 2, 4 and 6 weekly basis (depending on the benefit. This is with the exception of Winter Fuel payment data which is received on an annual basis. Each data scan is a 100% scan meaning that it includes details of all claimants who are in receipt of a given benefit at a specific point in time.

Social Security Benefit Data typically include information on the following fields:

- Nino, name, address (inc. postcode)
- Age/Gender/Number of dependants
- Claim start date and claim end date
- Rate of claim
- Partner details
- Benefit specific information
- Geographical Boundary within which each claimant resides (Jobs and Benefits office, ward, SOA, LGD, health board,

parliamentary constituency) with associated Multiple Deprivation measure (MDM) rank

- Method of payment

- **Unemployment Claimant Count**

Monthly Unemployment Count Data scans are provided by the Department of Enterprise, Trade and Investment (DETI). These 100% data scans contain the personal details of claimants (similar to that noted above in respect of the social security data), the destination of claimants and stock and flow information.

- **Child Maintenance.** Monthly data scans are provided detailing those individuals (both parents with care and non resident parents) that use of the services of the Child maintenance and Enforcement Division. These 100% data scans contain the personal details of claimant (similar to that noted above in respect of the social security data)
- **Housing Benefit** Monthly data scans are provided by the NI Housing executive detailing those individuals who are claiming Housing Benefit. (These 100% data scans contain the personal details of claimant (similar to that noted above in respect of the social security data)
- In 2012, DSD were successful in gaining access to a range of data from **Her Majesty's Revenue and Customs (HMRC)**. This included:
  - Tax Credits (provides details of the earnings, formal child care costs, age/gender/ dependants/ marital status of claimants. Levels/ types of disability for those in receipt of Disabled Persons tax Credit is also provided)
  - Child Benefit (provides details of age/gender/ dependants/ marital status of claimants)
  - Employment Data
  - Earnings

## 2. Databases produced using DSD Administrative Data

**Household Administrative Database** – Analytical Services Unit (ASU) are developing a Household Income Administrative Database which links individual benefit scans and tax credit data with HMRC earnings and savings data. Once complete, the database will be able to trace claimants' movements throughout the benefit and employment system. The structure of the database should facilitate the estimation of the take-up of means tested benefits. It will also allow measurement of projected levels of benefit take up as the result of the introduction of Universal Credit. The equality groupings available for analysis will match those already available on the current benefit and HMRC data scans.

The database has already been used to assess the impact of the proposed Benefit Cap.

### 3. Departmental Research

**Family Resources Survey** The Family Resources Survey collects detailed information on the incomes and circumstances of private households from April to March each year. The survey is completed by approximately 2,000 household in NI each year. The survey has been carried out in Great Britain since 1992, but 2002/03 saw the introduction of Northern Ireland for the first time. This survey is a 'National Statistic' and the Department for Social Development are accountable for its delivery in Northern Ireland.

The Department for Work and Pensions and the Department for Social Development produce and disseminate the official poverty statistics (including child poverty) for United Kingdom and Northern Ireland respectively, using the Households Below Average Income datasets which are based on the Family Resources Survey.

The FRS collected data in relation to 7 of the 9 Equality Groups. Additional questions were added to the FRS 2011/12 survey year to cover the Equality Groups of Political Opinion and Sexual Orientation. The Political Opinion categories were Nationalist/ Unionist/ Neither. Data for these additional Section 75 categories will be drawn from the 2011-12 FRS datasets, which will be available later in 2013.

Using the FRS, the DSD, in partnership with the Department for Work and Pensions (DWP) have developed a model known as the **Policy Simulation Model (PSM)**. The PSM is a micro-simulation model used for poverty and scenario analysis and produces outputs including the financial impacts on different demographic groups from policy changes to the tax and benefits system. It is based on the Family Resources Survey and therefore has coverage of the same Section 75 groupings as the main survey, the most current version of the model is based on the 2010-11 Family Resources Survey. This model will allow the department to more accurately assess the impact of a wide range of policies (especially those linked to the Welfare Reform Agenda) on the equality groups.

