

Calendar

benefits

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October 2002

Social welfare entitlements change frequently. Calendar offers a short guide through the maze, helping to map out the government's second term in office. The later dates are set in law, or firmly pledged, at the time of writing – but note that events and other initiatives will overtake some details. Check Rightsnet, a project by the London Advice Services Alliance, at www.rightsnet.org.uk for their latest *News* and *Updater* sites. Also see www.dwp.gov.uk and www.inlandrevenue.gov.uk. We start with selected recent changes, before mapping out notable future changes.

RECENT CHANGES

MARCH 2001

Young couples without children have to claim **Jobseeker's Allowance (JSA)** jointly. For the first time, both have to sign on and meet the conditions for benefit. The rule applies to couples with no dependent children, where one or more partners are aged 25 or under.

APRIL 2001

No new claims are allowed for **Severe Disablement Allowance**. For people aged under 20, or under 25 for those who have continued at college or training, a non-contributory entitlement to **Incapacity Benefit (Youth)** is introduced.

The high rate of **Disability Living Allowance** for mobility needs is extended to children aged three and four years.

Enhanced Disability Premium or **Credits** start in main income-based provisions, where the highest rate care component of **Disability Living Allowance** is paid for the claimant or a family member aged less than 60.

Incapacity Benefit is reduced for new claims if an occupational pension is over £85 a week. Claimants must also usually have paid contributions in one of the last three contribution years, rather than in any previous year. There are exceptions for some groups, such as carers.

Capital rules for **Income Support** for people aged 60 or over – the **Minimum Income Guarantee (MIG)** – go up. The lower savings limit increased from £3,000 to £6,000. The upper limit increased from £8,000 to £12,000. The various 'pensioner premiums' are

aligned at the highest rate. MIG will increase in line with average earnings over this Parliament.

Widows Benefits are replaced by **Bereavement Allowance** and **Widowed Parent's Allowance**.

Children's Tax Credit is introduced, an income tax relief for people with children. It can reduce the amount of income tax paid by up to £520 a year. It replaces the married couple's allowance and associated allowances which were abolished in April 2000.

The **Carer Premium** is increased by £10 on top of the normal uprating, to £24.40 a week, and the earnings cut-off for Invalid Care Allowances rises from £50 a week to £72 a week, net of expenses.

Many single parents are to be asked to attend meetings with personal advisers to discuss work. Those with the youngest child aged five years three months or more will be called in following new or repeat claims for Income Support. Lone parents already receiving **Income Support**, whose youngest child is of school age, will be invited for an interview on a rolling programme based on the age of their youngest child:

- those whose youngest child is aged 13-15 years will be invited during 2001/02;
- those whose youngest child is aged 9-12 years during 2002/03; and
- those whose youngest child is aged 5-8 years during 2003/04.

Failure to attend without good reason can mean losing benefit. There are some exemptions for people in difficulties.

People showing wilful refusal or culpable neglect to pay **child support maintenance** can be sent to prison or disqualified from holding a driving licence, under new powers.

A discretionary £100 **Job Grant** starts for some people who move from welfare into work after a year. It is a replacement for the

discretionary £200 Jobfinder's/Jobseeker's Grant for people unemployed for two years.

A four-week run-on of **mortgage interest** can continue for some people moving from Income Support or income-based JSA into full-time work.

JUNE 2001

The Prime Minister announces the restructuring of the Department for Education and Employment and Department of Social Security, and their agencies, to form two new departments, the **Department for Education and Skills** and the **Department for Work and Pensions**.

The adult credits in **Working Families' Tax Credit** and **Disabled Person's Tax Credit** increase by £5 a week and there are increases in the maximum allowable childcare costs.

JULY 2001

The 'single room rent' is amended for young people aged under 25 claiming **Housing Benefit** in the private sector. Properties with access to a shared living room are included in working out the average rent for basic shared accommodation. This re-named 'young person's rent' brings hardly any improvement and many young people are left with rent shortfalls of £20 a week.

The **Advisor Discretion Fund** allows New Deal personal advisors to give discretionary payments up to £300 to a jobseeker.

SEPTEMBER 2001

In pilot areas, there are benefit sanctions for people on JSA who refuse to attend literacy and numeracy basic skills training.

OCTOBER 2001

Work-focused interviews are to be held at least every three years for most claimants of **Incapacity Benefit**. The message is of 'no lifetime on the sick', although in reality there are exceptions from reviews for those with a range of serious conditions. It becomes a condition of benefit in Pathfinder offices that most new Incapacity Benefit claimants attend a work-focused interview, before a gradual national roll-out.

