



## THE EQUALITIES IMPACT OF WELFARE REFORM

### Introduction and research context

The Government is currently undertaking the biggest shake up of the UK's welfare system in over fifty years. In the eyes of the Government, the system has become mired in complexity, subject to fraud and operating to maintain people on benefit rather than in employment. The Welfare Reform Act 2012<sup>1</sup> is now in force and through a series of legislative measures contained within it, Government is seeking to reduce the UK's welfare benefit costs by £18 billion over the next five years (further savings to the value of £3.75 billion were announced in the 2012 Autumn Statement<sup>2</sup>); and promote work as more beneficial than claiming benefit. Embedded in the Act are a range of measures designed to simplify, streamline and reform the payment of out of work, income, housing and disability related benefits; re-assess the fitness or otherwise of claimants to work; and provide employment related support.

The potential impact upon the housing organisation sector (encompassing housing associations and registered social landlords) could be particularly profound, both organisationally and for tenants. Organisationally, a significant proportion of income is currently derived through the direct payment of tenants housing benefit. Welfare reform changes the distribution of housing benefit to become more individual, and wrapped up in other forms of benefit through Universal Credit; this presents challenges in terms of rent arrears. For tenants, the welfare reforms introduce an array of changes in the composition of housing benefit, with notable reductions for those living in under-occupied social homes. This has potential implications in terms of population churn, individual and family quality of life, and homelessness.

Coupled with the reform of welfare and its many potential impacts is the reduction in the importance and follow through of equality and diversity in public policy. As part of the Government's wide ranging assault on bureaucracy and red tape has been the Equality Act 2010 and its requirement to equality proof and equality impact assess emerging policy and intervention. For housing organisations, equalities considerations and assessing the impact upon groups with protected characteristics has been at the maelstrom of policy, strategy, and intervention for the last twenty years.

For the Housing Diversity Network (HDN) and the Centre for Local Economic Strategies (CLES) the welfare reforms and the dismembering of equality concern presents something of a double edged sword for housing organisations' and their tenants. On the one hand there is the potential to move people into employment and off benefit altogether; whilst on the other it may well further marginalise the most deprived and impoverished groups in society including BME groups, the disabled, young people, and lone parents. Working in partnership HDN and CLES have therefore been undertaking research which explores what exactly the implications of welfare reform will be for housing organisations and their tenants; and how notions of equality can be re-embedded in policy and practice. This briefing paper highlights the outcomes of this research by:

- succinctly detailing the elements of welfare reform (full commentary is provided in Appendix 1);
- exploring the implications of welfare reform for housing organisations and their tenants;
- detailing how housing organisations are responding to the welfare reforms;
- identifying how the notion of equality in policy can be reinvigorated.

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<sup>1</sup> HM Government (2012) Welfare Reform Act. <http://services.parliament.uk/bills/2010-11/welfarereform.html>

<sup>2</sup> HM Government (2012) Autumn Statement. [http://www.hm-treasury.gov.uk/as2012\\_documents.htm](http://www.hm-treasury.gov.uk/as2012_documents.htm)

## The welfare reforms

There are four key elements to the welfare reform programme, which follow on from reforms that were introduced under the previous government:

- to replace the complex mix of out of work and housing benefits and working tax credits with a single Universal Credit;
- to introduce a single welfare to work programme (the Work Programme), designed to support longer term unemployed people back to work;
- to reassess claims of disability and incapacity related benefit, and particularly individuals' capability to work;
- to cap the total amount of benefit that working age people can receive at £500 p/wk for couples and lone parents and £350 p/wk for single adults.

