



DfC

Department
for Communities
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Review of Welfare Mitigation Schemes

March 2019



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Contents

1. Executive Summary	4
2. Introduction	5
3. Development of Welfare Supplementary Payment Schemes	7
4. Implementation of the Recommendations in the Welfare Reform Mitigations Working Group Report	12
5. Implementation of Welfare Mitigation Schemes	15
6. Implementation and Operation of the Discretionary Support Scheme	24
7. Additional Support provided by the Independent Advice Sector	27
8. Review of funding and expenditure of Mitigation Schemes	32
9. Review of Effectiveness of Mitigation Legislation to Deliver the Recommended Schemes	34
10. Assessment of the Impact of Mitigation Payments Ceasing	36
11. Estimate of Future Mitigation Costs	40
12. Options for the Continuation of Current Mitigation Schemes	43
13. Conclusions	50
Appendices	
Appendix 1 Welfare Reform Mitigations Working Group Report – Mitigation Scheme Allocations	53
Appendix 2 Mitigation Scheme Funding and Expenditure May 2016 to September 2018	54
Appendix 3 Summary of Recommendations of the Welfare Reform Mitigations Working Group	56
Appendix 4 Welfare Supplementary Payments Legislation	63
Appendix 5 Universal Credit Contingency Fund Payments made in 2018/19	64
Appendix 6 Abbreviations	65

1. Executive Summary

1.1 The Department for Communities has responsibility for delivering a range of welfare mitigation measures as agreed by the Executive as part of the Fresh Start Agreement. The mitigation ‘package’ primarily provides for mitigation payments to claimants who experience a loss of benefit following the introduction of certain welfare reforms. It also includes funding allocations for Discretionary Support, Universal Credit payment flexibilities and the independent advice sector.

1.2 As part of the Fresh Start Agreement the Executive committed to a review of the welfare mitigation funding package in 2018/19. This is not a statutory requirement and the scope of the review was not clearly defined. However, the Department has prepared this report to examine progress against the recommendations that were made by the Welfare Reform Mitigations Working Group. The report also includes details of the latest expenditure against the funding allocation for each recommendation.

1.3 This report sets out the evidence that the planned end of the welfare mitigation funding on 31 March 2020 is likely to present significant issues to people who may have benefitted from this financial support. Therefore, in compiling this report, the Department has also considered the potential impact of the end of the welfare mitigation schemes. In particular the report highlights the estimated volume of benefit claimants that would be entitled to the current mitigation schemes, were they to be continued, along with the costs associated with providing the mitigation payments.

1.4 An assessment of available evidence in relation to the impact of ending each of the mitigation schemes has been completed. In particular there is a focus on the impact of the Social Sector Size Criteria mitigation, which is the welfare change that will continue to affect the greatest number of claimants from April 2020 (an estimated 34,000). In contrast the immediate impact of many of the other welfare changes will have been addressed by the current mitigation arrangements.

1.5 Taking account of the impacts the report closes with options that the Department might advance on the future of the mitigation schemes. These are informed by the analysis presented in the report and an assessment of the ability of the Department to successfully deliver future mitigations. However, it is recognised that there may be further options that have not been identified.

1.6 This report is primarily intended to inform and provide an analytical basis on possible options moving forward to provide advice to a Minister. It is clear that the provision of any welfare mitigations from April 2020 would present significant challenges in the continued absence of a functioning Assembly. The funding for the existing mitigation arrangements was approved by the Executive and the Assembly approved the legislation that underpins the delivery of the payment schemes. Any decision to continue with welfare mitigations would not only require the allocation of further substantial funding but would also require new legislation in an uncertain political environment.

2. Introduction

2.1 As part of “A Fresh Start, the Stormont Agreement and Implementation Plan”, the Northern Ireland Executive set out an agreed approach to implementing welfare reform in Northern Ireland. That included the allocation of £585 million from Executive funds to ‘top up’ UK welfare arrangements in Northern Ireland. That funding was for a four-year period from 2016/17 through to the 2019/20 financial year.

2.2 The Executive also agreed to establish a small Working Group¹ under the leadership of Professor Eileen Evason to bring forward proposals within an agreed financial envelope (including administrative costs) to maximise the use of those additional resources. It was further agreed that when the Social Sector Size Criteria policy (also known as the “bedroom tax”) was introduced, it should not apply in Northern Ireland.

Welfare Reform Mitigations Working Group Report

2.3 The Welfare Reform Mitigations Working Group published its report² in January 2016. The report included recommendations for the delivery of a number of welfare mitigation payment schemes, the provision of Discretionary Support as a replacement for

elements of the discretionary Social Fund, and funding for other measures arising from welfare reform.

2.4 The Working Group estimated that mitigation scheme payments would cost £501 million over four years (until 31 March 2020). The remaining £84 million was returned to the Executive for reallocation following the reversal of welfare changes previously announced by the Westminster Government³. A breakdown of the allocated £501 million funding is set out at **Appendix 1**.

2.5 The Executive accepted the Working Group’s recommendations in full, and the Department for Social Development⁴ was given responsibility for the development and implementation of the appropriate welfare mitigation schemes.

Independent Advice Services

2.6 In recognition of the complexity of welfare changes, the Executive also committed a further £8 million of funding for the provision of additional independent advice services until 31 March 2020. Those additional services were intended to help and support claimants through the transitional period of change to the welfare system.

¹ The Working Group was led by Professor Eileen Evason, Emerita Professor in Social Administration (University of Ulster), and the members were Kevin Higgins of Advice NI, Lisa McElherron of the NI Council for Voluntary Action, and Barry McVeigh of Macmillan Cancer Support.

² www.executiveoffice-ni.gov.uk/sites/default/files/publications/ofmdfm/welfare-reform-mitigations-working-group-report.pdf

³ Planned changes to the Tax Credits income threshold were not introduced.

⁴ As of 9 May 2016, the Department for Social Development was dissolved with its responsibilities largely taken on by the Department for Communities.

Reporting requirements

2.7 Article 137(4) of the Welfare Reform (Northern Ireland) Order 2015 requires the Department to lay before the Assembly a report on the welfare mitigation payments made in each financial year. Accordingly the Department has published two Annual Reports on Welfare Supplementary Payments, Discretionary Support, Standards of Advice and Assistance and Sanctions. Those Annual Reports cover the periods 2016/17 and 2017/18 and are available on the Department's website⁵.

2.8 The Fresh Start Agreement includes a commitment that the allocation of funding for the 'top-up' of welfare arrangements in Northern Ireland will be reviewed in 2018/19. In the absence of the Executive the Department has compiled this report to fulfil that requirement.

Expenditure

2.9 Details of the programme costs for each welfare mitigation scheme and all other areas of expenditure referenced in the Welfare Reform Mitigations Working Group Report are shown at **Appendix 2**. This covers the period from June 2016 until 30 September 2018.

2.10 The figures in this report, unless stated otherwise, are taken from the Department for Communities Annual Report and Accounts for 2016/17 and 2017/18 and from Management Information Systems. All figures are rounded to protect individual records, and totals may not sum due to rounding.

⁵ www.communities-ni.gov.uk/publications/welfare-supplementary-payments-discretionary-support-standards-advice-assistance-and-sanctions

3. Development of Welfare Supplementary Payment Schemes

3.1 The Welfare Reform Mitigations Working Group Report contained a number of recommendations for providing financial support to those people most affected by welfare reform. The Department subsequently developed a range of Welfare Supplementary Payment schemes to give effect to those proposals and ensure that payments would be made to those most in need while remaining within the agreed budget. In developing the schemes the Department endeavoured to keep administrative costs to a minimum.

3.2 The Welfare Supplementary Payments provide for claimants who may see their benefits reduced or ended following the introduction of specific welfare changes. The relevant changes are briefly described below.

3.3 Depending on their circumstances, claimants may be eligible for more than one Welfare Supplementary Payment. Claimants are not required to apply for a payment, as the Department for Communities identifies eligible claimants and makes payments to them automatically. As such, the Department is satisfied that Welfare Supplementary Payments have been made to all eligible claimants.

3.4 Welfare Supplementary Payments are time-limited, with payments in respect of the loss of ill-health, disability and carer payments normally available for up to one year. Welfare Supplementary Payments in respect of losses owing to the Benefit Cap and Social Sector

Size Criteria are available for up to four years. There is no provision for mitigation payments to be made beyond 31 March 2020.

Benefit Cap

3.5 The Benefit Cap places an upper limit on the total amount of specified benefits a household can receive when a claimant, or their partner if they have one, is of working age. If a claimant is affected by the Benefit Cap, that will result in a reduction in the amount of Housing Benefit or Universal Credit payable. However, the Benefit Cap will not apply when certain benefits are in payment (for example, Disability Living Allowance or Personal Independence Payment).

3.6 When it was introduced the Benefit Cap restricted the total benefits payable to a household to £500 per week (or £26,000 per year) for couples and lone parents. That amount was subsequently reduced to £384.62 per week (or £20,000 per year) for couples and lone parents from 7 November 2016.

3.7 Welfare Supplementary Payments are available to families with children who are affected by the Benefit Cap provided they were receiving a relevant welfare benefit when the Benefit Cap was introduced. The amount payable is equivalent to the initial capped amount. If the capped amount decreases the Welfare Supplementary Payment will decrease to reflect that change. Welfare Supplementary Payments will not increase.

Time-limiting of Contributory Employment and Support Allowance

3.8 This change limits the time for which a claimant can receive Employment and Support Allowance to 365 days. This applies to claimants who are in the work-related activity group and receive Employment and Support Allowance based only on National Insurance contributions that they have paid or been credited with in the last two complete tax years. The change was introduced in Northern Ireland with effect from 28 November 2016.

3.9 Welfare Supplementary Payments are available to anyone who was in receipt of Contributory Employment and Support Allowance on the date that time-limiting was introduced and who subsequently has their benefit reduced as a result of that change. Payments are equivalent to either:

- the difference between any new award of income-related Employment and Support Allowance and the contributory award that immediately preceded it; or
- the full amount of the Contributory Employment and Support Allowance award.

Personal Independence Payment

3.10 Personal Independence Payment was introduced in Northern Ireland on 20 June 2016 as a replacement for Disability Living Allowance for people of working age (16 to 64 years old). Personal Independence Payment helps towards some of the extra costs arising from having a long-term health condition or disability that is expected to last for 12 months or longer. Entitlement to Personal Independence Payment is based on the effect a long-term

health condition has on a person's daily life, not the condition itself. All existing working-age Disability Living Allowance claimants will be assessed for Personal Independence Payment by Spring 2019.

3.11 Welfare Supplementary Payments are available to any existing Disability Living Allowance claimant who experiences a loss of benefit following a reassessment to Personal Independence Payment. There are three separate components to this mitigation scheme.

- Claimants who are assessed for Personal Independence Payment and do not qualify, and subsequently appeal the decision, will receive Welfare Supplementary Payments equal to the weekly rate of their previous Disability Living Allowance payments until the Department is notified of the outcome of their appeal;
- Claimants who are assessed for Personal Independence Payment and do qualify, but at a reduced rate and whose weekly loss is £10 or more, will receive Welfare Supplementary Payments equal to 75% of their loss of benefit for up to one year;
- Claimants who are assessed for Personal Independence Payment and do not qualify, but have received at least four points for either the daily living or mobility components in their Personal Independence Payment assessment and can show that their disability or illness is as a result of a Northern Ireland conflict-related injury may be entitled to Welfare Supplementary Payments.

Loss of Disability-related Payments

3.12 Currently, claimants who receive either an income-related benefit or Working Tax Credit, and also receive Disability Living Allowance, may automatically receive additions to their benefit. These additions are known as Disability Premiums (or Disability Elements in Tax Credits), and the amount payable depends on the rate of Disability Living Allowance in payment. Claimants who transition from Disability Living Allowance to Personal Independence Payment may see a reduction in, or total loss of, the disability additions they receive. That may occur where a claimant receives no award of Personal Independence Payment or is awarded a rate of Personal Independence Payment that is lower than their previous Disability Living Allowance award.

3.13 Welfare Supplementary Payments are available for existing claimants who, as a result of being reassessed from Disability Living Allowance to Personal Independence Payment, lose entitlement to any of the severe disability, enhanced disability or standard disability premiums. Payments are also available for claimants who lose entitlement to the severe disability element in Working Tax Credit.

3.14 In all cases the Welfare Supplementary Payment will be equivalent to the value of the premium(s) / element(s) previously awarded.

Support for Carers

3.15 Claimants in receipt of Carer's Allowance, Income Support (on the basis of being a carer) or a carer premium on an income-related benefit may lose entitlement if the person they provide care for is unsuccessful in their Disability Living Allowance to Personal Independence Payment reassessment.

3.16 In this scenario Welfare Supplementary Payments are payable for up to one year. The rate payable depends on the personal circumstances of the claimant but will normally be equivalent to the actual loss of benefit.

Social Sector Size Criteria

3.17 As part of the changes to the welfare system, an amendment to The Housing Benefit Regulations (Northern Ireland) 2006⁶ introduced size criteria into Housing Benefit for working-age claimants in the social rented sector with effect from 20 February 2017. That means that Housing Benefit is now restricted and is based on the number of bedrooms a household is deemed to require. Equivalent provisions apply to the Housing Element of Universal Credit.

3.18 For those Housing Executive and Housing Association tenants who are found to be under-occupying their properties, an appropriate percentage reduction will be made to the eligible rent when calculating entitlement to Housing Benefit or the Universal Credit Housing Element.

⁶ The Housing Benefit Regulations (Northern Ireland) 2006 were amended in accordance with Article 75 of the Welfare Reform (Northern Ireland) Order 2015.

3.19 Welfare Supplementary Payments are normally available to anyone affected by the Social Sector Size Criteria and payments will be equivalent to the actual reduction in benefit entitlement. An exception is made for those claimants who have moved property and continue to under-occupy by at least the same number of bedrooms, where the move has not been granted what is commonly referred to as 'Management Transfer Status'. In such cases all entitlement to a mitigation payment will cease.