Pathfinder offices start for the new '**JobCentre Plus**' initiative. It includes requirements for people of working age to attend work-focused interviews, or face benefit sanctions. The service is designed to deliver a single gateway to job hunting and welfare support through new high street services for claimants.

In other pilot areas, **work-focused interview** requirements are introduced for people of working age. Initial contact by phone is encouraged. The need to have an interview can be put back or waived if there are special reasons. There is no compulsion to actually take work. Personal advisers can help with work opportunities and support.

The capital rules for **Social Fund Sure Start Maternity Grants** and **Funeral Payments** are abolished.

There are additional £1.50 a week increases in the **children additions** of income-based benefits.

'**Rapid re-claim**' of Income Support or income-based JSA for people taking short-term work is introduced on a discretionary basis.

Those wishing to return to benefit inside 12 weeks must claim on a new shorter form.

Most 16- and 17-year-olds newly **leaving care** can no longer claim Income Support, JSA or Housing Benefit. Instead, the local authority provides support under the Care Leavers Act until the age of 18. The new rules do not apply to young lone parents or young people who are sick or disabled. This change is delayed in Scotland, probably for one year.

In pilot schemes, people in **breach of community orders** can suffer benefit sanctions in Income Support, JSA or training allowances.

A '**deferred payment**' scheme is introduced in England in October 2001. It is for people entering residential or nursing homes, from April 2001, who do not want to sell their own home in their lifetime. The arrangements have had a low take-up.

People in **nursing homes** in England are able to get 'free' nursing care if they pay for the home themselves from their own income. This group is sometimes called 'self-funders'. The NHS now pays for care from registered nurses in one of three bands: £35, £70 or £110 a week. In Wales payments of £100 a week commence in December 2001.

JANUARY 2002

The Home Office is introducing a new '**smart card**' for new asylum seekers. It is an identity card with the asylum seeker's photograph and fingerprint. An electronic strip means it may be used to get cash support in the future.

It is the end of the Benefits Agency and the Employment Service. Services are rearranged on the basis of client groups. Pensioners must look to the emerging **Pensions Service**, with its emphasis on regional call and processing centres. Working-age people look to the **JobCentre Plus** network, with initial contact by telephone, and modern offices, revamped at £1 million each. This network consists of the emerging JobCentre Plus offices, JobCentres and the remaining social security offices (the offices formerly known as the Benefits Agency). The switch allows the government to consolidate its 'work-first' requirements for people of working age, and to allow pensioners a 'lighter' touch.

A higher rate of the **Children's Tax Credit** is introduced for families with a baby born this tax year.

The standard rate of **Statutory Maternity Pay** is £75 a week.

Disabled Child Premium in key income-based benefits goes up to £35.50 a week. This is paid if your child gets Disability Living Allowance or is blind. A further £5 rise above inflation is promised for April 2003.

'**Permitted work**' rules start for people on incapacity-based benefits who want to try limited work to help them progress. The 'therapeutic work' rules are abolished and phased out in a year. The new rules envisage that limited work of only six or 12 months is usually sufficient to propel claimants on into full-time work, with exceptions for people with ongoing employment support or earning £20 a week or less.

The **Central Two Strikes Unit** starts in the Department for Work and Pensions. It monitors when people are convicted for fraud in any of 28 benefits and pensions, including fraud concerning the £10 Christmas Bonus. If a second fraud offence is committed, the Unit swings into action and a fixed 13-week benefit sanction can hit any

of 13 benefits, including War Pensions and Industrial Death Benefit, a benefit which only applies if your spouse died before 1988.

The stigmatising **voucher system** for asylum seekers is replaced by access to cash. The payments are brought back up to 70% of the normal Income Support personal allowances, with no increases equivalent to the 'premiums' in benefits, following the absence of an uprating in the level of voucher support in April 2001. The 14-day period of continuing support after positive status decisions now extends to 28 days. Imminent future plans include developing extensive 'reporting centres', segregated 'accommodation centres' and 'detention/removal centres'.

The **State Second Pension (S2P)** reforms and replaces SERPS, the state earnings-related second pension. 4.5 million low earners currently in SERPS will see their additional state pension double under the S2P. S2P also allows certain carers, parents and disabled people to build up additional pensions.

Changes are introduced to the benefit rights of people in **residential or nursing care**. They include:

- the end of **preserved rights** Income Support, the rate paid to those who were in registered residential care or nursing homes at April 1993;
- the abolition of the **residential allowance** – included in the Income Support applicable amount since 1993 for those without preserved rights – for new claimants in registered residential care or nursing homes; and
- the abolition of the '**Part III**' rate – paid to those in local authority run accommodation which included board – for new claimants in 'residential accommodation'.