**NI Omnibus Survey** – The Northern Ireland Omnibus Survey is carried out on a regular basis and is designed to provide a snapshot of the lifestyle and views of the people of Northern Ireland. The Social Security Agency (SSA) has already completed one survey in September 2012 (copy attached) and have added approximately 20 questions in the next three Omnibus surveys to be completed in 2013. A similar number of questions will be added to each of the next 3 surveys in order to examine attitudes to Welfare Reform. Analysis will be carried out on available equality groups.

**Urban Regeneration and Community Development Group (URCDG).**

Many of the projects and programmes that are supported by URCDG target the most vulnerable within society. Many of these individuals will be in receipt of social security benefits. The aforementioned social security data held within the Department can be analysed at a small area level to establish the impact of URCDG policies on the Equality groups for which data is available.

**Voluntary Community Unit (VCU)** is potentially looking at collecting information from advice centres from March 2013 (e.g in relation to the types of service/ support being provided by these centres to claimants). The collation of equality data is being explored.

**Volunteering strategy** – questions were asked in the Omnibus survey in 2012, to establish the level of volunteering. The outputs were analysed by each of the 9 equality groups. .

**Housing.** A number of Housing research projects are either underway or are planned for the near future. These are as follows:

- DSD and NIHE have commissioned a research project to analyse the impact of Housing Benefit reforms on the social sector. This will include under occupancy and the direct payment of housing costs to benefit recipients rather than landlords. The research is being undertaken by Glasgow University and Newhaven Research.
- DSD Participation in a DWP research project on the impact of housing benefit reform in the private rented sector. The most significant of these reforms for Northern Ireland is anticipated to be basing housing benefit rates on the 30<sup>th</sup> percentile of private sector rents rather than the current median. This essentially will leave a large pool of tenants chasing a smaller pool of properties with the lowest rents. DWP has suggested that this will lead to landlords reducing rents. One of the main objectives of the research project is to gather evidence on whether this is indeed the case in reality.
- Development of a housing affordability (economic) model for Northern Ireland. The NI Housing Executive Research Unit and academics intends to produce a housing affordability (economic) model for Northern Ireland similar to that in place for Scotland and England. The University of Glasgow has been appointed as lead researcher.
- Research to inform Housing is being taken forward by the research teams within the Housing Directorate and also within the NI Housing Executive. This includes:
  - House Conditions Survey. The survey provides a comprehensive picture of the dwelling stock and its condition at NI and District Councils level. It also gathers data used to provide a reliable assessment of the energy efficiency of the

stock and the level of Fuel Poverty in Northern Ireland on a comparable basis with the rest of the UK. The survey collects data in relation to 7 of the 9 Equality Groups. The equality groups of Political Opinion and Sexual Orientation are not available for the 2009 survey.

- Improving Housing Association stock data. The aim of the project is to source, hold and maintain an improved evidence base of information on Housing Association stock to support improved policy, strategy and regulation.
- As part of the January 2013 Omnibus Survey a set of questions have been added to assess the impact of the housing market downturn on the housing choices of the population. These questions are designed to gather information from those both in owner-occupation and rented accommodation that will inform the development of government policy responses to both the current situation and the future supply of housing. The Omnibus survey includes questions relating to all Section 75 groupings.

### **DSDNI Benefits and Tax Credits Survey**

A large scale survey was carried out between 25<sup>th</sup> January and 23<sup>rd</sup> March 2012 by Ipsos MORI. In total 1,225 respondents, comprising 1,004 main claimants and 221 partners took part in the survey. The respondents to the survey were in receipt of a benefit or tax credit that will be replaced by Universal Credit. The main objective of the research was to gather information to gain a better understanding of respondents who are likely to be eligible for Universal Credit. Data on all of the 9 Equality groups was collected.