Discretionary Support Scheme

3.20 Discretionary Support was introduced as a Northern Ireland specific replacement for elements of the discretionary Social Fund, which were abolished as part of welfare reform (i.e. Crisis Loans and Community Care Grants). Discretionary Support provides either grants or loans to claimants who find themselves in urgent financial need as a result of a crisis or emergency.

3.21 As eligibility for Discretionary Support is income-based, this scheme is available not only to benefit recipients but also to working people on low incomes. The household income threshold has been set at the National Minimum Wage rate payable for a person over the age of 25 ("National Living Wage") working 40 hours per week, which in the 2018/19 financial year is £16,286.40. Under this scheme claimants can receive a maximum of three loans and one grant in any one-year period, with no loans made to those whose Discretionary Support debt exceeds £1,000.

Welfare Supplementary Payments Legislation

3.22 Welfare Supplementary Payments are provided for under the Welfare Reform (Northern Ireland) Order 2015 (as amended by the Welfare Reform and Work (Northern Ireland) Order 2016)⁷. This primary legislation was passed by Westminster further to a Legislative Consent Motion approved by the Northern Ireland Assembly on 18 November 2015.

3.23 The detailed provisions governing each of the Welfare Supplementary Payment schemes are included in appropriate secondary legislation (i.e. Regulations), which were approved by the Northern Ireland Assembly. Those Regulations were introduced in three tranches between March 2016 and January 2017 to coincide with the introduction of the various welfare changes.

3.24 The Department has also prepared the draft Regulations necessary to provide for mitigation payments to be paid to certain Universal Credit claimants (e.g. those affected by the Social Sector Size Criteria). In the absence of a functioning Assembly it has not been possible to complete the legislative process in respect of those Regulations. However, the Department has been making appropriate payments to eligible Universal Credit claimants under the authority of successive Northern Ireland Budget Acts⁸ passed by Westminster. The Department will bring the draft Regulations to the Assembly for approval at the earliest opportunity.

⁷ Articles 137, 137A and 137B

⁸ The Northern Ireland Budget Act 2017 for payments made in the 2017/18 financial year and the Northern Ireland Budget Act 2018 for payments made in the 2018/19 financial year.

3.25 A further set of Regulations, which make provision for the Discretionary Support Scheme, have been approved by the Assembly. Those were made on 6 July 2016 and came into operation on 28 November 2016. The purpose of that legislation is to enable the Department to provide support by way of loans and grants to people in times of emergency or crisis who meet the defined eligibility criteria.

Section 75

3.26 Section 75 of the Northern Ireland Act 1998 came into force on 1 January 2000 and placed a statutory obligation on public authorities in carrying out their various functions relating to Northern Ireland, to have due regard to the need to promote equality of opportunity between:

- persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- men and women generally;
- persons with a disability and persons without; and
- persons with dependants and persons without.

3.27 In order to comply with this requirement, the Department completed screenings for each of the mitigation schemes, and those were published on the Departmental website between March and December 2016.

3.28 It was concluded that the mitigation policies should not be subjected to an Equality Impact Assessment, as the main aim of the schemes was to mitigate any adverse impacts of welfare reform on the most vulnerable people in society. The schemes in themselves are mitigating measures.

4. Implementation of the Recommendations in the Welfare Reform Mitigations Working Group Report

4.1 The Welfare Reform Mitigations Working Group Report made several recommendations across three strands. The majority of the recommendations were implemented by the Department to coincide with the roll-out of the various welfare reforms throughout 2016 and 2017.

4.2 A summary of the recommendations together with the action taken by the Department to address each recommendation is included at **Appendix 3**.

Strand One

4.3 The first strand recommended supplementary payments, for varying periods, over the four years of the programme for carers, those with ill-health or disability, and families. The proposed supplementary payments were not to be means-tested and were not to attract premiums. Details of each Welfare Supplementary Payment scheme are included in Chapter 3 of this report.

Carers

4.4 There were two recommendations in respect of mitigation payments for carers, the first of which was implemented. The second recommendation was that full-time carers should be fully compensated for any loss resulting from being affected by the Benefit Cap. However, the UK Government subsequently committed itself to exempting

full-time carers from the Benefit Cap, so the recommended mitigation was no longer required.

Persons unable to work because of ill-health

4.5 There were three recommendations in respect of mitigation payments for those who are unable to work because of ill-health. These have all been implemented.

Persons with disability

4.6 There were four recommendations in respect of those with disability. Three of the recommendations in respect of mitigation payments have been implemented. The fourth recommendation was that the Department enter into discussions with Motability to ensure that the transitional package of support developed for Great Britain be extended to Northern Ireland. Given that the Department is not directly involved in either setting the policy for or administering the Motability Scheme, it alerted Motability to this recommendation. The Department is aware that the same transitional package of support is in place across Great Britain and Northern Ireland.

Additions to benefit for those with disability

4.7 There were two recommendations regarding mitigation payments in respect of additions to benefit for those with disability. Both recommendations were implemented.

Benefit Cap

4.8 It was recommended that families with children affected by the Benefit Cap be fully mitigated for any loss. This has been implemented.

Discretionary Support Scheme

4.9 The recommendations that further provision should be made via this scheme, or otherwise, to assist those at risk of hardship and provide for emergency assistance in cases of difficulty relating to the introduction of Universal Credit have been implemented.

Strand Two

4.10 The second strand relates to supporting and protecting claimants, especially the most vulnerable, with independent advice at key points throughout the welfare changes having regard, in particular, to the provisions in the legislation dealing with sanctions.

Advice

4.11 **Appendix 3** of the Welfare Reform Mitigations Working Group Report outlines the recommendations for increased independent advice services in relation to welfare reform. Those recommendations have been implemented. Information on the various additional support that has been put in place is provided at Chapter 7 of this report.

Sanctions

4.12 There were two recommendations in respect of sanctions and both have been implemented.

Strand Three

4.13 The third strand was looking ahead to the introduction of Universal Credit and a need to explore new ways to alleviate hardship.

Tax Credits Mitigation: Universal Credit

4.14 It was recommended that a third element be added to the Discretionary Support Scheme: families, and others depending on resources available, claiming Working Tax Credit / Universal Credit should be entitled to supplementary payments in recognition of the expenses those in employment incur, with a special weighting for lone parents taking account of the cost of childcare.

4.15 Unfortunately, despite developing the outline of a scheme and the necessary primary legislation being made⁹, the Department was unable to implement that recommendation, as further secondary legislation is needed, which will require the approval of the Assembly. In addition, Her Majesty's Revenue & Customs notified the Department that payments made under the proposed scheme, would be treated as taxable income. That would have significant negative implications for the net benefits that recipients would receive from the Cost of Work Allowance payments.

4.16 It was also recommended that £2 million be set aside to provide a contingency fund alongside the roll-out of Universal Credit to make emergency payments where hardship occurs as a result of difficulties which are

⁹ Article 137B of the Welfare Reform (Northern Ireland) Order 2015 as inserted by Article 20(2) of The Welfare Reform and Work (Northern Ireland) Order 2016.

not the result of any fault on the part of the claimant. This recommendation has been implemented.

Tax Credits Mitigation: Financial Capability

4.17 The Welfare Reform Mitigations Working Group recommended that support be provided to the voluntary sector to develop new ways of assisting people in need during the move towards Universal Credit. The types of projects recommended were to address food poverty, a robust strategy of advice and support, particularly for the most vulnerable

and hard-to-reach in society, and to support the efforts of Credit Unions to develop new ways of doing things to help address the growing financial insecurity of many. The Working Group outlined their suggestions for taking those matters forward in Appendices 5, 6 and 7 of its report, respectively.

4.18 Most of the above recommendations have been implemented. Information on the progress made in implementing the recommendations is provided at Chapter 5 of this report.

5. Implementation of Welfare Mitigation Schemes

5.1 This Chapter compares actual caseloads for a number of Welfare Supplementary Payment schemes to the original estimates produced by the Department for Communities. The original estimates were used during discussions of the Welfare Reform Mitigations Working Group and in the production of the Welfare Reform Mitigations Working Group Report. Research on the impact on claimants was published by the Department in January 2019¹⁰.

5.2 A range of assumptions had to be used when estimating the possible impact of the various welfare changes as the reforms had not yet been introduced at the time the Welfare Reform Mitigations Working Group Report was prepared. This Chapter sets out the assumptions used for each scheme and whether they align with the actual delivery of welfare reform.

5.3 After the Welfare Reform Mitigations Working Group Report was published in January 2016, some estimates were updated with revised assumptions and/or timings but those used for the Report are compared to actual figures in this Chapter.

Timing of Welfare Reforms

5.4 One of the consistent factors causing variation between the estimates and the actual caseloads is the fact that the reforms were not rolled out to the timetable expected when the estimates were made. The later implementation dates and the speed of roll-out of the welfare reforms had an impact on the caseload profiles, causing variation between the estimates and the actual figures across the years.

Benefit Cap

5.5 The Benefit Cap was not introduced in Northern Ireland as expected, the £26,000 Cap was implemented in June 2016 rather than in April 2016, the date used in the original estimates. The £20,000 Benefit Cap was then implemented in November 2016 rather than in April 2017, the date used in the original estimates. Therefore, the 2016/17 financial year caseload for Benefit Cap was higher than expected.

¹⁰ www.communities-ni.gov.uk/publications/welfare-reform-ni-claimant-baseline-surveys-report-january-2019

Table 1(a): Estimated impact of the Benefit Cap

	16/17	17/18	18/19	19/20	Total
Cases newly affected each year	500	2,700	–	–	3,200

Forecasts of cases newly affected each year rounded to the nearest 100.

Figures may not sum due to rounding.

Flat caseload profile assumed for the length of the scheme, i.e. any off-flows equal on-flows.

Table 1(b): Mitigation payment caseloads for the Benefit Cap

	16/17	17/18	Apr 18 to Sep 18
Cases newly affected each year	2,020	700	220

Actual cases newly affected each year rounded to the nearest 10.

5.6 A lower number of households were affected at the £20,000 Benefit Cap level than estimated, for a number of reasons:

- Carer households affected by the Benefit Cap were included in the estimate. An exemption for Carers was added to the Benefit Cap before its implementation in Northern Ireland, so Carers were not affected and therefore did not require mitigation.
- The Benefit Analysis was updated using newer benefit administrative data in March 2016, and the update estimated that 2,440 households would be affected by the £20,000 Benefit Cap.

5.7 Benefit Cap Welfare Supplementary Payments can be reduced due to changes in claimants circumstances, but will not be increased if the change in circumstances results in a household being capped by a higher amount. This was not taken into account in the estimated impact. In reality, payments to some households have reduced due to changes in claimants circumstances.

Time-limiting of Contributory Employment and Support Allowance

5.8 The introduction of the one-year time-limiting rule for Contributory Employment and Support Allowance for claimants in the Work-related Activity Group led to a reduction in benefit, with the majority of claimants affected on the implementation date.

Table 2(a): Estimated impact of the time-limiting of Contributory Employment and Support Allowance

	16/17	17/18	18/19	19/20	Total
Cases newly affected each year	4,300	200			4,500

Forecasts of cases newly affected each year rounded to the nearest 100.

Figures may not sum due to rounding.

Table 2(b): Mitigation payment caseloads for the time-limiting of Contributory Employment and Support Allowance

	16/17	17/18	Apr 18 to Sep 18
Cases newly affected each year	2,320	600	150

Actual cases newly affected each year rounded to the nearest 10.

5.9 The number of claimants affected by the time-limiting of Contributory Employment and Support Allowance was lower than predicted, but that was in part expected as:

- All claimants were given notice of the policy change and that their entitlement would soon be exhausted so that they could seek independent advice and request reassessment if there were grounds for considering that they should be in the support group. Between January 2016 (when the Welfare Reform Mitigations Working Group Report was published) and November 2016 (when this policy change was implemented) approximately 2,000 Contributory Employment and Support Allowance claimants moved from the Work-related Activity Group to the Support Group.
- Prior to the implementation of time-limiting of Contributory Employment and Support Allowance, claimants went through an exercise to check for underlying entitlement to income-related Employment and Support Allowance. In the estimated impact it was assumed that 22% of time-limited claimants would have an underlying equivalent or higher amount of income-related Employment and Support Allowance.

5.10 In addition, when estimating the impact of time-limiting of Contributory Employment and Support Allowance it was assumed that the policy would be implemented from June 2016, but the policy did not come into effect until November 2016.

Personal Independence Payment

5.11 Many of the scheme estimates used proportions calculated from the Personal Independence Payment Matrix to estimate the number of cases that would be disallowed and/or receive a reduced entitlement following Disability Living Allowance to Personal Independence Payment reassessment. The Personal Independence Payment Matrix was based on a random sample of 180 claimants who voluntarily went through the Personal Independence Payment assessment.

5.12 The sample was selected to be as representative as possible of the Disability Living Allowance caseload at that time. Those cases were then reassessed by health professionals taking account of the new Personal Independence Payment assessment criteria. Based on the results of those sample reassessments the possible Disability Living

Allowance component combinations and their percentage chance of being reassessed into each of the Personal Independence Payment component combinations were estimated. While the overall actual disallowance rate following Disability Living Allowance to Personal Independence Payment reassessment is close to that estimated from the Personal Independence Payment Matrix, some of the possible award transitions from Disability Living Allowance to Personal Independence Payment are significantly different.

5.13 Table 3(a) below compares the 2016 Personal Independence Payment Matrix forecasts based on the 180 cases and the results of the Disability Living Allowance to Personal Independence Payment reassessments during the period 20 June 2016 to 31 May 2018. It can be seen that the 'Award Decrease' percentage was significantly lower than that forecast in 2016.

Table 3(a): Potential Outcome of Personal Independence Payment Reassessment Cases

Potential Outcome Under Personal Independence Payment	Reassessed Disability Living Allowance Claimants	
	2016 Estimate	Reassessments June 2016–31 May 2018
Award Increased	23%	38%
Award Unchanged	19%	18%
Award Decreased	33%	19%
No Award	25%	25%

2016 estimate based on 180 sample cases and weighted to the Northern Ireland Disability Living Allowance caseload.