## Changes to welfare benefits

There are currently, and have been historically, five key types of benefits:

- **out of work benefits** – Jobseekers Allowance (JSA), Incapacity Benefit (IB), Employment and Support Allowance (ESA), Severe Disablement Allowance (SDA) and Income Support (IS). These have sought to provide income for both jobseekers and those unable to work due to particular circumstances such as sickness or having small children. These will all be replaced by a single Universal Credit;
- **housing benefits** – Local Housing Allowance (LHA). This has sought to support low-earning or unemployed residents in the payment of their social housing or private rented housing sector rents. This will be incorporated into Universal Credit from October 2013 but current reductions in LHA for under 35 year olds and penalties for working age families under-occupying social housing and the benefits cap (to be administered by reductions in Housing Benefit payment) will impact from April 2013;
- **disability benefits** – Disability Living Allowance (DLA). This has sought to support the care arrangements for disabled people and enhance their mobility. Personal Independence Payments (PIPs) will replace DLA with existing claimants of DLA being re-assessed;
- **tax credits** – Working Tax Credit (WTC) and Child Tax Credit (CTC). This has sought to supplement the incomes of working families and support the payment for childcare arrangements. These will be incorporated into Universal Credit;
- **council tax benefit** – this supports people on low incomes in paying their council tax bills. This will be replaced with a localised support mechanism from April 2013. Funding for council tax benefit will come from un-ring fenced grants paid directly to local authorities but will encompass a 10% saving on the current Council Tax Benefit bill.

## Implications for housing organisations and their tenants

One of the core purposes of this research piece is to understand the implications of welfare reform for housing organisations and their tenants. To gauge opinion about these implications, HDN and CLES deployed two methods. We spoke directly to housing association equality and diversity practitioners attending a North East Equality and Diversity Practitioner Forum in Sunderland<sup>3</sup>; and we supplemented this with a wider survey of housing organisation officers, again from the North East region. The following section firstly outlines general thoughts upon the welfare reforms; before exploring specific implications for housing organisations and tenants.

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<sup>3</sup> Organisations attending the meeting included: Your Homes Newcastle, Coast & Country Housing, Durham City Homes, Bernicia Group, ISOS, Homes for Northumberland, Places for People, Gentoo Group, South Tyneside Homes, Gateshead Housing Company and Two Castles Housing.

## General thoughts

### *A move towards a simplified welfare system*

Housing practitioners agreed with some of the logic associated with the reform of the welfare system. The current myriad of benefits and payment mechanisms was viewed as complex for both claimants and practitioners with responsibility for administering and providing advice around benefits.

The Welfare Reform Act and the associated suite of reforms was felt to create the opportunity for a more simplified and streamlined welfare system, which is less complicated for all types of benefit claimants. It was particularly felt that the new system should in theory cut down the amount of administration time for claimants. However, it was felt that there were significant paradoxes in relation to the welfare reform agenda; and that perhaps now was not the time to be making such drastic cuts. There was a concern that changes to out of work benefits were being made in a time when the UK's economy is particularly unstable; and employment opportunity and job creation is minimal.

### *A lack of clarity and communication*

Like much of the policy developed by the Coalition Government, the reform of the welfare system has moved at a frenetic pace, with little time for consultation and indeed consideration of potential impacts, particularly in relation to equalities and vulnerable groups. The pace of intervention has resulted from the perspective of housing practitioners in a lack of clarity around many aspects of the changes, particularly in terms of impact for tenants currently receiving particular combinations of benefits, and the types of support organisations will need to provide. Related to the issue of clarity is also a concern over how the welfare reforms are being communicated. There is a general lack of awareness or complacency amongst tenants as to how the reforms will affect them.

### *It may free up certain types of stock*

The reforms around housing benefit and particularly the under-occupancy or 'bedroom tax' could bring both positive and negative connotations for housing organisations. Positively it may free up certain types of housing stock for which there is significant demand; notably large family homes which are currently under-occupied. However and negatively the impact upon individuals living in under-occupied homes may be profound. They will be unable to afford rents and will potentially have to move to a smaller home with impact upon individual quality of life and that of their families. Housing practitioners generally felt that Government in implementing the reforms had underestimated the time it could take to re-house tenants, which requires suitable and available housing stock.

## Organisation implications

### *Rent arrears*

The core implication or concern for housing practitioners around the welfare reforms is the shift in payment of housing related benefit direct to tenants, as opposed to housing organisations. This presents a challenge for tenants in terms of managing their incomes and budgeting; but also for housing organisations in terms of the potential for increased rent arrears. This is a challenge for two reasons for housing organisations. First, it could lead to financial issues for housing organisations and particularly their incomes streams; and second it may mean they have to divert resource towards more advisory services for tenants around financial inclusion and budgeting.