### **ESA Claimant Journey Research**

This research project is ongoing but should be completed by March/April 2013. This research examines the claimant journey/experience of the ESA process, what happens to those claimants that were found fit for work and also those claimants who did not complete their medical assessment. Analysis will be broken down between Age and Gender.

### **Appeals Reform Survey**

Survey is currently at the design stage. It will be used to review the current disputes process. The survey will gather data in relation to all of the Equality groups.

### **Disability Living Allowance (DLA) /Attendance Allowance (AA) and Work**

Telephone survey is currently being conducted. The survey explores attitudes towards DLA/AA and work (based on a similar piece of research completed in GB). The telephone surveys are with claimants in receipt of

DLA/AA and approximately 1200 claimants been contacted. The analysis that will be produced will include details on all S75 groups with the exception of Political Opinion and Sexual Orientation. Other research for this report involved focus groups.

### **Welfare Reform - Claimant Satisfaction Survey**

This survey will be carried out later in 2013. Claimant will be asked a range of questions regarding the service that they have received from the Social Security Agency. A range of questions will also be included in terms of the personal circumstances, attitudes and drivers of the claimant. It is intended that questions pertaining to each of the 9 equality groups will be included within the survey.

### **Claimant First Claimant Satisfaction Survey**

This survey was the baseline survey of claimant satisfaction in the Belfast West and Lisburn district prior to the rollout of the new service delivery model in the SSA offices within the district. Data was gathered on age, gender, marital status, dependants, disability and ethnicity.

### **Working Age to Pension Age Claimant Satisfaction Survey**

Baseline survey of claimant satisfaction prior to the introduction of the Working Age to Pension age transition process. Data was gathered on age, gender, marital status, dependants, disability and ethnicity.

### **CMED Child Maintenance Choices Claimant Survey**

Child Maintenance Choices was launched in January 2011 to deliver the CMED's remit to provide information and support to help parents put effective child maintenance arrangements in place. This Survey collected information on claimants' experience when contacting Child Maintenance Choices. Data on all of the 9 Equality groups was also collected

### **CMED Survey of the Child Maintenance Population**

The Child Maintenance and Enforcement Division's (CMED) 2012 Survey of the Child Maintenance Population collected information from parents with care (PWCs) living in Northern Ireland, who had a child maintenance interest. Data on all of the 9 Equality groups was collected.

## **4. Ad hoc projects**

**Administrative Data Linking Taskforce** The Administrative Data Taskforce (ADT) was formed in December 2011 by the Economic and



Social Research Council (ESRC), the Medical Research Council (MRC) and Wellcome Trust, and chaired by Sir Alan Langlands.

The ADT has been working with a range of government departments, academic experts, the funding agencies and representatives from all four nations in the UK to examine the best procedures and mechanisms to make administrative data available for research safely. The report from the ADT (available below) was published in December 2012.

The ADT recommendations propose a UK Administrative Data Research Network that would be responsible for linking data between government departments. The proposed network will provide a single governance structure that will allow for consistent and robust decision-making.

DSD participates in this group. It is hoped that this DSD will be able to access other government data (e.g. health and education data). This will allow us to build a more complete profile of claimants and add to the equality data that we already hold.

**Northern Ireland Cohort Longitudinal Study of Ageing (NICOLA).**

NICOLA will be the most detailed study on ageing ever undertaken in NI and is designed to be as comprehensive a study as the English Longitudinal Study of Aging (ELSA) and the Irish Longitudinal Study of Ageing (TILDA). In the study, issues such as the health, lifestyle and socioeconomic interactions of 98,000 over 50's will be examined. The study will look at how their circumstances change over a 10 year period.

NICOLA has been set up by a group of researchers in the Centre for Public Health; Queen's University Belfast and has attracted financial investment from Atlantic Philanthropies, OFMDFM, the HSC Research and Development office and QUB.