Actual clearances from 20 June 2016 to 31 May 2018 (excluding rising 16s).¹¹

Percentages rounded to one decimal place and may not sum due to rounding.

No Award includes withdrawn claims and those who were disallowed.

¹¹ Rising 16s are claimants who reach 16 years of age and so cease to be eligible for Disability Living Allowance but may be eligible for Personal Independence Payment.

5.14 The full 2016 impact assessment can be accessed on the Department’s website¹².

5.15 The Disability Living Allowance to Personal Independence Payment Reassessment Summary from June 2016 to May 2018 has also been published on the Department’s website¹³. It should also

be noted that any difference between the estimated impact of the Disability Living Allowance to Personal Independence Payment reassessment process and the actual impact directly affects the caseload estimates used to produce the Carers and Disability-related Payments caseload estimates.

Table 3(b): Mitigation payment caseloads for Disability Living Allowance to Personal Independence Payment reassessments

		16/17	17/18	Apr 18 to Sep 18
Cases newly affected each year	(i) Payment to appeal	540	4,450	2,950
	(ii) 75% if loss >£10	870	8,150	7,480
	(iii) Conflict related	**	**	**

Actual cases newly affected each year rounded to the nearest 10.

**represents under 10 actual cases newly affected each year.

Figures may not sum due to rounding

5.16 The mitigation payment caseloads have been affected by a number of factors:

- Disability Living Allowance to Personal Independence Payment reassessment was not introduced in April 2016 as expected. Assessments started in June 2016 and are now scheduled to be completed by April 2019 rather than by March 2018, the date used in the original estimates.
- The disallowance and reduction percentages calculated from the Personal Independence Payment Matrix were used to estimate the proportion of Disability

Living Allowance claimants who would be disallowed or have their award reduced. While the overall actual disallowance rate is close to that estimated from the Personal Independence Payment Matrix, the award decrease percentage of 19% was significantly lower than the 33% forecast. The award increase percentage of 38% was also significantly higher than the 23% forecast.

¹² <https://www.communities-ni.gov.uk/publications/welfare-changes-personal-independence-payment-information>

¹³ <https://www.communities-ni.gov.uk/publications/dla-pip-reassessment-summary-june-2016-may-2018>

- An assumed delay between claimants being notified and completing the reassessment process was used in the forecasts, with different timings used for different elements. The average clearance time for all actual Disability Living Allowance to Personal Independence Payment reassessment cases was 13 weeks¹⁴.

5.17 A period of payment was assumed for the estimated impact of Personal Independence Payment element 1 (disallowance). Payment under this element continues until the Tribunal appeal determination is received by the Department and the estimate assumes this period to be 52 weeks.

5.18 Not all disallowed cases have been appealed, and claimants who did not appeal were not eligible for a mitigation payment.

Disability-related Payments

5.19 Given the complexity of the range of Disability-related Payments and the various changes of circumstances that claimants may experience over the four-year profile there was significant uncertainty surrounding the cost estimates for providing protection for loss of Disability-related Payments.

Table 4(a): Estimated impact on Adult Disability-related Payments

	16/17	17/18	18/19	19/20	Total
Cases newly affected each year	1,600	3,500	2,400	–	7,500

Forecasts of cases newly affected each year rounded to the nearest 100.

Figures may not sum due to rounding.

Table 4(b): Mitigation payment caseloads for loss of Adult Disability-related Payments

	16/17	17/18	Apr 18 to Sep 18
Cases newly affected each year	120	1,170	970

Actual cases newly affected each year rounded to the nearest 10.

Figures may not sum due to rounding.

¹⁴ www.communities-ni.gov.uk/publications/personal-independence-payment-statistics-may-2018

5.20 The actual caseloads have been lower to date than forecast, and that can be attributed to a number of reasons:

- Disability Living Allowance to Personal Independence Payment reassessment was not introduced in April 2016 as expected. Assessments started in June 2016 and are now scheduled to be completed by April 2019 rather than by March 2018, the date used in the original estimates.
- A disallowance and reduction percentage of 29% calculated from the Personal Independence Payment Matrix (for Disability Living Allowance cases receiving Adult Disability Premiums on income-related benefits) was used to estimate the number of cases that could lose Disability Premiums. Analysis shows that 26%¹⁵ of actual Disability Living Allowance claimants with High or Middle Rate Care that have undergone Disability Living Allowance to Personal Independence Payment reassessment received nil daily living component with Personal Independence Payment, were disallowed or withdrew (cases receiving Disability Premiums could not be tracked separately).

- Caseloads affected were estimated using the combination of Disability Premiums in place for Income Support, Jobseeker's Allowance and Employment and Support Allowance claimants from 2015 administrative data. While the total for those income-based benefits was similar in June 2016 when the Disability Living Allowance to Personal Independence Payment reassessment process started, the number of claimants on Jobseeker's Allowance and Employment and Support Allowance had changed significantly. The Jobseeker's Allowance claimants decreased by 14,000 and the Employment and Support Allowance Work-related Activity Group claimants decreased by 8,000, while the Employment and Support Allowance Support Group claimants increased by 20,000.

Carers

5.21 Claimants in receipt of Carer Payments may lose entitlement if the person they provide care for is not entitled to the Daily Living Component of Personal Independence Payment following Disability Living Allowance to Personal Independence Payment reassessment.

¹⁵ Disability Living Allowance to Personal Independence Payment Reassessment Summary – June 2016 to May 2018 (www.communities-ni.gov.uk/publications/dla-pip-reassessment-summary-june-2016-may-2018)

Table 5(a): Estimated impact on Carers

	16/17	17/18	18/19	19/20	Total
Cases newly affected each year	1,800	3,400	1,900	–	7,000

Numbers rounded to the nearest 100.
Figures may not sum due to rounding.

Table 5(b): Mitigation payment caseloads for loss of Carer Payments

	16/17	17/18	Apr 18 to Sep 18
Cases newly affected each year	150	1,380	950

Numbers rounded to the nearest 10.

5.22 The actual caseloads to date were lower than forecast and this can be attributed to a number of reasons:

- Disability Living Allowance to Personal Independence Payment reassessment was not introduced in April 2016 as expected. Instead the reassessments started in June 2016 and are now scheduled to be completed by April 2019 rather than by March 2018, the date used in the original estimates.
- A disallowance and reduction percentage of 34% was calculated from the Personal Independence Payment Matrix (for Disability Living Allowance cases with someone claiming Carer's Allowance or a Carer Premium) and was used to estimate the proportion of carers who would lose

Carer's Allowance or a Carer Premium. From the Disability Living Allowance to Personal Independence Payment Reassessment Summary (June 2016 to May 2018¹⁶) 26% of actual Disability Living Allowance claimants with High or Middle Rate Care who have undergone Disability Living Allowance to Personal Independence Payment reassessment received nil daily living component with Personal Independence Payment, were disallowed or withdrew. That means that if someone was claiming Carer's Allowance or Carer Premium for caring for a Disability Living Allowance claimant, the carer will have lost their entitlement to a Carer Payment (cases with someone claiming Carer's Allowance or a Carer Premium were not tracked separately).

¹⁶ www.communities-ni.gov.uk/publications/dla-pip-reassessment-summary-june-2016-may-2018

Social Sector Size Criteria

5.23 The introduction of Social Sector Size Criteria in February 2017 led to a restriction on the amount of Housing Benefit payable to

working-age claimants in the social rented sector, with the majority of claimants affected on the implementation date. Equivalent provisions apply to the Housing Element of Universal Credit.

Table 6(a): Estimated impact of the Social Sector Size Criteria

	16/17	17/18	18/19	19/20	Total
Cases newly affected each year	34,000	–	–	–	34,000

Flat caseload profile assumed for the length of the scheme, i.e. any off-flows equal on-flows.

Table 6(b): Mitigation payment caseloads for Social Sector Size Criteria

	16/17	17/18	Apr 18 to Sep 18
Cases newly affected each year	34,000	5,360	2,660

Actual cases newly affected each year rounded to the nearest 10.

5.24 The estimated impact assumed that Housing Benefit reductions would be applied to working-age tenants that were not exempt. The estimates covered:

- any existing tenants affected on the date of introduction of the scheme;
- any existing tenants who were affected in the course of the scheme (e.g. those affected if a family member moves out of

the family home; or any new tenants who are allocated an “over-sized” home in the course of the duration of the scheme).

5.25 The Social Sector Size Criteria policy was not implemented in Northern Ireland until February 2017. However, the estimated impact calculations had assumed that the Social Sector Size Criteria would apply for half of the 2016/17 financial year.

6. Implementation and Operation of the Discretionary Support Scheme

6.1 A consultation on the proposed design of the Discretionary Support scheme concluded in April 2013. Having considered the responses to that consultation, along with the views of the Social Development Committee received at a meeting of the Committee on 23 May 2013, the design of the new Discretionary Support scheme was finalised.

6.2 The policy intention for Discretionary Support in Northern Ireland is to ensure a necessary but temporary response to particular and pressing needs facing the most vulnerable. It aims to alleviate the most exceptional, extreme or crisis situations that present a significant risk to the health, safety or wellbeing of low-income (benefits and employed) households through the provision of practical support. It also seeks to help them avoid falling further into unmanageable debt and greater dependency by ensuring that they have access to appropriate information and advice.

6.3 The Department for Communities is committed to ensuring that the most vulnerable in society can access appropriate help and support in times of emergency or crisis. In support of that aim, the Finance Support Service was introduced in Northern Ireland in November 2016 to provide a fast, responsive and effective quality service ensuring that claimants receive immediate short-term financial support in times of emergency or crisis.

6.4 In addition to the normal facility for short-term benefit advances, those on low incomes (working and non-working) may access short-term financial help by making an application for Discretionary Support when an extreme, exceptional or crisis situation arises that presents a significant risk to the health, safety or well-being of either the person making the claim or their immediate family. Discretionary Support is unique to Northern Ireland.

Funding

6.5 Discretionary Support is funded by Departmental Expenditure Limit resource from the Northern Ireland Block Grant. That follows the transfer from Her Majesty's Treasury of an amount equivalent to the previous funding provided for the abolished elements of the discretionary Social Fund. The allocation of funds for Discretionary Support for the mitigation period (i.e. from 2016/17 through to 2019/20) was subsequently included in the £585 million set aside as part of the Fresh Start Agreement to 'top-up' UK welfare arrangements in Northern Ireland.

General Eligibility Conditions

6.6 The eligibility conditions for Discretionary Support are as follows:

- The need has arisen as a consequence of an extreme, exceptional or crisis situation that presents a significant risk to the health, safety or well-being of the claimant or a member of their immediate family;

- The claimant is ordinarily resident and present in Northern Ireland;
- The need cannot be met from another source;
- The claimant is at least 18 years old or a minimum of 16 years old in the case of a young person without parental support;
- The need for Discretionary Support occurs in Northern Ireland;
- The need is satisfied in Northern Ireland; and
- The claimant's income, or in the case of a couple their joint income, does not exceed the income threshold currently set with reference to the national minimum wage for a person over the age of 25.

6.7 In addition:

- A living expenses award in respect of a period for which an award has already been made to either the claimant or their partner will not be considered except in the event of a disaster;
- A claim made within 12 months of a previous claim by the same person for the same goods for which an award has already been made will not be considered except in the event of a disaster;
- The claimant's Government debt level, including, where appropriate, that of their partner, does not exceed £1,000;
- Discretionary Support assistance provided will normally be the lowest cost to meet the need; and

- The claimant has made use of any available capital before applying for Discretionary Support.

6.8 Only one Discretionary Support grant and three Discretionary Support loans can be awarded in any 12-month period, except in the event of a disaster causing the loss of possessions or property. If the claimant is unable to be awarded a loan for living expenses because of debt and / or affordability issues, they may be able to avail themselves of a grant for living expenses. A maximum of one such grant will be awarded in any 12-month period.

6.9 An annual income threshold will apply to claimants, and those in excess of that threshold will not be eligible for a Discretionary Support award. The claimant's annual income, or in the case of a couple their joint income, may not exceed the annual income threshold currently set with reference to the national minimum wage for a person over the age of 25.

6.10 An objective of the Discretionary Support scheme is not only to ensure that individuals in an exceptional, extreme or crisis situation have timely and appropriate access to support, but that they are also helped towards avoiding further unmanageable debt by providing access to appropriate advice and information.

6.11 Further information regarding Discretionary Support is available on the NI Direct website¹⁷.

¹⁷ www.nidirect.gov.uk/articles/financial-support-crisis

Discretionary Support Expenditure

6.12 The figures at **Table 7** below represent Discretionary Support performance and expenditure during the 2017/18 financial

year and during the six month period from April – September 2018. There were no Social Fund Crisis Loans or Community Care Grants issued in 2017/18.

Table 7: Discretionary Support Awards and Expenditure

Discretionary Support	2017/18	April – September 2018
Total number of claims made	67,010	37,179
Total number of awards made	44,440	27,118
Total number of disallowances	22,570	10,061
Total amount awarded – grants	£6.8m	£4.19m
Total amount awarded – loans	£3.8m	£1.90m
Total amount awarded	£10.6m	£6.09m
Average award	£240	£225
Claims cleared within 1–2 days	98.5%	98%
Total loan recovery	£3.5m Discretionary Support* £7.8m Crisis Loans	£1.78m Discretionary Support £2.26m Crisis Loans
Total review requests	2,980	1,958
Total number of awards changed following review	940 (31%)	647 (33%)

7. Additional Support provided by the Independent Advice Sector

Independent Advice Services

7.1 The Welfare Reform Mitigations Working Group Report recommended that additional independent advice services be put in place to help and support claimants through the transitional period of change to the welfare system. The Executive made a commitment to provide a total of £8 million of funding until 31 March 2020 for those additional services with a further £2.7 million for tackling food poverty and provision of financial capability.