### *Housing organisation income streams*

Related to the point around rent arrears, the potential reduction of housing organisation incomes as a result of welfare reform poses a threat to the diversity and quality of services which they can provide and which tenants demand. In physical and economic terms reductions in rent income streams will make housing associations appear less financially stable and more risky to prospective lenders, particularly in terms of finance for the development of new social homes. In social terms, housing organisations may need to re-align some of their wider role services. There was a particular concern amongst practitioners that equality and diversity may be one of the functions heaviest hit by organisational restructuring.

### *Increased demand for smaller properties*

As well as potentially freeing up the supply of family homes, the changes around housing benefit and under-occupancy will have implications in the demand for smaller affordable properties. There will be particular demand from single people for one bedroom social properties; and from families with children under the age of 12 for two bedroom properties. The outcome of this will most likely be demand which outstrips supply; with a dearth of available such properties in the stock of many housing organisations. The implication of this for housing organisations is two-fold. First, it may mean that housing organisations will have to invest in

capital development to enable the demand to be met. Second, it may mean increases in arrears as tenants have to stay in properties they can no longer afford as a result of reductions in their housing benefits.

### ***Responding to Council Tax reform***

The reforms of council tax benefit and particularly the legislative elements of the Localism Act 2011 which present local authorities with the opportunity to host referendum on council tax levies is a further challenge for housing organisations. Any potential increases in levy is a challenge for housing organisations as tenants will have to find income to pay council tax, which may come at the expense of rent payments; and additionally housing organisations may have to pay more council tax on empty properties.

### ***A need to bulk up advisory functions***

Housing organisations provide a range of wider role services to their tenants, whether that be employment support, services around anti-social behaviour, or general advice around income and debt. A likely implication of the welfare reforms is that housing organisations will have to provide more advisory type services; this will be a direct upshot of not only welfare reform but also the wider austerity agenda and particularly cuts to advisory services provided by local authorities and organisations such as Citizens Advice. As well as general benefit advice, which many housing organisations are already beginning to provide, there might also be a need to provide advice around online payments of benefits. The digital divide is one of the key challenges of welfare reform for benefit claimants and as such any application to receive universal credit will have to be undertaken online. Housing organisations may well have to take more of a direct role in upskilling tenants around online applications.

### ***People and community implications***

The welfare reforms are likely to impact differently on different demographics. Research undertaken by CLES in Manchester and other research undertaken by DEMOS<sup>4</sup>, the Institute for Fiscal Studies<sup>5</sup>, and the Resolution Foundation<sup>6</sup> highlights the potential for certain groups that may rely on a combination of benefits to be adversely affected. This will include large families on low incomes; carers; disabled people; tenants in private rented accommodation, and people in social housing under-occupying their accommodation. Generally, the welfare reforms will have a number of implications for housing organisation tenants, notably:

#### ***Tenants with little experience of managing budgets***

The introduction of Universal Credit will affect claimants who have little or no experience of managing a monthly budget. With housing benefit currently administered directly through housing organisations, there is concern that payment direct to tenants will lead to overspending, debt and rent arrears. For many tenants in some of the more financially excluded localities, it will also mean a shift in the way in which they bank and receive incomes, with the emphasis no longer on Post Office Current Accounts but more formal bank accounts with direct debit and other payment facilities.

#### ***Tenants on low incomes***

The welfare reforms will have a particular impact on the incomes of tenants living in under-occupied homes. If they choose to remain in their home, they will have to find money to pay the rent on their under-occupied room(s). This could and will lead to cut-backs in other areas of expenditure; most notably food and energy.

#### ***The digitally excluded***

The welfare reforms bring new requirements upon benefit claimants to apply for Universal Credit online and to manage their incomes more formally through bank accounts. There will be a challenge for those tenants which are digitally excluded and not used to such means of receiving benefit. There is a particular challenge for those with numeracy and literacy difficulties and those with little experience of budgeting for themselves.