DSD has agreed to become a member of the NICOLA stakeholder Board. The NICOLA team are keen to explore whether DSD administrative data could be linked with data gathered through the NICOLA study. This may allow a great deal of qualitative and quantitative information to be gathered on a number of equality groups, especially the elderly.

## ANNEX 2

### Social Development Committee's recommendations

Clause Number	Current Policy position	SDC Recommendation
Clause 4 – Basic Conditions	Universal Credit is a benefit paid to a household (much like tax credits) where each partner must agree to the claim being made and all income is taken into account from both partners. Signing of the claimant commitment is a condition of entitlement. Couples cannot be treated as single people therefore claim is not valid unless both sign their claimant commitment.	Where one person in a couple is willing to sign a Claimant Commitment and the other member of the couple isn't, then the person willing to sign is treated as a single claimant.
Clause 10 – Responsibility for Children and Young Persons	Families with children will be able to receive an amount in their Universal Credit award for each dependent child called the child element. Families with one or more disabled children will be eligible for extra support through the disabled child addition which is payable on top of the child element. Universal Credit will have a two-tier system of support for disabled children: - a lower disabled child addition and a higher rate disabled child addition. The Universal Credit higher rate disabled child addition is higher than the current Child Tax Credit equivalent. The lower rate of Universal Credit disabled child element will be less than the lower rate of Child Tax Credits. Eligibility for the disabled child additions will, as now, will be linked to the rate of Disability Living Allowance received. The policy intention is to balance support for disabled children according to their needs – those with the greatest needs will receive the higher addition.	That the Child Tax Credit lower rate be restored
Clause 12 – Other particular needs or circumstances	Universal Credit will be a radical simplification of current benefits and entails abolition of all existing premiums/additions with the savings used to recycle support to those with limited capability for work or	That the Severe Disability Premium be retained.

Clause Number	Current Policy position	SDC Recommendation
	<p>work related activity. Rather than a severe disability premium (SDP) those claimants with limited capability for work and work related activity are likely to receive £303.66 per month / £70 per week. Currently SDP is paid to people with a severe disability who have no carer and live alone (£58.50 per week). Those claimants with limited capability for work will receive £123.62 per month. Resources released from abolishing the current premiums will be re-invested into the support component equivalent, raising it in stages as resources become available to around £77 per week (£333 per month).</p>	
Clause 26 – Higher Level Sanctions	<p>As a condition of receiving benefit a claimant has to fulfil certain conditions. If they fail to fulfil these conditions and there is no good reason for the failure then a sanction will be imposed. If a sanction is appropriate it will be imposed as a reduction in benefit for a specified period. The specified periods are specific and relate to the severity of the failure e.g. failing to take a job offer attracts a higher sanction than failure to undertake all reasonable action to obtain work. The highest level sanction is for 3 years but is only applied if a claimant has attracted three high level sanctions within a certain period.</p>	<p>That the Minister pursue the possibility of varying the sanction regime with the Department for Work and Pensions.</p>
Clause 52 – Period of entitlement to Contributory Allowance	<p>Contributory ESA will cease after 365 days for those capable of returning to work at some point (ie in the ESA work related group). At that point they can apply for income-related ESA if they satisfy the income and capital conditions. Those who are not capable of returning to work (ie in the ESA Support Group) will not be affected. This change commenced in GB in May 2012 therefore claimants who will be affected here have already received an extra 9 months of contributory benefit.</p>	<p>That the Minister explore options to extend the period of contribution based ESA to more than 12 months.</p>