7.2 A contract was awarded on 27 September 2016 providing initial funding of £2.5 million for the additional services until March 2018. The new free independent Welfare Changes Helpline and additional frontline services went live from 1 November 2016. The services were provided by a consortium made up of Citizens Advice NI, Advice NI and the Law Centre NI, where three legal advisers are available for tribunal representation and to provide guidance on complex cases. A change to Citizens Advice NI's risk rating by the Department prevented it from continuing as the consortium's Lead funder. The Department redirected project funding from January 2018 to the remaining consortium members and through local councils to ensure continuity of welfare reform advice services.

7.3 The contract for continuation of the additional advice services was put in place from 1 April 2018 and to date, approximately 103,000 claimants have been supported.

Advice Sector Support Initiatives

7.4 The following Advice Sector support initiatives have been introduced to support claimants through the implementation of Welfare Reform.

- A Welfare Reform Adviser Training Programme has been delivered to 354 advisers across Northern Ireland;
- A Universal Credit Adviser Training Programme has been delivered to 409 advisers across Northern Ireland;
- Welfare Reform and Universal Credit awareness sessions have been delivered to 7,040 individuals (such as council members, statutory bodies, constituency office staff and voluntary and community organisations) who work with affected claimants;
- Support for Housing Rights training has been delivered to 233 individuals who support claimants with Housing Benefit issues.
- Two Welfare Reform Support Officers have been put in place in Citizens Advice Bureaux and Advice NI to work closely with frontline advice organisations and the Department for Communities throughout the period of implementation of Welfare Reform.
- During 2018/19 a targeted intervention approach has been introduced to focus on specific vulnerable groups who are difficult to reach.

7.5 In line with the roll-out of Universal Credit, all 45 frontline advice offices across Northern Ireland have now received a Universal Credit digital package to enable them to assist claimants in making and maintaining a digital claim to Universal Credit.

Standards of Advice

7.6 All advice providers are required to meet industry quality standards in relation to the advice provided and follow the Quality of Advice assurance procedure set out in the Northern Ireland Advice Quality Standard. Organisations are externally audited to ensure adherence to the standards. Furthermore, individual organisations have additional quality standards and processes in place as follows:

- Citizens Advice Bureaux – all local offices are externally audited on a three-yearly cycle validated by the Membership and Standards Committee. Citizens Advice has also received Advice Services Alliance Quality Mark (UK), the Money Advice Service Quality Framework, and the Pension Wise Service Quality Framework, and it complies with Financial Conduct Authority regulatory guidance. Following the decision to remove the Citizens Advice brand from Northern Ireland in January 2019, all Citizens Advice Bureaux transferred their regional membership to Advice NI.
- Advice NI – has achieved Investors in People gold accreditation, which lasts for three years and is reviewed every 18 months. It has also received the Advice NI Money and Debt Advice Standard, which is accredited by Money Advice Service Quality Framework.

- Law Centre NI – is required to meet Lexcel, which is the Law Society’s legal practice quality mark for excellence in client care. That is audited annually.

7.7 In addition to the above, each organisation has internal processes in place to check the standards of advice being provided, which includes daily case-checking by senior supervisors and case-file reviews.

Review of Independent Advice Service

7.8 In awarding the contract for the provision of the new independent welfare changes advice service the Department committed itself to undertaking three reviews of the service at four, 12 and 18 months respectively. The four-month and 12-month reviews were carried out as planned. The 12-month review was noted at the Department’s Investment, Modernisation and Innovation Board in February 2018. The findings of that review have clearly shown, both from the customer survey and from feedback from the Advice Sector, that the Project has met its objectives. That has provided the Department with the assurance for continuing that delivery model for the additional face-to-face advice services and helpline until 2020.

Tackling Food Poverty

7.9 The Welfare Reform Mitigations Working Group recommended improving access to affordable food through a network of community food shops and social stores / supermarkets.

7.10 In 2016/17 the Department commissioned a feasibility study on introducing a Social Supermarket model in Northern Ireland, which concluded that there

is the need and scope for an alternative approach to tackling food poverty here. The study recommended piloting the Social Supermarket concept with a small number of organisations who already provide support services that include food/meals provision.

Social Supermarket Pilot Programme

7.11 A Social Supermarket pilot programme commenced on 1 October 2017 and was to run initially until 30 September 2018. The five organisations delivering the pilots are:

- Footprints Women’s Centre, West Belfast;
- Strabane Community Project;
- Lisburn City Church;
- Vineyard Compassion in Coleraine; and
- Apex Housing in Derry/Londonderry

7.12 Two additional contracts to support the pilots were agreed. Those were with Fareshare (who collect surplus food from main supermarkets and other producers and redistribute it to charitable organisations) and Bryson Energy to provide bespoke Fuel Poverty and Efficiency support as part of the wraparound service for users. This aims to address user needs including advice, money management, training and skills in order to provide a holistic approach to transitioning out of poverty.

7.13 All pilots have referral networks that signpost potential clients to them, and when clients are accepted a personalised support plan is designed to address their specific needs.

7.14 While not stipulating a precise model, criteria for the Department’s pilot programme require that some core characteristics be present. Those include access criteria to

identify those most in need of support, a financial transaction to access support, clients availing themselves of wraparound services to address root causes of poverty and that access be for a time-limited period to prevent creating dependency.

7.15 The Strategic Investment Board has been commissioned to provide a rolling evaluation of that pilot programme. That includes monthly monitoring and entry and exit questionnaires for clients, which will feed into an Outcomes-based Accountability framework to demonstrate the impact of the intervention.

Evaluation of the Pilot Programme

7.16 An evaluation (currently in draft) of activity up to 30th September 2018 has shown high demand for the service in all five pilot areas. At that time 419 individuals had either received or were in the process of receiving support for themselves and their families. With an average household size across the programme of 2.4, that means that approximately 1,000 individuals have received Social Supermarket support during the first 12 months of the pilot. Over 37 tonnes of surplus food that would otherwise have gone to waste has been redistributed through Social Supermarkets.

7.17 Other stakeholders and service providers are interested in the model and believe that it has potential to help them deliver their outcomes, including colleagues in the Department’s ‘Make the Call’ team, who have engaged with the pilots and now have outreach officers spending time at each site to deliver services face to face in order to ensure the most beneficial impact for users. One pilot has established

partnerships with the local private sector, including a bank that is providing accounts for those clients who do not have them and employers who are offering assistance with completing job applications. The potential benefits of this pilot also resonate with the efforts of a number of other business areas in the Department, for example, improving life opportunities and addressing economic inactivity, as well as the wider Government network in terms of the Public Health Agency.

7.18 Given the positive early indications and the need to ensure that the model is fully tested, the Department has extended the pilot programme for a further 12 months until 30 September 2019. That will provide a six-month window before the end of the Welfare Reform Mitigations period during which the Department may consider the way forward.

Welfare Reform Information Network

7.19 The Welfare Reform Mitigations Working Group recommended the establishment of a comprehensive Welfare Reform Information Network consisting of a single online resource for information and signposting, together with a cohort of Welfare Reform Information Providers.

7.20 This recommended online resource is available through existing information sources such as NI Direct and the Family Support NI website. NI Direct is provided as the reference on all Welfare Changes notifications issued by the Department for Communities, and ensuring that advice services also use NI Direct delivers a consistent message. Signposting to the Independent Advice Service has been added to the Family Support NI website.

7.21 The marketing campaign for the delivery of the independent Welfare Changes Helpline and additional advisers provides information on where customers can obtain help and assistance regarding welfare changes. That ties in with existing Government information resources and, combined with additional training, engagement and the enhanced online resources, provides a value-for-money solution that meets the requirements of Appendix 6 of the Welfare Reform Mitigations Working Group Report.

Money Management and Financial Adjustment

7.22 The Welfare Reform Mitigations Working Group recommended that a Welfare Reform Financial Adjustment Support Project be delivered by the financial guidance sector and local voluntary and community groups and that a Credit Union pilot should run during the implementation phase of Welfare Reform.

7.23 The following initiatives have been delivered through advice partners to improve the financial capability of the most vulnerable in society as they transition to the new welfare system.

Money Management

7.24 One-to-one financial capability support has been incorporated into the Welfare Reform additional advice services for both helpline and face-to-face provision in order to capitalise on the intervention and provide an integrated journey. That was complemented by a marketing campaign that included radio advertising and a leaflet drop to all households to coincide with the roll-out of Universal Credit.

Money Management Training

7.25 Some 87 money management training sessions were delivered to 908 key frontline workers from 144 networks and community groups across Northern Ireland that work with those affected by Welfare Reform. That provided frontline workers with the skills and confidence to cascade ‘money management’ awareness to a potential reach of 20,000 clients and their families.

Help to Get Online and Money Management Project

7.26 Between January and March 2018 a ‘Help get online and money management project’ delivered 204 intensive guidance sessions to 462 vulnerable individuals and small groups throughout Mid and East Antrim to increase their financial resilience and ability to transact online. Some 83% of participants stated that they found the sessions useful. Benefits that participants reported included that they were:

- less worried about transferring to Universal Credit;
- able to investigate independently if they were able to make any saving; and
- considering changing energy suppliers

Credit Union Pilot

7.27 The Department commissioned an independent feasibility study to appraise options to inform the scope, scale and design of a sustainable Credit Union pilot scheme to provide small-value loans at affordable interest rates. The feasibility included a review of ethical affordable Credit Union schemes in other jurisdictions but concluded that there was no sustainable model that would meet the recommendation as set out in the Welfare Reform Mitigations Working Group Report. The findings from the pilot scheme will be used to inform how best to link with Credit Unions as we move forward with the development of a debt and financial strategy for Northern Ireland.

8. Review of Funding and Expenditure of Mitigation Schemes

8.1 Appendix 2 shows the budget and actual expenditure for each mitigation scheme, including administration costs, in the 2016/17 and 2017/18 financial years and in the six-month period from April 2018 to September 2018.

8.2 The Welfare Reform Mitigations Working Group Report recommended that £16 million per year be allocated for Discretionary Support (£8 million under welfare reform mitigation and £8 million under Tax Credit mitigation). Expenditure for this scheme cannot be broken down and is shown as a total spend.

8.3 As Discretionary Support was introduced in November 2016 the budget allocated for 2016/2017 included an amount for Social Fund Crisis Loans and Community Care Grants to cover the period from April 2016 to October 2016. The total expenditure in 2016/17 was £8.7 million which included £4.1 million in respect of Discretionary Support payments.

8.4 The total expenditure for Discretionary Support in 2017/18 was £10.6 million, but the amount of money the Department recovered in respect of Social Fund and Discretionary Support loans during that period exceeded expenditure, and therefore the net expenditure was minus £982,000.¹⁸

8.5 The Welfare Reform Mitigations Working Group decided which welfare changes should be mitigated and the Department for Communities has taken steps to ensure that every eligible person affected by the changes has received, and will continue to receive, Welfare Supplementary Payments.

8.6 Analysis suggests a number of reasons for the significant underspend across the mitigation schemes as detailed in Chapter 5.

8.7 Some £136 million of the available mitigation funding was not utilised in the 2016/17 and 2017/18 financial years. That does not include the amount that was not utilised in respect of independent advice services in 2016/17 (this funding was in addition to the £501 million that the Welfare Reform Mitigations Working Group allocated for mitigation schemes). A total of £8 million (£2 million per year) was allocated for those services and expenditure for 2016/17 was £607,000.

8.8 The funding not utilised was returned to the Department of Finance for reallocation to other public services in Northern Ireland. As other Government Departments may also have returned money they had not utilised during this period, specific details of which public services received funding from the unspent mitigation budget are not available.

¹⁸ The figure of £10.6 million was included in the 2017/18 Annual Report – Welfare Supplementary Payments, Discretionary Support. Standards of Advice and Assistance and Sanctions and relates to the total amount awarded in respect of Discretionary Support claims and does not include amounts recovered.

Administration Costs for Mitigation Schemes

8.9 The Welfare Reform Mitigations Working Group allocated £20 million (£5 million per year) to cover the administrative costs of implementing the four-year programme of mitigation measures. That was to cover areas such as benefit training, guidance, policy and payment systems. As **Appendix 2** shows, not all of the available funding was utilised. The unspent budget was returned to the Department of Finance for reallocation to other public services in Northern Ireland.

8.10 Table 8 below shows the administration budget and expenditure for the mitigation schemes in the 2016/17 and 2017/18 financial years and in the six-month period from April 2018 to September 2018. As the table shows, not all the available funding was utilised. That is primarily because the welfare reforms were not rolled out to the timetable expected, and that resulted in the staff required to administer the Welfare Supplementary Payments not being required as anticipated. The unspent budget was returned to the Department of Finance for reallocation to other public services in Northern Ireland.

Table 8: Administration Costs

2016/17 £'000		2017/18 £'000		2018/19 6 Month (Apr–Sept) £'000	
Budget	Spend	Budget	Spend	Budget	6 month Spend (Apr–Sept)
5,000	2,431	5,000	4,396	5,000	2,760

Capital Costs

8.11 Capital costs were incurred in 2016/17 and 2017/18 on building the IT systems necessary to deliver the mitigation schemes. Those costs were not met from the mitigation budget, as no capital budget had been

allocated. Rather, capital costs were met from the existing Departmental capital budget.

8.12 Table 9 below shows the capital costs incurred as part of the implementation costs of the mitigation schemes in 2016/17 and 2017/18.

Table 9: Capital costs for mitigation schemes

2016/17 £'000	2017/18 £'000
3,100	2,153

9. Review of Effectiveness of Mitigation Legislation to Deliver the Recommended Schemes

9.1 The Department for Communities has developed and is currently delivering a range of Welfare Supplementary Payment schemes in line with the recommendations of the Welfare Reform Mitigations Working Group Report as agreed by the Executive. As previously explained, Welfare Supplementary Payments mitigate the financial disadvantage that claimants may suffer as a result of changes brought about by specific welfare reforms.