#### ***Population churn***

The make-up of many neighbourhoods characterised by social housing is remarkably stable. People have lived in social tenancies for a number of years and with this has come cohesion and a sense of community spirit. The welfare reforms and particularly elements around under-occupancy penalties present the potential to disrupt this social harmony as individuals and families will potentially look to move to areas with cheaper rents, thus leading to churn in the population of communities.

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<sup>4</sup> DEMOS (2010) destination unknown <http://www.demos.co.uk/publications/destinationunknowndisability>

<sup>5</sup> Institute for Fiscal Studies (2011) *Universal Credit: a preliminary analysis* <http://www.ifs.org.uk/bns/bn116.pdf>

<sup>6</sup> Resolution Foundation (2012) *Conditions Uncertain*. <http://www.resolutionfoundation.org/publications/conditions-uncertain/>

### ***Spending implications***

Reductions in benefit payments to social housing tenants will have implications upon the ability of individuals to afford goods and services. Emerging research being undertaken by CLES in Greater Manchester with housing organisations has highlighted that the area in which people are most likely to make cut backs in expenditure is food shopping. This has knock-on effects for local shops and wider local economies.

In addition to the generic implications of welfare reforms, there are specific implications for communities of interest, notably:

#### ***BME groups***

The welfare reforms and particularly rules around children sharing bedrooms has cultural implications for certain BME groups. The policy clashes with cultural beliefs amongst some BME communities. Additionally, larger families are also more prevalent in BME groups so the benefit cap at £500 per week will have implications on the ability to support children.

#### ***Single parents***

Single parents are anticipated to be worse off from the changes to the welfare system and notably around under-occupancy. There is a particular concern that lone parents will have to downsize their properties to smaller one or two bedroom homes; with the alternative being to pay an additional rent to live in existing properties, which in turn places further strain on these households' budgets.

#### ***Disabled***

The welfare reforms present a series of challenges for disabled people. In relation to out of work and disability related benefit there is a need for a reassessment of all claimants and a transfer to PIP or Employment and Support Allowance, if suitable. In relation to housing, for those tenants who require an additional bedroom for a non-resident carer, there will not be a Housing Benefit reduction. However, there are no exemptions for other disabled tenants, with adapted accommodation at the present moment. The Government said it would use additional funding from the Discretionary Housing Payments available for disabled people, with significantly adapted accommodation, but local authorities are not bound by any statutory duty to provide an increase in funding<sup>7</sup>.

#### ***Foster carers***

The under-occupancy rules around housing benefit will have implications for foster carers. Foster carers are not exempt from the under-occupation restrictions. When calculating how many bedrooms a family unit requires, a room for a foster child will not be included and as a result, a household that has an extra room for a current or potential foster child will be treated as under-occupancy, with subsequent implications for rent payments.

## **The response of housing organisations**

The second core purpose of this research is to explore how housing organisations have responded to some of the challenges and implications of welfare reform described above. We were particularly interested in understanding responses from three perspectives: strategic responses from the housing organisation; service or initiative responses from housing organisations; and responses focused upon equality issues or particular communities of interest. The following explores these responses in more detail.

### ***Simplifying payments***

To seek to avoid the challenge of rent arrears emerging from the welfare reforms some housing organisations have sought to simplify the way by which tenants can pay their rents. Small scale changes, such as enabling payment over the phone of housing benefit, along with setting up an online diary system that reminds tenants to pay their rent on time, are just some of the initiatives which housing organisations are deploying to avoid rent arrears.

### ***Re-designing and developing stock***

The changes to housing benefit in relation to under-occupancy present a challenge to housing organisations in terms of meeting demand for smaller sized stock. Some organisations are seeking to develop new capital schemes with support from the Homes and Communities Agency; whilst others are seeking to re-design existing stock and particularly voids. Housing organisations are seeking to bring empty homes back into use through regenerating them and converting into smaller properties.

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<sup>7</sup> House of Commons November 20 (2012), Under-occupation of social housing: Housing Benefit entitlement

### ***Changing organisation structures***

Some housing organisations have responded to the welfare reforms by changing their organisational structures to be more focused on front-line issues. This has included the restructuring of policy and performance teams as a result of reductions in regulation requirements and the emergence of more targeted advice services around benefits, under-occupancy, debt, and employment support; as discussed in more detail below. Many housing organisations have recruited specialist welfare reform and tenancy support officers and bulked up financial inclusion teams. This has been the case with the Bernicia Group.