Clause Number	Current Policy position	SDC Recommendation
Clause 54 – Condition relating to Youth	<p>Clause 54 abolishes the special concessions that allow certain young people to qualify for contributory Employment and Support Allowance without meeting the usual paid National Insurance conditions that apply to all others.</p> <p>When claims to ESA Youth cease, those without their own income or capital will be paid income-related ESA instead (at the same rate as contribution-based ESA).</p> <p>No other contributory benefit waives its conditions of receipt for any other age or client group.</p>	<p>That the current arrangements, where some claimants under 20 years old qualify for contributory ESA without meeting the usual paid National Insurance contributions, should be maintained.</p>
Clause 69 – Housing Benefit: determination of appropriate maximum	<p>This change to Housing Benefit affects working-age claimants living in social rented sector housing to reflect household size, as happens now in the private rented sector.</p> <p>There will be two different percentage reductions made, to the maximum Housing Benefit available, based on whether the claimant is under-occupying their property by one bedroom, or by two or more bedrooms. The specific rates of reduction will be 14 per cent if there is under-occupation by one bedroom, and 25 per cent if under-occupying is by two bedrooms or more, an average reduction in the region of £7 or £14 per week, depending on the level of under-occupation. The Discretionary Housing Payments budget here has been increased substantially, with £3.426million available in 2012-13, £6.944million in 2013-14, £5.939million in 2014-15 and £4.431million in 2015-16 and in 2016-17 to help with issues arising out of reform to housing.</p>	<p>That this clause is not implemented.</p>
Clause 99 – Payments to joint claimants	<p>Universal Credit will be paid monthly to replicate a wage. In certain circumstances it will be paid more frequently and these circumstances are currently being decided on. The Bill ensures enough flexibility to pay more frequently if necessary, however if</p>	<ul style="list-style-type: none"> <li>• The exceptional criteria that will determine the basis for split payments should give priority to determining how payments can be</li> </ul>

Clause Number	Current Policy position	SDC Recommendation
	everyone was to be paid twice monthly there would be a cost attached. The Bill also allows the payment to a couple to be split between them in certain circumstances and these are currently being decided.	<p>made to ensure the financial independence of women, who tend to be the main carer or second earner, and therefore help protect the interests of children.</p> <ul style="list-style-type: none"> <li>• That Universal Credit shall be paid twice monthly unless a single claimant or the members of a couple jointly opt, in making their claim, to be paid on a monthly basis.</li> </ul>
Clause 109 – Penalty in respect of benefit fraud not resulting in overpayment	Clause 109 allows an administrative penalty to be applied if a claimant has committed fraud but the fraud was detected before an overpayment of benefit occurred. This is for deterrent purposes.	That an informal caution is an option where fraud has been attempted but no overpayment has taken place.
Clause 110 – Amount of Penalty	Clause 110 sets the amount of the administrative penalty (see clause 109 above) at £350 where no overpayment has occurred and at 50% of the value of the overpayment (ie up to £2000) where fraud has resulted in an overpayment of up to £4000.	That the Minister reviews the level of the administrative penalty.
Clause 115 - Cautions	This removes formal cautions as a form of sanction. Formal cautions are recorded on claimants criminal record.	That the concept of proportionality is used in determining whether an informal caution is more appropriate in certain cases.
Clauses 33 and 91 – Amendments to Assembly Control	Clause 33 and 91 use the negative procedure for consequential amendments which are minor amendments.	That the Committee makes an amendment to Clause 44 and 93 to ensure that the regulation-making powers in clauses 33 and 91 are subject to the confirmatory procedure

Clause Number	Current Policy position	SDC Recommendation
		as per the recommendation of the Examiner of Statutory Rules report.

## **Executive Sub Committee – Welfare Reform**

### **Terms of Reference**

#### **Purpose of Group:**

To understand the implications of Welfare Reform with a focus on developing an Executive response to mitigate against the negative impacts and develop proposals to achieve potential long term benefits for the people of Northern Ireland.