9.2 With the exception of the Benefit Cap and Social Sector Size Criteria (for which mitigation payments are made for up to four years), mitigation payments are payable for up to one year from the date of financial loss or until 31 March 2020, whichever date occurs first. Legislation stipulates that no payments can be made after 31 March 2020.

9.3 The Assembly has approved the necessary Regulations to introduce mitigation payments in respect of welfare reforms (except for the introduction of Universal Credit), and overall the Department is satisfied that the Regulations have delivered what they intended to do. Claimants are not required to apply for mitigation payments, as the Department identifies all eligible claimants and makes payments to them automatically.

9.4 Details of the Regulations that are currently in place for existing claimants are

included at **Appendix 4**. Subject to Ministerial approval the Department intended that it would bring forward the following two sets of Regulations on the return of the Assembly:

- The Welfare Supplementary Payment (Amendment) (No.2) Regulations (Northern Ireland); and
- The Universal Credit (Welfare Supplementary Payment) Regulations (Northern Ireland).

9.5 The dissolution of the Northern Ireland Assembly in January 2017 prevented the Department from making statutory provision for mitigation payments on the introduction of Universal Credit. The Department is, however, making administrative payments in lieu of mitigation payments to eligible Universal Credit claimants.

9.6 The administrative payments are being made in accordance with the agreed policy as detailed in the draft Universal Credit (Welfare Supplementary Payment) Regulations and under provisions in the Northern Ireland Budget Act 2017 and the Northern Ireland Budget Act 2018. It is the Department's intention to continue to make payments to eligible Universal Credit claimants until such time as Regulations can be made. Detail of the policy for Universal Credit mitigation payments is available on the Department's website¹⁹.

¹⁹ www.communities-ni.gov.uk/articles/administrative-welfare-supplementary-payments

9.7 Owing to the intricacies and complexities of social security benefits, mitigation payments were never designed to be a complete replacement for benefits. Mitigation legislation is unique to Northern Ireland and both the policy development and legislative process were accelerated to ensure the appropriate legislation would be in place to coincide with the introduction of each welfare change. The Welfare Reform Mitigations Working Group put forward its proposals in January 2016, and by June 2016 the first mitigation payments were being made to claimants affected by the Benefit Cap.

9.8 The main challenge has been interpreting unusual scenarios that have arisen that could not have been predicted at the development stage given the extremely short timescale in which to develop the policy and prepare the legislation. Some scenarios have only been identified through the delivery of the mitigation schemes, and consequently a policy development role has continued within the Department. Proposed amendments to existing Regulations have been drafted and will be presented to an incoming Minister for consideration.

Further Welfare Mitigations Legislation

9.9 The Welfare Reform Mitigations Working Group recommended the introduction of two further schemes that have not yet been provided for in secondary legislation. Those are the Cost of Work Allowance and a Contingency Fund for Universal Credit claimants. Unlike other measures which were developed as specific mitigation for those directly affected financially by welfare reform, those two schemes do not mitigate an actual loss.

9.10 The Cost of Work Allowance was intended to provide additional income to assist those in working poverty. Payments were to be made available to those receiving Working Tax Credit or Universal Credit who satisfied the specified eligibility criteria. The Department developed the outline of a scheme, and the necessary primary legislation to provide for these payments has been made²⁰. However, the more detailed policy is subject to Ministerial approval and will require appropriate secondary legislation. In the absence of the Assembly, the Department has not yet been able to implement the Cost of Work Allowance scheme.

9.11 The Contingency Fund, to provide emergency payments for Universal Credit claimants, was developed to alleviate the short-term financial hardship that Universal Credit claimants may experience as a result of difficulties not resulting from any fault on their part. The scheme will be available until March 2020.

9.12 The Contingency Fund was introduced with effect from 1 November 2017, and payments are made through the Discretionary Support Scheme using the legislative provisions of the Discretionary Support Regulations (Northern Ireland) 2016. Payments are made in the form of non-repayable grants. In the absence of the Assembly, and given the timetable for the introduction of the Contingency Fund, it was not possible to bring forward specific legislation to provide for the Contingency Fund scheme.

²⁰ Article 137B of the Welfare Reform (Northern Ireland) Order 2015 as introduced by Article 20(2) of The Welfare Reform and Work (Northern Ireland) Order 2016.

10. Assessment of the Impact of Mitigation Payments Ceasing

10.1 The Department has estimated, where possible, the number of claimants receiving each Welfare Supplementary Payment that will be affected by the cessation of the mitigation measures at 31 March 2020 and the associated spend. It should be noted that any up-rating of benefits may impact on the projected mitigation spend. The estimates are detailed below.

Benefit Cap

- The number of claimants receiving a Welfare Supplementary Payment has been largely steady for over a year at a figure of 1,500. Over the last 12 months there have been fewer than 100 new claimants to the Benefit Cap Welfare Supplementary Payment per month, with that figure almost equally being offset by the number moving off the Welfare Supplementary Payment.
- It should be noted that new claims to the Benefit Cap Welfare Supplementary Payment will arise when single parents and couples with children, who have been continuously in receipt of any combination of the welfare benefits which contribute towards the calculation of the Benefit Cap from 7 November 2016 (when the £20,000 Cap was introduced), become affected by the Benefit Cap.

- In terms of expenditure the average figure, per four-week payment period, has been £256,000. This equates to £3.33 million per year with an average payment of £42 per week for each claimant.

Social Sector Size Criteria

- Currently around 34,000 claimants are in receipt of this Welfare Supplementary Payment and again the figure has remained steady for over a year. An average of 550 new claimants per month, over the last 12 months, have been receiving the Social Sector Size Criteria Welfare Supplementary Payment. That has been almost equally offset with those moving off the Welfare Supplementary Payment²¹.
- The average expenditure for the Social Sector Size Criteria Welfare Supplementary Payment is £1.7 million per four-week payment period, which equates to £22.1 million per year with an average of £12.50 per week for each claimant.

Employment and Support Allowance Time-limiting

- The number of claimants likely to be entitled to a Welfare Supplementary Payment for Employment and Support Allowance time-limiting at 31 March 2020 is too small to be able to carry out statistical analysis and

²¹ Claimants may cease to receive a Welfare Supplementary Payment for a variety of reasons including no longer under-occupying the property, moving without Management Transfer Status, moving to private tenancy or private ownership etc.

therefore provide a forecast. Only claimants who have been in receipt of Employment and Support Allowance prior to November 2016 and are then moved from the Support Group to the Work-related Activity Group could still be affected by this welfare change and become entitled to a Welfare Supplementary Payment.

Personal Independence Payment / Disability-related Payments / Loss of Carer Payments

- These mitigation schemes all relate to the transition of Disability Living Allowance claimants on to Personal Independence Payment, with the Welfare Supplementary Payment in most cases being paid for a maximum period of one year. All Disability Living Allowance working-age claimants (of which there were approximately 125,000 at the point of Personal Independence Payment go-live) were invited to claim Personal Independence Payment by 15 February 2019. Mindful of the time lag associated with the Personal Independence Payment customer journey it is expected that the vast majority of Disability Living Allowance reassessment cases will be determined by March 2019, with any outstanding cases cleared by August 2019.
- As Disability Living Allowance claimants who are refused Personal Independence Payment can only avail of a Welfare Supplementary Payment once they lodge an appeal, it is estimated that, including the length of time a claimant has to lodge a Mandatory Reconsideration and Appeal, all referrals for a Welfare

Supplementary Payment will be made by September 2019. The exception will be those claimants who lodge late disputes and have their reasons for delay accepted. There may also be a small number of claimants who have been granted leave to appeal to the Social Security Commissioner.

- Taking that into account, it is anticipated that the number of claimants affected by the closure of these mitigation schemes at 31 March 2020 will be extremely small. However, until the managed migration of Disability Living Allowance to Personal Independence Payment is completed the ability to predict the numbers of people in receipt of a Welfare Supplementary Payment who may have this mitigation terminated early at 31 March 2020 is limited.

Universal Credit

- The Welfare Supplementary Payments in payment for Universal Credit claimants are for the most part related to other welfare reforms, such as the Benefit Cap, the Social Sector Size Criteria or the introduction of Personal Independence Payment and therefore the potential impact of these Welfare Supplementary Payments ceasing has been covered in the previous paragraphs.

Universal Credit Contingency Fund

- The Universal Credit Contingency Fund scheme is designed to provide emergency financial support for Universal Credit claimants who remain in hardship after alternative assistance has been taken into account. Unlike other Welfare Supplementary Payments withdrawal of the Contingency

Fund would not represent a direct financial loss to claimants; rather it would be a withdrawal of an option for financial assistance for Universal Credit claimants.

- In 2017/18 there were 89 claimants who received a payment from the Contingency Fund with a total amount of £16,587 being paid out. The latest figures for payments against the Universal Credit Contingency Fund in 2018/19 are included at **Appendix 5** and at September 2018 a sum of almost £200,000 had been paid out to 1,452 claimants.
- In the event of the Contingency Fund being discontinued post 31 March 2020, Universal Credit claimants would still have access to Universal Credit Advance Payments and Discretionary Support payments. It should also be noted that, as announced in the 2018 Budget, from July 2020 claimants will continue to receive income-related elements of Jobseeker's Allowance, Employment and Support Allowance or Income Support for a two-week period following the transition to Universal Credit.

Assessment of impact of termination of Welfare Supplementary Payment schemes

10.2 In November 2018 the Northern Ireland Housing Executive Research Unit published a report entitled – **Welfare Reform in Northern Ireland: A Scoping Report**.²² The report attempts to understand the likely impacts of full implementation of welfare

reform on tenants, landlords and home owners in Northern Ireland after the end of mitigations in March 2020 and to inform policy development and financial planning for the Northern Ireland Housing Executive going forward. The report concluded that the termination of the Welfare Supplementary Payment schemes, in particular the Social Sector Size Criteria mitigation, at 31 March 2020 will lead to an increase in rent arrears and household poverty in general.

10.3 The report highlights that “where mitigation has not been available, or where there were greater levels of under-occupancy within the landlord’s stock, there has been evidence of Social Sector Size Criteria-related rent arrears” (page 24).

10.4 Due to the provision of Social Sector Size Criteria mitigation payments it is difficult to estimate the impact of this policy on the ability of an individual to meet the shortfall in their benefit. However, a small number of social sector tenants have had their mitigation payments terminated in accordance with the legislation. The Northern Ireland Housing Executive have examined this group of tenants and there is evidence suggesting that the loss of mitigation payments will result in an increase in rent arrears (page 47).

10.5 It is also noted that in Northern Ireland there is “a clear mismatch between the size and type of social housing stock required to avoid Social Sector Size Criteria deductions and the profile of the existing stock” (page 45)

²² https://touch.nihe.gov.uk/welfare_reform_ni_a_scoping_report.pdf

and that there is potential for difficulties for both tenants and landlords when mitigation ends. The unavailability of smaller dwellings in the social rented sector will mean that many claimants affected by the Social Sector Size Criteria policy will be unable to move property to avoid any reduction in their benefit entitlement.

11. Estimate of Future Mitigation Costs

11.1 In order to advance consideration of options and inform debate the Department has estimated where possible the number of claimants and the cost if the provision of the current mitigation measures were to continue after 31 March 2020. It should be noted that estimated costs whilst provided may be affected by future up-rating of benefits and social rents.

Benefit Cap and Social Sector Size Criteria

- As set out earlier the number of claimants eligible for the Benefit Cap and the Social Sector Size Criteria mitigation has remained constant over the past year, and based on the assumption that there would be no further policy changes surrounding either the Benefit Cap or Social Sector Size Criteria, the estimated cost of continuing to provide these mitigation schemes would be around £25.43 million per year (£3.33 million for the Benefit Cap and £22.1 million for the Social Sector Size Criteria)

Employment and Support Allowance Time-limiting / Personal Independence Payment / Disability-related Payments / Loss of Carer Payments

- The Department is unable accurately to forecast the potential number of claimants who may continue to be entitled to these mitigation scheme payments post 31 March 2020, though it is anticipated that the numbers will be limited. Any potential entitlement to a Welfare Supplementary

Payment will generally arise only if a claimant has not been affected by the relevant welfare reform until close to the end of the mitigation period (i.e. after April 2019). In those circumstances affected claimants will have been receiving their benefit entitlement, and therefore, throughout the mitigation period, they should not have been financially disadvantaged when compared with someone who has received mitigation payments for the maximum period allowed.

- One scenario post 31 March 2020 when a claimant would be impacted by the introduction of Personal Independence Payment would be when a child turns 16 and is then reassessed from Disability Living Allowance to Personal Independence Payment. The most recently published Disability Living Allowance statistics (25 August 2018) shows there are 1,980 claimants who will turn 16 between 1 April 2020 and 31 March 2021.
- The Department has recently published a Disability Living Allowance to Personal Independence Payment Reassessment Summary report²³ which provides an overview of all claimants who have been reassessed from Disability Living Allowance to Personal Independence Payment between 20 June 2016 and 31 May 2018. From these data, 60% of 16-year-olds who have been reassessed received an award

²³ <https://www.communities-ni.gov.uk/publications/dla-pip-reassessment-summary-june-2016-may-2018>

of Personal Independence Payment, with 40% being disallowed (that does not include awards given as a result of Mandatory Reconsiderations and Appeal). On that basis it is estimated that almost 800 child Disability Living Allowance claimants would be eligible for a mitigation payment in 2020/21 if the mitigation schemes were continued. The estimated cost to continue with this mitigation is approximately £3.8 million.

- It should be noted that it is considered likely that the continued award of mitigation payments will not be viable post March 2020 without new legislation.