### ***Participating in place based partnerships***

Housing organisations are just one of the organisations within a locality which will need to respond to welfare reform with others including local authorities, health trusts, jobcentre plus, and local voluntary and community sector organisations. The response by housing organisations has therefore been to set up both internal and external welfare reform groups. Internal groups are shaping initiatives such as those described below; with external groups ensuring that intervention is strategic and avoids duplication. Places for People have set up a welfare reform group which cuts across departments such as neighbourhoods, income collection, and individual support and have produced an associated Welfare Reform Action Plan. Two dedicated officers have been recruited to inform the activities of the group and those tenants at risk from welfare reform.

### ***Offering under-occupancy advice***

Under-occupancy is going to be a key challenge across all housing organisations; however it is going to be a particular challenge in neighbourhoods characterised by certain types of stock, particularly large family homes. This is a issue in localities such as Wythenshawe in Manchester where around 55% of all housing organisation stock is currently under-occupied. In these localities, the response of housing organisations has been one of early intervention; providing tenants with information about how the 'bedroom tax' will affect them; information around their options, and providing signposting to other support. This has also included targeted face-to-face discussions with those most at risk, through visits and telephone calls. Housing organisations such as Durham City Homes have done this through face-to-face visits to tenants likely to be affected by under-occupancy.

### ***Offering employment support***

One of the core ways of mitigating the likely impacts of the welfare reforms is to support people into employment and off benefit altogether. This is being undertaken by housing organisations through both formal and informal means. Formally, housing organisations are developing specialist welfare to work initiatives and interventions or becoming sub-contractors for the Work Programme. Informally, they are using word of mouth and newsletters to make tenants aware of potential employment opportunities. They are also providing advice on the benefit changes and employment opportunity through Housing Advice Hubs. Employment support is largely being targeted at those furthest away from the labour market (a group which Work Programme providers are tending not to reach) and is focused upon providing a journey towards a job through training and skills development.

### ***Developing projects for tenants at risk from or in arrears***

Housing organisations are working with partners to provide ongoing advice and support for tenants who are at risk of going into rent arrears as a result of welfare reform. Housing associations and service providers are providing debt advice and income management services for tenants, by running a series of drop in sessions, which offer advice for re-housing to affected tenants. Working in partnership with Citizens Advice enables housing organisations and service providers to refer tenants for further and wider support. Housing organisations such as Durham City Homes are also making tenants aware of the affordable finance that Credit Unions can provide which is one of the ways of maintaining frequent payment of rents and discouraging loan sharks. Some credit unions are co-locating in housing association offices.

### ***Addressing the digital divide***

Housing organisations are preparing for the digital challenges which welfare reform will present for their tenants by offering support initiatives in filling out online applications for Universal Credit. Whilst not yet required, housing organisations are working on putting the support mechanisms in place to respond to online focused benefit systems and training staff in how they can more effectively support tenants around digital issues. The Home Group in Newcastle, for example, has launched a campaign designed to increase the number of tenants paying rent by direct debit.

### ***Bulking up floating support***

Housing organisations are working with partners to identify the types of additional advisory and other forms of support which tenants are requiring as a result of welfare reform. This is coming in the form of not only advice around the changes to benefits which tenants will need advice around, debt, and managing budgets; but also more targeted and intense floating support. Floating support assists tenants with understanding their tenancy agreement, budgeting, as well as helping tenants with rent arrears or anti social behaviour, claiming welfare, accessing training or education and setting up and maintaining utility accounts.

### **Reinvigorating equalities**

This research piece has highlighted that the Government's welfare reforms will have significant implications upon housing organisations and their tenants; and has also identified some of the ways in which housing organisations are responding. HDN and CLES however believe that the response of housing organisations to welfare reform is being fettered by the lack of emphasis upon equalities in government policy and subsequently in how organisations are designing services which are open to all elements of their client base. To conclude, we therefore offer some thoughts upon how considerations of equality can be reinvigorated by housing organisations and central government.