#### **Role of the Group:**

- To provide a forum to discuss high level cross Executive impacts arising from the introduction of Welfare Reform;
- To provide visibility to Ministers on how operational flexibilities are being maximised in the introduction of Welfare Reform;
- To ensure Executive colleagues have visibility on the cross-cutting policy implications of Universal Credit;
- To ensure Welfare Reform maximises the full potential to tackle unemployment, related poverty issues whilst achieving the potential wider secondary benefits i.e. higher levels of educational attainment, enhanced childcare and improvements in health and well being;
- To give Ministers an opportunity to shape the Executive's response to issues arising from the programme of Welfare Reform, ensuring that any response is aligned with the Executive's existing objectives as will be identified within the Programme for Government; nd
- To understand the Annual Managed Expenditure and Departmental Expenditure funding implications for Northern Ireland arising from Universal Credit.

#### **Suggested Membership:**

It is proposed that the group would be chaired by the Minister for Social Development and any agenda be agreed prior to each meeting. Membership could comprise the Ministers for Finance and Personnel, Department for Employment and Learning and OFMdFM Junior Ministers. Representatives of other Executive political parties, as yet not represented on the group, would be invited to join as members.

This membership would be supplemented by additional Executive Ministers when a subject being discussed is of interest.

## ANNEX 4

### Public Consultations on reform of Disability Living Allowance (DLA) and proposals for Personal Independence Payment (PIP)

Consultation	Description	Dates	Duration
<b>DLA Reform public consultation</b>	<p>Sought views on the Government's proposals to replace DLA with a new benefit – PIP.</p> <p>Received over 5,000 individual responses and over 500 responses from disability organisations. 40 responses were received in Northern Ireland (24 from groups or organisations and 16 from individuals).</p> <p><a href="http://www.dsdni.gov.uk/index/consultations/archived-consultations/archived-consultations-2011/consultation-disability-living-allowance-reform.htm">http://www.dsdni.gov.uk/index/consultations/archived-consultations/archived-consultations-2011/consultation-disability-living-allowance-reform.htm</a></p> <p>Westminster Government response was published on 4 April 2011:</p> <p><a href="http://www.dwp.gov.uk/consultations/2010/dla-reform.shtml">http://www.dwp.gov.uk/consultations/2010/dla-reform.shtml</a></p>	16 Dec 2010 to 18 Feb 2011	9 weeks
<b>Initial draft criteria for the PIP assessment (informal)</b>	<p>Briefing notes were published on the first draft of the PIP assessment criteria and key stakeholders were informed in Northern Ireland.</p> <p>The criteria were also tested by carrying out sample assessments on around 900 volunteers (including around 180 from Northern Ireland).</p>	9 May 2011 to 31 Aug 2011	16 weeks
<b>Personal Independence Payment: assessment</b>	Sought views on the second draft of the assessment criteria for PIP and in particular on the changes that were made since	16 Jan 2012 to 30 Apr 2012	14 weeks



<b>thresholds and consultation</b>	<p>the first draft, the proposed descriptor weightings and entitlement thresholds and the draft Regulations.</p> <p>Note: The detail of the assessment criteria was set out in the draft DWP Regulations and explanatory note published in November 2011.</p> <p>Government response published 13 December 2012. Received over 900 individual responses and over 100 responses from disability organisations. 19 organisations and 2 individuals responded in Northern Ireland.</p> <p><a href="http://www.dsdni.gov.uk/index/consultations/archived-consultations/consultation-pip.htm">http://www.dsdni.gov.uk/index/consultations/archived-consultations/consultation-pip.htm</a></p>		
<b>DLA reform and PIP – completing the detailed design consultation</b>	<p>Sought views on the Government's proposals on some of the benefit rules underpinning PIP, DLA, Carer's Allowance and Attendance Allowance. Informed the development of secondary legislation. Published response 13 December 2012. Received nearly 1,500 individual responses and over 100 responses from disability organisations. 13 organisations in Northern Ireland responded.</p> <p><a href="http://www.dsdni.gov.uk/index/consultations/archived-consultations/consultation-dla-reform-and-pip.htm">http://www.dsdni.gov.uk/index/consultations/archived-consultations/consultation-dla-reform-and-pip.htm</a></p>	<p>4 April 2012 to 30 Jun 2012</p>	<p>12 weeks</p>

Source: Department for Social Development

## ANNEX 5

The table below provides a summary of the regulations which are expected to be introduced following the implementation of the Welfare Reform Bill. The Department is committed to undertaking an equality screening in relation to each set of regulations and the findings as a result of these screening will determine if there is a need to proceed with a full equality impact assessment.