Universal Credit Contingency Fund

- While the amount of Contingency Fund payments being made has continued to rise as the roll-out of Universal Credit proceeds, current indications suggest that the budget will be adequate to meet the demands on the scheme, as it operates now, up to 31 March 2020.
- Current forecasts are that the Universal Credit caseload could rise to 95,000 at January 2021. It is not possible to forecast figures beyond this date owing to outstanding decisions around Universal Credit Managed Migration, though it is assumed that the March 2020 Universal Credit caseload figure would be higher even without Managed Migration. The average forecasted monthly increase for this period is around 2,000 leading to an expected forecast figure of 99,000 for March 2021.

- It may be a viable option, post 31 March 2020, for this mitigation scheme to be subsumed into the Discretionary Support scheme.

Universal Credit Transitional Protection

11.2 Universal Credit was introduced in Northern Ireland in September 2017 and was successfully introduced to all benefit offices by December 2018. During the Universal Credit roll-out period those legacy²⁴ benefit claimants who report a relevant change of circumstances will naturally migrate to Universal Credit. There will remain, however, a large number of claimants on legacy benefits who will not naturally migrate and will have their migration managed by the Department.

11.3 As part of the Managed Migration journey those claimants who would be financially disadvantaged when moving to Universal Credit will have their Universal Credit award topped up to the overall level of their legacy benefits. That process is termed Transitional Protection. The amount of top-up is referred to as the Transitional Element.

11.4 Transitional Payment will only be available to those claimants who comply with the Managed Migration process and make a claim to Universal Credit within a specified timeframe. Those claimants who do not comply, or whose reason for not complying is not accepted by the Department, will not be entitled to Transitional Payment when they migrate.

²⁴ Legacy benefits is the collective term used to refer to the Department for Work and Pensions / Department for Communities benefits and Her Majesty's Revenue & Customs tax credits that Universal Credit is replacing.

11.5 Following a Managed Migration, any claimant that would otherwise face a lower payment of Universal Credit compared with their previous legacy benefit award will receive a protected amount of total Universal Credit. That will be made up of the underlying Universal Credit award plus the Transitional Element amount.

11.6 Welfare Supplementary Payments are not listed in Universal Credit Regulations as a relevant type of income. Mitigation payments are therefore not taken into account when assessing Universal Credit entitlement. It will also be the case that Welfare Supplementary

Payments would not be taken into account for the purposes of Transitional Payment. Those claimants who would be financially disadvantaged when moving to Universal Credit will have their Universal Credit award topped up to the overall level of their legacy benefits, but that will not take account of any Welfare Supplementary Payments that may have been in payment. Transitional Payment will therefore not offer any form of continuation of mitigation for welfare changes, and the mitigation will run its expected course, which may include payments being made in addition to Universal Credit entitlement and any Transitional Payment.

12. Options for the Continuation of Current Mitigation Schemes

12.1 A key aim of this report is to provide an evidential base on the impact of the cessation of the current welfare mitigations schemes from 31 March 2020 and to inform decisions on options considered including the cost of any extensions. In addition to the financial costs of any future provision of mitigations there are a number of other issues that will need to be considered. These are detailed in this section.

Assessment of Ongoing Need

12.2 As detailed earlier in the report it is estimated that approximately 34,000 claimants will be affected by the Social Sector Size Criteria policy after the current mitigation schemes end. The evidence also indicates that this number has remained largely consistent since the schemes were introduced. For example in 2016/17 a total of 34,010 claimants received a Social Sector Size Criteria Welfare Supplementary Payment.²⁵

12.3 This policy was intended to avoid over occupancy of social housing stock however in their report the Northern Ireland Housing Executive have noted that the ability of claimants to avoid being affected by the Social Sector Size Criteria policy is constrained by the current stock of social housing. This is highlighted by evidence that only 18% of the self-contained social stock

has one bedroom while ‘single (working age) applicants consistently account for almost half (45%) of the waiting list and a similar proportion of allocations each year’.²⁶

12.4 In agreeing not to impose a limit on the duration of Social Sector Size Criteria mitigation payments, within the constraints of the timeframe detailed in the Fresh Start Agreement, a clear distinction was made between the mitigation schemes. Most of the welfare reforms are mitigated for a defined period and are intended to assist claimants with the transition to the new/revised benefits. In contrast the Social Sector Size Criteria mitigation was designed to provide ongoing financial support for as long as claimants were adversely impacted. This view was clearly stated by the Executive who committed to the Social Sector Size Criteria policy not applying in Northern Ireland.

12.5 Other than Social Sector Size Criteria mitigation the only scheme that can be paid continuously (until March 2020) is that for people affected by the Benefit Cap. The number of people affected by this policy and entitled to a Welfare Supplementary Payment is relatively small and has fallen since the reduced cap of £20,000 was introduced from 7 November 2016. There were 2,480

²⁵ Welfare Supplementary Payments, Sanctions, The Operation of Discretionary Support, and Standards of Advice and Assistance Provided – published December 2017

²⁶ Welfare Reform in Northern Ireland: A Scoping Report – page 43

people who received a Benefit Cap Welfare Supplementary Payment in 2017/18 and this figure has now reduced to 1,500 and is forecast to remain constant going forward.

12.6 Not all claimants who are affected by the Benefit Cap will be entitled to a Welfare Supplementary Payment as to be eligible a person must have been in receipt of a relevant benefit from 6 November 2016 until the date on which the Benefit Cap is applied. Those claimants who are not eligible for a Welfare Supplementary Payment can apply for a Discretionary Housing Payment in respect of the amount deducted from their benefit due to the application of the Benefit Cap.

12.7 Analysis completed by the Department, where possible, indicates that the number of people who would be entitled to the other mitigation payments from April 2020, if the existing policies remained unchanged, is likely to be small. In addition the Welfare Reform Working Group Report clearly provided that the mitigation schemes should be strictly time-limited. The majority of people that were expected to receive mitigation payments will have received the intended support by 31 March 2020.

12.8 On the basis of the available evidence it is considered that there is strong evidence to consider options for the continued mitigation of people affected by Social Sector Size Criteria. There may also be some justification for considering options for the

provision of support to people affected by the Benefit Cap, however, this will need to be considered alongside the fact that these claimants will be eligible to apply for Discretionary Housing Payments in the absence of mitigations.

Legislative Issues

12.9 The Welfare Supplementary Payments are provided for in a range of legislation that was approved by the Assembly (see **Appendix 4**). The only exception is the provision of mitigation payments for Universal Credit claimants, which are currently delivered in accordance with the corresponding policy pending the return of the Assembly. However, those payments are allowed under the authority of legislation made by the Westminster Parliament²⁷ authorising the Departmental expenditure of sums allocated under the Fresh Start Agreement.

12.10 The legislation for the various mitigation schemes clearly provides that they will end on 31 March 2020. As such amendments to the Regulations listed at **Appendix 4** would be required to allow the existing Welfare Supplementary Payments to continue to be paid beyond that date. In the continued absence of a functioning Assembly the Department will not be able to make amendments to the existing mitigations legislation as it is subject to Affirmative Resolution (i.e. must be approved by the Assembly).

²⁷ The Northern Ireland Budget Act 2017 and The Northern Ireland Budget Act 2018

²⁸ As amended by Article 19 of The Welfare Reform and Work (Northern Ireland) Order 2016

12.11 The administration of mitigation payments for people affected by the Social Sector Size Criteria policy are provided for in secondary legislation. However, the end date for this mitigation scheme, also 31 March 2020, is stipulated in Article 137A(4) of the Welfare Reform (Northern Ireland) Order 2015²⁸. Therefore if a decision were to be made to continue to provide Social Sector Size Criteria mitigation the current primary legislation would need to be amended.

12.12 In the absence of a functioning Assembly it is considered that the only viable option for providing the legal authority for the Department to make mitigation payments beyond 2020 would be for the Westminster Parliament to bring forward appropriate legislation.

12.13 It should be noted that provisions in The Welfare Reform (Northern Ireland) Order 2015 effectively prevent Westminster from making legislation on the welfare mitigation schemes. The ‘sunset clause’ included in the Northern Ireland (Welfare Reform) Act 2015 also means that the Westminster Parliament cannot currently make new primary legislation on matters relating to social security in Northern Ireland. A new Legislative Consent Motion from the Assembly would be required to address this issue.

Mitigation Schemes Funding

12.14 The Fresh Start funding package of £501 million, which included provision for the Welfare Supplementary Payments, covers the period to 31 March 2020. The continued provision of mitigation funding post 31 March 2020 would normally require appropriate Ministerial approval. As per the estimates

discussed earlier in the report it is estimated that funding of at least £25.43 million per annum would be required to continue mitigation for the Benefit Cap and the Social Sector Size Criteria. A further £3.8 million would be required to mitigate the loss of Disability Living Allowance for children currently under 16 years old who would be assessed for Personal Independence Payment. These estimates are only the cost of mitigating the reduction in benefit entitlement.

12.15 Funding for the other existing mitigation schemes is difficult to estimate, but it is likely that this would be a limited requirement owing to the small number of claimants expected to still be entitled to financial support. However, if it was decided to retain the Universal Credit Contingency Fund as a separate scheme that would require appropriate allocation of funds.

Mitigation Schemes – Operational Issues

Welfare Supplementary Payments

12.16 This report does not aim to address in detail the operational issues around delivery of mitigation payments after 31 March 2020. However, it must be acknowledged that any continuation of the Welfare Supplementary Payments would require additional funding to be secured to provide for operational delivery. That would be for ongoing staff costs as well as any IT development and support costs incurred through maintaining the Supplementary Payment System (SPS) beyond the original end date of 31 March 2020. IT support to maintain the system would likely have to remain in place for the lifespan of any extension to the mitigation schemes payments.

12.17 Whilst extending the functionality of the system to deliver existing Welfare Supplementary Payment schemes that are already being delivered beyond 31 March 2020 may be feasible, there would be associated costs and a new contract may be required to deliver any extension.

12.18 In addition to any additional IT costs the Department has estimated the staffing requirement to deliver the Benefit Cap and the Social Sector Size Criteria Welfare Supplementary Payments (a cost of £1.236 million per year), and also to deliver the Social Sector Size Criteria mitigation alone (a cost of £970,000 per year).

Discretionary Housing Payments

12.19 Generally speaking Discretionary Housing Payments provide further financial assistance with housing costs for those in receipt of a qualifying social security benefit who face a shortfall in meeting the cost of their actual contractual rent because some form of restriction has been applied (e.g. removal of the Family Premium).

12.20 Currently any claimants affected by the Benefit Cap who are not eligible for a Welfare Supplementary Payment to cover their full loss may apply for a Discretionary Housing Payment to cover the portion of the reduction in their Housing Benefit that has not been covered by their Welfare Supplementary Payment. The Scottish Government makes

use of Discretionary Housing Payments to ‘fully’ mitigate the Social Sector Size Criteria in addition to providing financial support to people affected by the Benefit Cap. It is therefore considered that Discretionary Housing Payments offer a possible alternative option to provide ongoing mitigation if a decision was made to mitigate in respect of both the Benefit Cap and the Social Sector Size Criteria, something that is also mentioned in the Northern Ireland Housing Executive Research Unit report (see page 9).²⁹

12.21 A significant issue with the use of Discretionary Housing Payments to mitigate the impact of the Social Sector Size Criteria is the fact that any payments from this scheme must, by definition, be awarded on a discretionary basis. Notwithstanding the position in Scotland it is considered that it would not be possible to guarantee that all claimants affected by the Social Sector Size Criteria would receive a Discretionary Housing Payment equivalent to any loss of benefit.

Discretionary Housing Payments – Legislation

12.22 The Discretionary Financial Assistance Regulations (Northern Ireland) 2001 provide the enabling powers for the delivery of Discretionary Housing Payments. As noted above this legislation already allows for Discretionary Housing Payments to be used for mitigation of the Benefit Cap in cases not fully covered by Welfare Supplementary

²⁹ “If appropriate legislation was in place, there is potential to extend the use of Discretionary Housing Payments on a wider basis in Northern Ireland (as already occurring in Great Britain) to help mitigate the impacts of the loss of Welfare Supplementary Payments for those struggling to make up their housing costs shortfall.” (page 9 Northern Ireland Housing Executive report, Welfare Reform in Northern Ireland: A Scoping Report)

Payments. While the legislation would need to be amended in order to permit Discretionary Housing Payments to be used for mitigation for the Social Sector Size Criteria, it is not anticipated that this would be either a lengthy or difficult process, as such legislation might be made under the Negative Resolution process. The necessary amendments would bring Northern Ireland legislation into parity with Great Britain (save for the administration arrangements).

Discretionary Housing Payment – Funding

12.23 Discretionary Housing Payment is currently provided from a Cash Limited Annually Managed Expenditure fund for Northern Ireland with a flat forecast of £5 million annually to 2024–25 in line with Department for Work and Pensions. The budget for Discretionary Housing Payments in the financial year 2018/19 is £5 million. In 2017/18 the budget was £7.226 million, against an expenditure of £3.6 million covering payments to around 15,000 claimants. While the expenditure for 2017/18 reveals an underspend against the Discretionary Housing Payment budget, there would clearly be a shortfall in terms of funding when compared to the £22 million spent in 2017/18 for Welfare Supplementary Payments mitigating the Social Sector Size Criteria and the £2.48 million spent mitigating the Benefit Cap.

12.24 Analysis indicates that the budget underspend for Discretionary Housing Payments in 2017/18 (£3.6 million) could cover the estimated cost of continued mitigation against the Benefit Cap (£3.33 million). Therefore it may be feasible to make use of Discretionary Housing Payments for the

Benefit Cap alone, while maintaining Welfare Supplementary Payments to mitigate the Social Sector Size Criteria.

Other Recommendations from the Welfare Reform Mitigations Working Group

12.25 The Welfare Reform Mitigations Working Group chaired by Professor Evason also addressed a number of other areas in their report and these are covered briefly below:

Discretionary Support

12.26 Detail on the provision of Discretionary Support is provided earlier in this report. The policy intent behind Discretionary Support is to ensure a necessary but temporary response to particular and pressing needs facing the most vulnerable. It has been operational in Northern Ireland since 28 November 2016 and, unlike the other mitigation schemes, it is anticipated that the funding for Discretionary Support will not cease post 31 March 2020.