### **Housing organisations**

#### ***Customer profiling***

Customer profiling is one of the first responses housing organisations should be implementing to reinvigorate equality considerations within their organisations, This will enable them to assess and understand who in their communities might be affected by welfare reforms and target intervention accordingly.

#### ***Equality Impact Assessments***

Equality impact assessment enables housing organisations to determine which groups are going to be affected the greatest by the changes in welfare reform and also the likely implications for other issues such as health inequality and other service areas. Despite messages from Government to the contrary, housing organisations should continue to equality impact assess all their provision and particularly their response to welfare reform.

#### ***Community cohesion work***

Undertaking activities which promote and enable social and community cohesion are key ways of reflecting the importance of equality and diversity in policy-making and place. The role of housing organisations is as enablers and developing projects around intercultural events, jobs, training, and life choices, for example.

#### ***Equality proofing service delivery***

Housing organisations could reinvigorate the notion of equalities by proofing commissioning and procurement decisions and service delivery for equality and diversity. This could involve identifying gaps in provision of community focused services by equalities based voluntary and community sector organisations.

#### ***Equality proofing service delivery***

HDN's new Diversity Network Accreditation framework (DNA) also offers grounds for optimism in that preparations for welfare reform featured heavily in both DNA pilot organisations (Golden Gates Housing Trust and Orbit Housing Group) during early summer of 2012 and also featured prominently in discussions at each of the four 2012 autumn DNA regional events across England. It is also very clear to most of the housing providers who have since signed up or are in the process of signing up for DNA that they intend using the accreditation process as a means of testing out their preparations for welfare reform and accessing good practice/innovative approaches used by both other DNA organisations and HDN supported E&D regional network members.

### **Government**

#### ***Regulate upon equality and diversity***

Whilst notions of equality have risen up the agenda in government over the last twenty years, it has often been at the background of the regulatory framework for housing organisations and other service providers. Any regulation of housing organisations through the Homes and Communities Agency should have equality and diversity as an obvious and visible presence.

***Equality Impact Assess all aspects of welfare reform***

The outcomes of welfare reform to date suggest that the greatest impact is being felt by those on low incomes and particular communities of interest. There must be a framework at a central level within which the equality impacts of welfare reform can be more effectively assessed.

***Promote joint equalities needs analysis***

A raft of local agencies and organisations will feel the effects of the welfare reforms in terms of demand for services. The response at the local level must therefore be joined up. Government should encourage local public agencies to work together and build joint equalities needs assessments into commissioning cycles.

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## Appendix 1 – Commentary on welfare reforms

There are four key elements to the welfare reform programme, which follow on from reforms that were introduced under the previous government:

- to replace the complex mix of out of work and housing benefits and working tax credits with a single Universal Credit;
- to introduce a single welfare to work programme (the Work Programme), designed to support longer term unemployed people back to work;
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### Changes to welfare benefits

There are currently, and have been historically, five key types of benefits:

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### Universal Credit

The Welfare Reform Act streamlines some of the above benefits (with the exception of DLA and some elements of contributory ESA and JSA which are time-limited) and replaces them with a single Universal Credit, designed to reduce the administrative burden and cut some of the fraud that currently exists in the system. The Universal Credit will be implemented in phases from October 2013 (subject to piloting in a number of pathfinders from April 2013) on a means tested basis for people of working age, with change in amounts of benefit payment expected for current recipients of the above benefits and credits.

To be eligible for Universal Credit you must be 18 years old and not in education; have accepted a claimant commitment; and satisfy financial conditions on a claimant's income and capital (if either is above a limit, likely to be £16,000, an individual will not be eligible). Universal Credit will be paid via a single monthly payment in arrears and will be paid directly to the recipient including tenants of social housing. The amount of Universal Credit paid will depend on a claimant's level of income and other family circumstances with reference to four elements:

- a standard allowance to cover basic living costs;
- support for those with children;
- support for housing costs;
- support for what the Act terms 'other particular needs and circumstances'.

From a combination of each of these elements a maximum payment will be calculated, which will then be reduced according to the earned and unearned income of the claimant.