<b>Regulations</b>	<b>Brief explanation of change being made</b>
Industrial Injuries Disablement Benefit – trainees <sup>23</sup>	Abolishing scheme for trainees and aligning with Industrial Injuries Disablement Benefit rates
The Social Security, Child Support and Mesothelioma Lump Sum Payments (Revisions and Appeals) (Amendment) Regulations	Mandatory Reconsideration of Decisions –legacy benefits Provides for mandatory reconsideration of a decision before claimants can appeal – this already happens in NI in practice but will now be mandatory
Housing Benefit (Amendment)	Introduce social rented sector size criteria restriction for working-age Housing Benefit claimants (brings that sector more into line with private rented sector). Change annual review arrangements for individual awards for Housing Benefit Local Housing Allowance cases from anniversary of claim date to April, or when rent increases or decreases.
Benefit Cap (Housing Benefit)	Make provision for a benefit cap on the total amount of welfare benefits to which a person is entitled, applied through Housing Benefit.
The Social Security (Overpayments and Recovery) Regulations	Enables benefit debts to be recovered from earnings without going to court and to provide for the recovery of overpayments of certain benefits
The Social Security (Payments on Account of Benefit) Regulations	Replaces interim payments and crisis loans for all benefits and budgeting loans for UC claimants

<sup>23</sup> May not be needed in Northern Ireland.

Universal Credit, Personal Independence Payment and Working-age Benefits (Claims and Payments) Regulations	Makes provisions for treatment of claims and manner of payments for UC, PIP and ESA/JSA under the Act.
Universal Credit, Personal Independence Payment and Working age Benefits (Decisions and Appeals) Regulations	Mirrors existing provisions for how decisions are made including the new requirement for mandatory reconsideration before claimants can appeal
Employment and Support Allowance Consequential Amendments (as a result of time limiting contributory ESA)	The proposed Regulations modify the application of the time-limiting provision in respect of claimants who become entitled to contributory ESA not through the normal claims process, but by virtue of the reassessment exercise. They also make amendments to various other social security regulations where other allowances and entitlements rely on entitlement to contributory ESA, to protect the position of those who would otherwise be unintentionally disadvantaged by the change
Social Security (Information-sharing in relation to Welfare Services etc.)	New data-sharing provision to allow DSD, the Housing Executive, Health and Social Care Trusts, registered housing associations and others to share information relating to the provision of certain welfare services and housing benefit. (GB equivalent in place since July 2012.)
Civil Penalty	These Regulations prescribe the amount of a penalty which may be imposed. The prescribed penalty in each case is £50.
Fraud Loss of Benefit	These Regulations make amendments to the Social Security (Loss of Benefit) Regulations (Northern Ireland) 2002 to provide for a new sanction for benefit offences. These restrictions will apply when a person has been convicted of one or more benefit offences in any proceedings, has agreed to pay an administrative penalty or has been cautioned for a benefit offence.
The Social Security (Persons Required to Provide Information) Regulations 2013	These Regulations prescribes descriptions of persons, in addition to those listed in section 109B(2) and (2A) of the Social Security Administration Act 1992, from whom authorised officers may require certain information about the possible or actual commission of offences relating to social security benefits.