New residents may claim Income Support under the normal rules. The new arrangements mean that residents should not lose out, as funds have been transferred to local authorities to continue top-up payments.

All earnings are disregarded in **Independent Living Fund** assessments for both customers and partners. The capital limit increases to £18,500, with the first £11,500 ignored.

Lone parents with the youngest child aged three or more are called for work-focused interviews, when newly claiming **Income Support**. Repeat work-focused interviews for lone parents are now to be held every six months.

A major overhaul of **Child Support Agency** arrangements is delayed, with blame placed on the computer system and financial loss to many lone parents. Changes due include simplifying the formula for calculating maintenance in new cases, a £10 disregard of maintenance in Income Support and income-based JSA, and abolition of the Child Maintenance Bonus.

The pilot Housing Benefit Fraud Investigation Scheme 'Weekly Benefit Savings' ends and the New Incentive Scheme (NIS) becomes mandatory, but renamed as **Security Against Fraud and Error (SAFE)** for all Local Authorities (LAs). Under SAFE, LAs get modest rewards for identifying overpayments, 'living together' cases, non-residency cases, or wrong information used in claims for a Department for Work and Pensions benefit.

MAY 2002

The Department for Work and Pensions must meet the requirements of the 2000 **Race Relations (Amendment) Act** to monitor and promote race equality. A consultation exercise commences on arrangements for this.

Step Up Pilots begin to be phased in, covering areas of high unemployment. This is a 'compulsory' full-time work scheme for people still unemployed six months after the New Deal. Payment is at the minimum wage, employers receive a subsidy and refusal of a place results in benefit sanctions.

JUNE 2002

The **Sure Start Maternity Grant** increases to £500. Two years before it was £100.

Credits in the **Working Families' and Disabled Person's Tax Credit** go up by £2.50 a week, in preparation for fundamental changes in April 2003. Awards run until April 2003, rather than the usual six months.

A telephone appointment system for **Personal Capability Assessments** is to be rolled out across the country. These are the medicals held for people claiming incapacity-based benefits.

JULY 2002

Consultation commences on the possible introduction of a **national identity card**, presented as the 'official citizenship entitlement card'. One proposal is that it would be essential for claimants to have one.

Scotland changes its rules on 'personal care' – you may have read about 'free' personal care. This care becomes the responsibility of local authorities. Residents in care homes get up to £145 per week for personal care and a possible additional £65 per week for nursing care. Northern Ireland follows suit in October 2002. These changes are not being made in England and Wales.

Advance claims can be made for **Invalid Care Allowance** for those aged 65 or over, with entitlements due from October 2002.

Local authorities are permitted to allow contractors/agency staff to make **Housing Benefit** decisions. This fits within a flow of 'outsourcing' and allowing computers to make decisions.

AUGUST 2002

The **student rent deduction** ends among other changes for students.

New awards of **Working Tax Credit** and **Disabled Person's Tax Credit** are not paid through wage slips, but directly from the Inland Revenue instead. This is a bridging arrangement ahead of changes in April 2003.

Advance claims can be made for **Working Families' Tax Credit** and **Children's Tax Credit**.

In pilot areas, the **Savings Gateway** commences, with matching funds to encourage claimants on low-income benefits or tax credits to save.

FUTURE CHANGES

OCTOBER 2002

Invalid Care Allowance (ICA) is extended to allow people aged 65 or more to newly claim, if they meet the standard rules. While many will not actually get the ICA, because their **Retirement Pension** is higher, they benefit from the **Carer's Premium** in income-based benefits. Previously carers already on ICA at the age of 65 could continue to get it, even if they later ceased to meet the usual rules. ICA and **Carer's Premium** will continue for eight weeks after the death of someone cared for. A worrying aspect of these changes is that they were scrutinised under the 2001 **Parliamentary Reform Act**, a mechanism to amend unnecessary bureaucratic burdens on businesses. This may set a precedent that discourages proper scrutiny of future social security legislation by Parliament and the **Social Security Advisory Committee**.

Child additions in means-tested benefits go up by £3.50 a week, as part of the government's continuing efforts to halve child poverty in 10 years, and to end it in 20.

Child Benefit claims can be made over the Internet.

Joint claims for **JSA** are usually needed for childless partners of the unemployed, where one partner was born after 1957.

The **national minimum wages** increase by 10p an hour.

In the longer term, people inheriting a **State Earnings Related Pension (SERPS)**, when their spouse dies, face a 50% cut. People already over pension age are not affected and there is a 10-year phasing in arrangement for those nearing pension age. These changes were originally made in 1986, but millions were misled or uninformed at the time.