### **Housing Benefits**

Universal Credit will replace most existing benefits including Housing Benefit. The reform to Housing Benefit (or the housing component of Universal Credit as it will become) will introduce a new size criteria or 'bedroom tax' in the social rented sector whereby those under-occupying their property may receive a penalty of between 14% for one extra room to 25% for two or more rooms. Benefit will also be received directly by the tenant.

From April 2013, there will be a total benefit cap of £26,000 a year, equivalent to £500 a week for a couple or family; where this is exceeded Housing Benefit will be restricted to a nominal 50p a week. Where it is less, the amount of Housing Benefit paid must not take total income over the £500 a week level. A cap of £18,200 a year or £350 a week applies for single claimants. The policy only applies to people of working age. Those who are working and receiving Working Tax Credit will be exempt. Following the changes to LHA, the Department for Work and Pensions suggest that the average family in England will lose an average £22 a week.

### **The Work Programme**

The Work Programme (WP) is the Government's key initiative for supporting people into employment. Whilst Jobcentre Plus retains its role as the core mainstream provider of employment support; individuals are referred to a Work Programme prime contractor once they reach a certain point in their claim of out of work benefits. The programme was commissioned from contractors using a 'black box' approach, meaning that there are no prescriptions for delivery and there are a range of interventions. The WP also operates on a payment by results basis, so the main bulk of payment is received when an individual sustains work beyond six months. Prior to referral to the WP, claimants can access a range of support tools through Jobcentre Plus advisors. One tool is skills conditionality where the skills needs of claimants are identified and then they are mandated onto local employment related training.

Advisers can also refer claimants to the 'Next Step' service (now known as the National Careers Service). If claimants still need support they are moved onto the WP. The WP has been supplemented from April 2012 by the Youth Contract, where WP providers will receive extra funding for supporting young people into work experience and apprenticeship opportunities. It also includes guaranteed work experience placements for all unemployed 18 to 24 year olds wishing to participate.

### **Work Capability Assessment and Disability Reassessment**

The reassessment of Incapacity Benefit (IB) claimants through the Work Capability Assessment (WCA) has been ongoing since October 2008 for new ESA applicants and is now assessing the fitness for work of the UK's 2.6 million claimants of IB. It is being carried out by private sector firm ATOS, and claimants are being put into 3 groups dependent upon the outcome of their assessment:

- **fit for work** – where they have the opportunity to apply for JSA and actively seek employment;
- **support group** – where they are transferred to ESA as they are unable to work;
- **work related activity group** – where they receive the basic rate of ESA and support in getting back to work. Their medical condition will also be reviewed again.

For new claims between September and November 2011, figures released by the DWP8 show that 45% of assessments had an outcome, and of these: 45% were entitled to ESA, 20% were placed in the 'work related activity group', 25% were placed in the support group; and 55% were assessed fit for work and therefore not eligible for ESA.

<sup>8</sup> Department for Work and Pensions (2012) *Employment and Support Allowance: outcomes of Work Capability Assessments, Great Britain – new claims*. [http://research.dwp.gov.uk/asd/workingage/esa\\_wca/esa\\_wca\\_jul2012.pdf](http://research.dwp.gov.uk/asd/workingage/esa_wca/esa_wca_jul2012.pdf)

For the reassessment of existing claimants up until July 2011<sup>9</sup>, of the 92% of assessments that had an outcome: 63% were entitled to ESA, 34% of which were put in the work related activity group and, 29% of which were put in the support group; and 37% were assessed fit for work, and therefore not eligible for ESA.

DLA will not be included in Universal Credit, however, but it will be replaced with PIPs to streamline the system. Reassessment is expected to cause a 20% reduction in costs and 500,000 fewer people receiving DLA by 2015. Medical conditions also have to exist 6 months prior to assessment and be likely to continue for at least 6 months after claiming.

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<sup>9</sup> Department for Work and Pensions (2012) *Employment and Support Allowance: Outcomes of Work Capability Assessments, Great Britain*. [http://statistics.dwp.gov.uk/asd/workingage/esa\\_ibr/esa\\_ibr\\_mar12.pdf](http://statistics.dwp.gov.uk/asd/workingage/esa_ibr/esa_ibr_mar12.pdf)