Lone Parents increased conditionality	To ensure that lone parents will only be able to claim Income Support, on the grounds of being a lone parent where they are under the age of 18 or they have a child under the age of 5.
Jobseeker's Allowance (Sanctions) (Amendment) Regulations	Introduction of a new JSA sanction regime
Personal Independence Payment Regulations (Main Scheme - includes assessment criteria)	Sets out the main rules for PIP, including age exclusions, payability (hospitals, care homes and prisons), residence and presence, the assessment criteria, and the rates at which the benefit will be paid.
Personal Independence Payment (Consequential Provisions) Regulations (includes other Departments)	Consequential amendments required as a result of the introduction of PIP. This includes amendments to social security and other Department's legislation, in particular extending passporting arrangements in place for DLA to also include PIP.
Personal Independence Payment (Transitional) Regulations	Sets out the transitional arrangements for assessing existing DLA claimants for entitlement to PIP.
The Social Security (Disability Living Allowance, Attendance Allowance and Carer's Allowance) (Amendment) Regulations	<p>The Regulations amend certain rules in Disability Living Allowance, Attendance Allowance and Carer's Allowance relating to:</p> <ul style="list-style-type: none"> <li>• residence and presence conditions for all three benefits;</li> <li>• temporary absence rules for DLA and AA;</li> <li>• payability of benefit for certain DLA and AA claimants in hospitals and care homes; and</li> <li>• the upper age limit for claiming DLA with effect from 6 December 2018.</li> </ul> <p>A number of provisions will align certain rules in these benefits with those that will be put in place for PIP.</p>
Universal Credit Regulations (main scheme)	Covers the detailed rules on entitlement to Universal Credit, the individual elements and their amounts, how awards are to be calculated, the treatment of income and capital, the benefit cap, claimant responsibilities, sanctions and hardship payments.
Universal Credit (Consequential,	Consequential amendments required as a result of the introduction of Universal Credit. This

Supplementary, Incidental and Miscellaneous) Regulations	includes amendments to primary and subordinate legislation both for the Department and other Government Departments
Universal Credit (Transitional)	Sets out details of managed migration and transitional protection to avoid loss at the point of change
Employment and Support Allowance (Sanctions) (Amendment) Regulations	Introduction of a new ESA sanction regime and introduction of hardship payments
Employment and Support Allowance (contributory benefits)	Removes income related rules and brings contributory ESA into line with Universal Credit on labour market requirements
Income Support (Claimant Commitment) (Amendment)	Regulations will make provision in relation to the new claimant commitment, which will be a record of a claimant's responsibilities in relation to an award of income support.
Jobseeker's Allowance Regulations (Contributory Benefits)	Removes income related rules and brings contributory JSA into line with UC on labour market requirements.
Jobseeker's Allowance Regulations (Claimant Commitment) (Amendment)	Regulations amend provisions relating to the Jobseeker's Agreement by replacing it with the Claimant Commitment, which will be a record of a claimant's responsibilities in relation to an award of JSA.
Pension Credit – Housing Credit	Regulations will provide equivalent housing support for rental liabilities to the support currently provided by the Housing Benefit (State Pension Credit) Regulations.
Pension Credit – Child Addition	Regulations will provide those with responsibility for dependent children with support through a new additional amount within the guarantee credit element of Pension Credit.
Social Fund Cold Weather Payments (General) Amendment Regulations	These Regulations amend the Social Fund Cold Weather Payments (General) Regulations 1988 to ensure that persons in receipt of universal credit may be entitled to a cold weather payment. Further amendments ensure that the principal Regulations apply correctly in relation to the entitlement to cold weather payments of those who are in receipt of universal credit.
The Social Fund Maternity and Funeral Expenses (General) (Amendment) Regulations 2014	These Regulations will ensure that persons who are in receipt of universal credit may qualify for a Sure Start Maternity Grant. They also ensure that any universal credit claimants who are in polygamous marriages will not have such a marriage taken into account when determining entitlement to a funeral payment or a Sure Start Maternity Grant.

Universal Credit (Rent Determinations) Regulations	Allow for decisions to be made about housing costs relating to Universal Credit
Housing Benefit (Abolition of rates element consequential amendments)	Consequential amendments removing references to rates element of housing benefit from various items of subordinate legislation. (This may be delayed for a year.)