12.27 The Department is currently conducting a comprehensive review of the Discretionary Support policy in an effort to ensure that the policy intent is being delivered in a way that will provide the best level of support for claimants in the most cost-effective manner. There is also a review taking place into operational aspects of the delivery of Discretionary Support, for example looking at potential changes to the information technology and reviewing telephony and other processes to ensure all available tools and techniques are being used to provide optimum operational delivery.

Advice Sector

12.28 The Welfare Reform Mitigations Working Group Report recommended that additional independent advice services be put in place to support claimants through the transitional period of change to the welfare system. The Executive made a commitment to provide a total of £8 million in funding until 31 March 2020 for those additional services with a further £2.7 million for tackling food poverty and provision of financial capability.

12.29 The need for this continued support throughout Universal Credit managed migration and other welfare reform initiatives has been highlighted by the Advice Sector in discussions with the Department. That was also the theme of the Advice NI AGM where a number of local politicians participated in a discussion panel. The Department is currently assessing requirements and potential impacts beyond 2020.

Universal Credit Payment Flexibilities

12.30 The Department for Work and Pensions provides the IT system used to deliver Universal Credit. Department for Work and Pensions has confirmed that it is unlikely that they will be able to automate the manual processes required to administer the payment flexibilities in Northern Ireland in the 2019/20 financial year. Therefore the cost for administration will continue beyond March 2020. Northern Ireland will pay for the customisation cost.

Cost of Work Allowance

12.31 Unlike other measures developed as specific mitigation for those directly affected financially by welfare reform, the Cost of

Work Allowance scheme was intended to provide additional income to assist people in working poverty and “in a very limited way, compensate for cuts already made and those to come”. The Welfare Reform Mitigations Working Group recommended that payments should be available to people claiming either Working Tax Credit or Universal Credit “in recognition of the expenses those in employment incur with a special weighting for lone parents taking account of the cost of childcare”. The Cost of Work Allowance scheme was to run for three years making payments in the 2017/18, 2018/19 and 2019/20 financial years.

12.32 A key factor in the development of the Cost of Work Allowance scheme has been the taxable status of the payments, with Her Majesty’s Revenue & Customs confirming that payments from the scheme would be treated as taxable income. That decision means that the value of Cost of Work Allowance payments would be reduced through deductions for income tax and possibly National Insurance. There would also be a potentially significant reduction in entitlement to Working Tax Credit for individual claimants.

12.33 Any request to reconsider the taxable status of Cost of Work Allowance payments would need to be made to Her Majesty’s Treasury, and therefore it was determined that the Department could take no further action to implement this scheme pending the return of local Ministers. The allocated funding for 2017/18 and 2018/19 was surrendered to the Department of Finance for reallocation to other public services in Northern Ireland.

12.34 It should also be noted that in the 2018 Budget statement it was announced that work allowances in Universal Credit will increase by £1,000 from April 2019, allowing working households to keep more of what they earn. That measure goes some way to addressing the concerns of the Welfare Reform Mitigations Working Group and impacts the original rationale for the scheme. Given that the Cost of Work Allowance scheme was not intended to run beyond the 2019/20 financial year and, in view of the difficulties encountered to date with introducing the scheme, it is not envisaged that Cost of Work Allowance will be progressed beyond its original end date.

Other Issues for Consideration

Communications to Claimants in receipt of Welfare Supplementary Payments

12.35 In advance of the mitigation schemes closing on 31 March 2020 a communications strategy will be developed in order to advise claimants of the impact of any current Welfare Supplementary Payment ceasing, and of any alternative source of financial support or advice that may be on offer post 31 March 2020.

Recovery of any Outstanding Welfare Supplementary Payment Debt

12.36 A decision will need to be taken around the handling of any outstanding Welfare Supplementary Payment debt that remains following the potential closure of the current mitigation schemes and Supplementary Payment System after 31 March 2020. It would also need to be taken into account that if appeal decisions are made regarding claims to Personal Independence Payment after 31 March 2020, further overpayments may arise in relation to Welfare Supplementary Payments.

13. Conclusions

13.1 In deciding to introduce the welfare mitigation package the Executive committed to providing funding for a four year period, until March 2020, with a review to be completed in 2018/19. The limited timeframe for the mitigations corresponded with the anticipated completion of the reassessment of Disability Living Allowance claimants to Personal Independence Payment, which directly affects three separate mitigation schemes (loss of Disability Living Allowance, disability premiums and carer payments). It also allowed sufficient time for those Employment and Support Allowance claimants who would be immediately affected by the introduction of time-limiting to receive the recommended mitigation payments.

13.2 There was a clear rationale for using March 2020 as an end date for specific mitigation schemes and analysis indicates that most claimants affected by the introduction of the relevant welfare reforms will have received the intended mitigation payment by this date. While the Executive intended to decide on the future delivery of the full mitigation package it is clear that any extension of most of the existing schemes beyond March 2020 is likely to benefit only a relatively small number of claimants. Also, an extension of the schemes would require new legislation, which can only be taken forward on the return of the Assembly.

13.3 In the Fresh Start Agreement the Executive committed to the Social Sector Size Criteria not applying in Northern Ireland. While the legislation to provide for this policy has been introduced it has effectively been

counteracted by the provision of mitigation payments equivalent to the reduction in benefit, which is available to all but a very small number of affected claimants. The Executive clearly intended that claimants would not be affected by the introduction of the Social Sector Size Criteria. Furthermore, evidence clearly shows that the impact of this policy has not abated and is unlikely to change over the next few years with the number of affected claimants remaining largely constant. It is therefore considered that there is strong evidence to consider the continuation of this policy.

13.4 Setting aside any issues with securing the necessary funding to continue with mitigation of the Social Sector Size Criteria it has been identified that there are two clear options to deliver such mitigation. These are a continuation of the existing Welfare Supplementary Payment scheme or an extension of the Discretionary Housing Payment provision. Either option would require the same expenditure in actual mitigation payments to claimants.

13.5 The use of Discretionary Housing Payments to mitigate Social Sector Size Criteria from April 2020 would present significant administrative and financial challenges. However, the Department would in principle be able to make the necessary amendments to existing legislation to facilitate the use of Discretionary Housing Payments even in the absence of the Assembly if agreement on all other issues including budget had been reached. On the other hand a continuation of the Welfare Supplementary

Payment scheme will likely require some form of new legislation to be brought forward in the Westminster Parliament.

13.6 Alongside Social Sector Size Criteria it has been estimated that the mitigation scheme that would benefit the greatest number of claimants, were it to continue, is for the Benefit Cap. As detailed earlier the amount required to continue with this mitigation is an estimated £3.33 million per year. Unlike the disability-related mitigation schemes there is no restriction on the duration of these payments. However, it is not clear if the Executive intended for this mitigation to continue post March 2020.

13.7 Currently claimants affected by the Benefit Cap may not receive a Welfare Supplementary Payment or the amount received may be less than the amount deducted from their benefit. In such cases claimants can currently access a Discretionary Housing Payment. The existing legislation means that when Welfare Supplementary Payments end in March 2020 all recipients may be eligible to receive a

Discretionary Housing Payment for the loss of benefit that was previously mitigated (this will be a discretionary decision by the Northern Ireland Housing Executive). It would require a change to the legislation to prevent this. It is therefore the case that even if specific mitigation for the Benefit Cap is not continued, provided no change is made to Discretionary Housing Payment eligibility criteria, affected claimants will potentially be able to access this financial support.

13.8 This report is primarily intended to inform and provide an analytical basis on possible options moving forward to provide advice to a Minister. It is clear that the provision of any welfare mitigations from April 2020 would present significant challenges in the continued absence of a functioning Assembly. The funding for the existing mitigation arrangements was approved by the Executive and the Assembly approved the legislation that underpins the delivery of the payment schemes. Any decision to continue with welfare mitigations would not only require the allocation of further substantial funding but would also require new legislation in an uncertain political environment.

Appendices

APPENDIX 1

Welfare Reform Mitigations Working Group Report – Mitigation Scheme Allocations

ITEM – Welfare Reform	16/17	17/18	18/19	19/20	Total
CARERS – full compensation for one year plus exemption from benefit cap	2	7	7	2	18
Adult ill-health Employment and Support Allowance-supplementary payments for one year	17	7	–	–	24
Disability – Disability Living Allowance					
i) payment up to appeal	1	15	14	14	44
ii) 75% if loss £10+ (for one year)	1	10	14	12	36
iii) conflict-related lower rate of Personal Independence Payment (for one year)	0	4	4	6	14
Additions to benefit – Adult Disability Premium (IR benefits) supplementary payments for one year	1	6	12	8	27
BENEFIT CAP – exemption for families	1	8	8	8	25
DISCRETIONARY SUPPORT SCHEME – 50%	8	8	8	8	31
SOCIAL SECTOR SIZE CRITERIA ('BEDROOM TAX') – full	15	24	26	26	91
SUBTOTAL (£m) Welfare Reform	46	89	93	84	310
ITEM – Tax Credits Mitigation: Universal Credit	16/17	17/18	18/19	19/20	Total
Universal Credit Payment flexibilities	5	9	5	5	25
Administration of support for Universal Credit	–	2	2	2	7
Support for Universal Credit	–	35	35	35	105
DISCRETIONARY SUPPORT SCHEME – 50%	8	8	8	8	31
Financial Capability	0.7	0.7	0.7	0.7	2.7
SUBTOTAL (£m)	14	55	51	51	171
ITEM – Administration	16/17	17/18	18/19	19/20	Total
Administration of mitigation scheme	5	5	5	5	20
SUBTOTAL (£m)	5	5	5	5	20
	16/17	17/18	18/19	19/20	Total
TOTAL (£m)	64	149	149	140	501

Totals may not sum due to rounding

Note: the additional £8m funding for independent advice services was not included in the above allocation.

APPENDIX 2

Mitigation Scheme Funding and Expenditure May 2016 to September 2018

Welfare Reform	2016/17 £'000		2017/18 £'000		2018/19 £'000	
	Annual Budget	Annual Spend	Annual Budget	Annual Spend	Annual Budget	6 Month Spend (Apr–Sept)
Welfare Supplementary Payment Scheme						
Loss of Carer Payments	2,000	82	7,000	2,254	7,000	1,785
Employment and Support Allowance	17,000	3,228	7,000	5,974	Nil	828
Personal Independence Payment	2,000	896	29,000	16,731	32,000	15,071
Loss of Disability- Related Payments	1,000	102	6,000	2,437	12,000	1,882
Benefit Cap	1,000	1,755	8,000	3,862	8,000	1,473
Discretionary Support (welfare reform and tax credit mitigation) This also includes expenditure for the Universal Credit Contingency Fund (2017/18)	16,000	8,726	16,000	-982	16,000	6,276
Social Sector Size Criteria	15,000	2,381	24,000	22,107	26,000	10,717
Sub total	54,000	17,170	97,000	52,383	101,000	38,032

Welfare Reform	2016/17 £'000		2017/18 £'000		2018/19 £'000	
	Annual Budget	Annual Spend	Annual Budget	Annual Spend	Annual Budget	6 Month Spend (Apr–Sept)
Tax Credits Mitigation: Universal Credit						
Universal Credit flexibilities	5,000	Nil	9,000	407	5,000	555
Administration of Support for Universal Credit (Administration for Cost of Work Allowance)	Nil	Nil	2,000	Nil	2,000	Nil
Support for Universal Credit (Cost of Work Allowance)	Nil	Nil	35,000	Nil	35,000	Nil
Financial capability	700	44	700	671	700	Nil
Sub total	5,700	44	46,700	1,078	42,700	555
Administration	5,000	2,431	5,000	4,396	5,000	2,760
TOTAL	64,700	19,645	148,700	57,857	148,700	41,347

Figures are rounded to nearest £'000 and numbers may therefore not total.

Budget for Discretionary Support (£8 million for welfare reform and £8 million for tax credit mitigation) has been combined and included under welfare reform.