Information gathering begins earlier – up to 10 weeks before a **Personal Capability Assessment** commences – for incapacity-based benefits.

A streamlined '**rapid re-claim**' procedure starts for people re-claiming Housing Benefit or Council Tax Benefit inside 12 weeks. This is to mirror the rapid re-claim procedures for Income Support/JSA. However, local authorities have up to six months to implement the change.

Arrears and concessionary payments of £5,000 or over, when due to official error, are disregarded indefinitely for key income-based benefits, beyond the previous 12 months grace.

NOVEMBER 2002

Nine private sector companies lead the main **New Deals** in 12 pilot areas for three years.

LATE 2002

Factual reports for **disability benefits** are formally due to focus on 'clinical facts', rather than 'subjective opinion'. This is one of several measures aimed to cut down pressures on general practitioners.

EARLY 2003

The form **NHB1**, used to claim Housing Benefit or Council Tax Benefit when claiming Income Support or income-based JSA, is replaced by a more comprehensive form to be returned to the local authority.

APRIL 2003

The new **Working Tax Credit** broadly replaces the adult support in Working Families' Tax Credit, Disabled Person's Tax Credit and the 50+ Employment Credit. It also extends cover to people without children, who are aged 25 or over and working 30 hours or more a week. Calculations are based on assessments of annual gross taxable income, with awards in 2003/04 based on income in 2001/02. Working Tax Credit is normally paid through the employer.

A new **Child Tax Credit** brings together the main allowances and credits for children and is paid along with Child Benefit to the main carer, usually the mother. It aims to make claiming easier and to extend to some new groups such as students and student nurses. Families on Income Support or income-based JSA stay on these – at increased rates – until transfer to Child Tax Credit in April 2004.

Childcare Tax Credit continues, but is paid direct to the parent who is the main carer. Help with childcare costs extends to those using approved childcare in their own homes.

Standard rates of **Statutory Maternity Pay** and **Maternity Allowance** are up to £100 a week, payable for 26 weeks. **Statutory Paternity Pay**, for two weeks, is available for babies expected to be born, or born, on or after 6 April. **Statutory Adoption Pay**, for 26 weeks, also starts.

A new mentoring service provides support and advice to **lone parents** seeking to enter work.

JobCentres have **childcare coordinators**.

Pilots of mandatory '**work preparation**' courses are due for those aged 25+ and long-term unemployed.

Some jobseekers who are often in and out of work come under the **New Deal 25+** in a pilot scheme.

There is a 1% increase in **National Insurance** contributions paid by employers, employees and the self-employed on all earnings above the National Insurance threshold.

The **income tax** personal allowance for those aged under 65 does not go up for the tax year 2003/04.

Advance claims for the **Pension Credit** can be made, although entitlement starts from October 2003.

Housing Benefit awards for pensioners are extended to five-year awards, without the need to report minor changes of circumstances. Tariff income is £1 for every qualifying £500, halving the previous rate.

Supporting People replaces and expands the help for housing-related support costs provided under the Transitional Housing Benefit Scheme. A charging policy may also be phased in local authority areas.

The NHS now pays for care from registered nurses for all people in **nursing homes**.

Invalid Care Allowance is renamed **Carer's Allowance**.

The government hopes that new '**Universal Bank Accounts**' will be introduced by the Post Office (the company which has been known as Consignia).

Automated Cash Transfer (ACT) will become the standard way to pay benefits, over the period 2003-05, and order books and giro's will gradually be withdrawn.

Fairer Charging Policies for **Home Care Users** confirms that "maximising users' income with benefits advice and support is ... a requirement to be implemented no later than April 2003".

OCTOBER 2003

Pension Credit entitlement starts, with increased entitlement for people aged 65 or over who have savings or second pensions, through the Savings Credit. Claims in the following 12 months will be backdated automatically, to spread the take-on. Five-year awards are planned, save for major changes in circumstances, and there are targets for take-up, seeking year-on-year improvements.

In the latest step to bring all **residential care** and **nursing home** customers under the same streamlined system, people in residential care who still get the Residential Allowance or Part III

Accommodation Rate transfer to the standard Income Support personal allowance or to Pension Credit.

The downrating of pensions and most social security benefits in hospital occurs after 13 weeks in hospital, rather than six weeks.

APRIL 2004

Work-focused interviews for existing lone-parent claimants are extended to include those with children under school age.

SEPTEMBER 2004

Education Maintenance Allowances (EMAs) are extra weekly payments for 16- to 19-year-olds who continue in education beyond Year 11, with weekly allowances between £5 and £40 a week, depending on parental income and if the young person meets attendance criteria. EMAs become nationwide.

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