APPENDIX 3

Summary of Recommendations of the Welfare Reform Mitigations Working Group

RECOMMENDATION	ACTION TAKEN BY DfC
CARERS	
<p>Carers who lose their entitlement because the person they care for is not awarded the qualifying daily living component of PIP on transition from DLA should receive a supplementary payment to cover their financial loss for one year from the date entitlement ceases. Payments should cease if the person cared for is successful at appeal before the twelve months entitlement is exhausted. Carers should be advised at this point by the Department of their re-entitlement to CA.</p>	<p>Implemented.</p> <p>Welfare Supplementary Payments equal to the value of the award lost are made every four weeks for up to one year (until 31 March 2020) to claimants who have lost entitlement to:</p> <ul style="list-style-type: none"> • Carer’s Allowance • A Carer Premium payable with Income-based JSA, Income-related ESA, Income Support (or an additional amount for carers paid with SPC) • Income Support awarded on the basis of providing care
<p>Following a court ruling in England that the benefit cap should not be applied to full-time carers, we recommend that carers should receive supplementary payments to fully compensate for any loss until the legal position is clarified. In the event of this ruling being overturned on appeal, supplementary payments should continue up to the end of the four year programme.</p>	<p>The UK Government subsequently committed itself to exempting full-time carers from the Benefit Cap, and appropriate changes to legislation were made to ensure that the exemption was in place before the Benefit Cap was implemented in NI.</p>
PERSONS UNABLE TO WORK BECAUSE OF ILL HEALTH	
<p>Claimants should be given three months warning that their entitlement to contributory ESA will soon be exhausted.</p>	<p>Implemented.</p> <p>The Department initially contacted potentially affected claimants at least three months before their entitlement was due to end. The Department continues to contact affected claimants on two separate occasions before their entitlement is due to end.</p>

<p>An automatic check should be made to determine whether or not claimants will have entitlement to income-related ESA when contributory ESA ceases.</p>	<p>Implemented.</p> <p>The Department contacts claimants three weeks before their entitlement is due to end to determine whether they might be entitled to income-related ESA, and, if appropriate, claimants are advised how to make a claim for income-related ESA.</p>
<p>Where neither of the above two measures are of assistance to the claimant, a supplementary payment – fully equivalent to the loss – should be made for twelve months providing there is continuing medical evidence relating to fitness for work.</p>	<p>Implemented.</p> <p>Welfare Supplementary Payments equal to the value of the award lost are made every four weeks for up to one year (or until 31 March 2020) to claimants who were affected by the time-limiting of contributory ESA.</p>
<p>PERSONS WITH DISABILITY</p>	
<p>Supplementary payments, equal to the benefit in payment, should be paid to DLA claimants who have been refused PIP on reassessment who lodge appeals (to the Appeals Tribunal and beyond) to challenge the outcome of their assessment for PIP.</p>	<p>Implemented.</p> <p>Welfare Supplementary Payments equal to the value of the award lost are made every four weeks until the Department is notified of the outcome of the appeal or until 31 March 2020.</p>
<p>Supplementary payments should be made to those who qualify for PIP, after assessment or appeal, but at a reduced rate where the weekly loss exceeds £10. The payments will be made from the point at which PIP is reduced for a 1 year period and be equal to 75% of the loss.</p>	<p>Implemented.</p> <p>Welfare Supplementary Payments equal to 75% of the award lost are made every four weeks for up to one year or until 31 March 2020.</p>
<p>Where claimants of conflict-related injury are judged to have no entitlement to PIP, we recommend that those scoring at least four points in the reassessment should be awarded an extra four points. They should then qualify for supplementary payments at the standard rate of whichever PIP component is most advantageous to them. The payments should be for one year.</p>	<p>Implemented.</p> <p>Claimants who are assessed for PIP and do not qualify but have received at least four points in their PIP assessment and can show that their disability or illness is as a result of a NI conflict-related injury may be entitled to Welfare Supplementary Payments equal to the standard rate of whichever PIP component is most advantageous to them. Payments are for up to one year or until 31 March 2020.</p>

Regarding the Motability Scheme whereby persons with disability, who use their DLA payments to lease cars which may be adapted to meet their special needs, clearly, those who have entered into such arrangements will be in difficulty if they do not qualify for the mobility component of PIP at the enhanced rate. We recommend that the Department enter into discussions with Motability to ensure the transitional package of support developed for GB will be extended to NI.

Motability is a national charity which sets the strategic policies and direction of the Motability Scheme and oversees its performance to ensure that it meets the needs of disabled people. While the Department for Communities facilitates the operation of the scheme by diverting the Higher Rate Mobility Component of DLA and the Enhanced Mobility Rate of PIP to meet the leasing payments, it is not directly involved in either setting the policy for, or administering, the scheme. Given that position, the Department alerted Motability to this recommendation.

The Department is aware that the same transitional package of support is in place across GB and NI. Motability's transitional support package is also separate from any Welfare Supplementary Payments that may be provided to people living in NI.

ADDITIONS TO BENEFITS FOR THOSE WITH DISABILITY

For three of the five premiums/elements for adults with disability, PIP attracts the same premiums/elements as DLA. However, those in receipt of the enhanced disability premium or the severe disability element will lose out if they move from the top rate of DLA care to the standard rate of the daily living component of PIP. For this group we recommend supplementary payments to cover the loss for up to one year.

Implemented.

Welfare Supplementary Payments equal to the value of the award lost are made every four weeks for up to one year (until 31 March 2020) to claimants who have lost entitlement to disability premiums / elements as a result of reassessment to PIP.

For DLA claimants who, following reassessment for PIP, lose some or all of the following: the Enhanced Disability Premium, the Severe Disability Premium and possibly the standard Disability Premium, we recommend supplementary payments to cover the loss for up to one year.

Implemented.

Welfare Supplementary Payments equal to the value of the award lost are made every four weeks for up to one year (or until 31 March 2020) to claimants who have lost entitlement to disability premiums as a result of reassessment to PIP.

BENEFIT CAP

We recommend that supplementary payments should be made for up to four years, depending on the date of the application of the cap, to families with children not covered by the exemptions.

Implemented.

Welfare Supplementary Payments equal to the amount by which benefit is initially capped are made every four weeks (until 31 March 2020) to families with children who were affected on 31 May 2016 – the date that the Benefit Cap was introduced. Welfare Supplementary Payments only change if the amount by which benefit is capped is reduced or stopped.

Welfare Supplementary Payments were re-calculated when the revised Benefit Cap was introduced on 7 November 2016.

DISCRETIONARY SUPPORT SCHEME

Further provision should be made via this scheme, or otherwise, to assist those at risk of hardship, the scheme should also make provision for emergency assistance in cases of difficulty relating to the introduction of UC.

Implemented.

The Finance Support Service was introduced in Northern Ireland in November 2016 to provide a fast, responsive and effective quality service that ensures claimants receive immediate short-term financial support in times of emergency or crisis.

In addition to the normal facility for short-term benefit advances, those on low incomes (working and non-working) may access help by making an application for Discretionary Support when an extreme, exceptional or crisis situation arises that presents a significant risk to the health, safety or well-being of either the person making the claim or of their immediate family.

ADVICE

Access to skilled, independent advice will be of critical importance in managing, and helping people to negotiate, all of the changes in the legislation. We can foresee four major areas of work: the time limiting of contributory ESA; the move from DLA to PIP for those of working age; the new sanctions regime and the introduction of UC. The benefit cap, the new discretionary support scheme and the new rate rebate scheme will generate further work. Appendix 3 sets out in detail the advice strategy we propose. The resources provided under the Agreement must be a genuine addition to the support already provided.

Implemented.

A contract was awarded in September 2016 providing additional funding of £2.5 million for advice services until March 2018. This provision commenced in November 2016 and included the free Independent Welfare Changes Helpline (supported by nine advisers), 37 additional face-to-face advisers in frontline offices, and three advisers in the Law Centre NI for specialist advice and appeals representation. The contract to continue those services was put in place from April 2018.

Other initiatives introduced to support customers include a targeted intervention approach to focus on vulnerable, difficult-to-reach groups, enhanced digital capability in all 45 frontline advice offices to assist claimants in making and maintaining a claim to UC and specific training programmes and awareness sessions for advisers and others on Welfare Reform, UC and HB.

SANCTIONS

We recommend that there should be an independent helpline to assist claimants, who may need support with an appeal or accessing hardship payments, when a sanction is imposed. Decision makers should provide claimants with details of this when advising claimants of their decision to apply a penalty.

Implemented.

A contract was awarded in September 2016 providing initial funding of £2.5 million for additional advice services until March 2018. The new free Independent Welfare Changes Helpline and additional face-to-face frontline services went live on 1 November 2016.

Those services provided by Citizens Advice Bureaux, Advice NI and the Law Centre NI offer help and assistance to claimants affected by all welfare changes. Following the decision to remove the Citizens Advice brand from NI in January 2019, all Citizens Advice Bureaux transferred their regional membership to Advice NI. This help and assistance includes the provision of specialist advice on sanctions, hardship payments and appeals representation. A reference to the Helpline is included where possible in documentation sent to claimants, and staff signpost customers to the Helpline before they are required to give good reason for non-compliance.

The Law Centre was also commissioned by the Department to produce a sanctions adviser guide for the independent advice sector.

Additionally, we are concerned that Jobs and Benefits Offices may require some reorganisation to face the challenges ahead. We understand that discussion of this is already underway and recommend that change should proceed quickly to ensure that single, integrated, teams are in place from the welcome desk to decision making – to ensure that the general public has access to a seamless service.

Implemented.

By the end of June 2018 all IS and JSA benefit processing had been consolidated from 11 offices into two dedicated processing centres. This provides single, integrated teams delivering more consistent decision-making and customer services.

By 6 December 2018, all Jobs and Benefits offices had been restructured and reorganised to ensure that UC claimants have access to all the help, advice and support that they need.

TAX CREDITS MITIGATION: UNIVERSAL CREDIT

We recommend that a third element be added to the discretionary support scheme; families, and others depending on resources available, claiming WTC / UC should be entitled to supplementary payments in recognition of the expenses those in employment incur with a special weighting for lone parents taking account of the cost of childcare. The payments would be known as cost of working allowances.

The Department developed the outline of a Cost of Work Allowance scheme and the necessary primary legislation to provide for payments has been made. The Department has been unable to implement this recommendation, as further secondary legislation is needed, which will require the approval of Ministers and the Assembly. Also, as the scheme is intended to support people in employment, a key element in the development of the scheme has been the taxable status of the payments. Given that taxation is an excepted matter, this issue was taken forward with Her Majesty's Revenue & Customs, who notified the Department that payments from the proposed scheme would be treated as taxable income. This would have had significant negative implications for the net benefits that recipients would derive from the payments including the implications for their tax credits position.

The £35million allocated for the scheme for each of the years 2017/18 and 2018/19 has been returned to the Department of Finance for allocation to other public services in NI.

We consider it would be prudent to have a contingency fund should difficulties arise. We recommend £2 million be set aside, from 2017 when the roll out of UC is due to commence, to make emergency payments where hardship occurs as a result of difficulties which are not due to any fault on the part of the claimant.

Implemented.

The Department developed a UC Contingency Fund to provide emergency payments for UC claimants to alleviate financial hardship that has occurred as a result of difficulties outside their control.

The Fund was introduced in November 2017, and payments are made through the current Discretionary Support Scheme in the form of non-repayable grants.

TAX CREDITS MITIGATION: FINANCIAL CAPABILITY

We recommend that £2.7 million be set aside to support the voluntary sector to develop new ways of assisting people in need as we move towards UC. The types of projects we have in mind are:

- a) First, there is a need to address food poverty in NI... support should be given to projects meeting the following criteria: respect for the dignity of recipients of help; promoting employability of those delivering help; providing nutritious food and meeting the needs of children, who qualify for free school meals in term-time, during school holidays (Appendix 5 refers).
- b) Secondly, experience elsewhere indicates that the most vulnerable may be the hardest to reach... for example, those with mental health problems, transient lifestyles etc. All of these groups will, however, be in contact with, for example, those managing hostels, community psychiatric nurses, Sure Start staff or members of their local church – these individuals should be enabled to act as guides or signposts to help (Appendix 6 refers).
- c) Thirdly, there is a need to address the growing financial insecurity of many. Help may be needed with financial adjustment. It is also important that those on low income have access to credit provided by socially responsible bodies. We would, therefore, wish to support the efforts of Credit Unions to develop new ways of doing things. (Appendix 7 refers).

Implemented

The Department commissioned a feasibility study to consider introducing a social supermarket model in Northern Ireland to address food poverty. That recommended piloting the approach with a small number of Voluntary and Community Organisations that were already taking action to tackle food poverty. A Social Supermarket pilot programme subsequently commenced in October 2017, with five organisations running services providing users with access to food and wraparound services to address the reasons they are in, or at risk of, food poverty.

Implemented

Comprehensive information regarding online resources and information provision on Welfare Reform is already available through existing information sources such as NI Direct and the Family Support NI website. The marketing campaign for delivery of the independent Welfare Changes Helpline and additional face-to-face advice and training, engagement with networks and enhanced online resources have met the requirements of Appendix 6.

Partially Implemented

The money management support recommendations have been delivered by advice partners.

An independent feasibility study to scope a Credit Union affordable credit model was unable to identify a model that met the Welfare Reform Mitigations Working Group recommendation.

APPENDIX 4

Welfare Supplementary Payments Legislation

The Welfare Supplementary Payments are provided for in both primary and secondary legislation as listed below.

- Article 137 of The Welfare Reform (Northern Ireland) Order 2015;
- Articles 19 and 20 of The Welfare Reform and Work (Northern Ireland) Order 2016;
- The Welfare Supplementary Payments Regulations (Northern Ireland) 2016;
- The Welfare Supplementary Payment (Loss of Disability Living Allowance) Regulations (Northern Ireland) 2016;
- The Welfare Supplementary Payment (Loss of Carer Payments) Regulations (Northern Ireland) 2016;
- The Welfare Supplementary Payment (Loss of Disability-Related Premiums) Regulations (Northern Ireland) 2016;
- The Welfare Supplementary Payment (Benefit Cap) Regulations (Northern Ireland) 2016;
- The Welfare Supplementary Payment (Amendment) Regulations (Northern Ireland) 2017; and
- The Housing Benefit (Welfare Supplementary Payment) Regulations (Northern Ireland) 2017.

Updated versions of the above legislation can be found on the Department's website at <http://iaccess.communities-ni.gov.uk/sspldbluevolumesinternet/users/internetsearchpage.aspx> – Volume 12.

The Universal Credit (Welfare Supplementary Payment) Regulations (Northern Ireland) and The Welfare Supplementary Payment (Amendment) (No. 2) Regulations (Northern Ireland) require Ministerial and Assembly approval. In the absence of the Assembly the Department has introduced 'administrative' Welfare Supplementary Payments, which provide appropriate mitigation payments to eligible Universal Credit claimants.

APPENDIX 5

Universal Credit Contingency Fund Payments made in 2018/19

Month	Claims Made	Claims Allowed	Claims Disallowed/ No Award	Total Paid Out	Average Payment
April 2018	130	114	16	£17,189.86	£150.79
May 2018	188	150	38	£19,182.37	£127.88
June 2018	243	202	41	£30,656.02	£151.76
July 2018	349	264	85	£34,991.22	£132.54
August 2018	476	328	148	£40,946.17	£124.84
September 2018	518	394	124	£54,449.90	£138.20
Totals	1904	1452	452	£197,415.54	

APPENDIX 6

Abbreviations

- Carer's Allowance (CA)
- Department for Communities (DfC)
- Disability Living Allowance (DLA)
- Employment and Support Allowance (ESA)
- Housing Benefit (HB)
- Income Support (IS)
- Jobseeker's Allowance (JSA)
- Personal Independence Payment (PIP)
- State Pension Credit (SPC)
- Universal Credit (UC)
- Working Tax Credit (WTC)

Available in alternative formats.



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