

Welfare Reform in Northern Ireland – the story so far

Welfare Reform in Northern Ireland is widely discussed and debated, and for many months it caused political deadlock in the Assembly. Aside from the controversy surrounding it, there is a lack of understanding about what Welfare Reform entails and the impact it will have for those living in Northern Ireland.

Background

In 2013 the Government began a series of Welfare Reform changes, representing the biggest overhaul of the welfare system to date. The Welfare Reform Act 2012 legislated for the abolishment of many existing benefits and to replace them with a new benefits system. The most prominent change is the introduction of Universal Credit which combines existing means-tested support for adults of working age and children into one benefit. This includes:

- Child Tax Credit
- Working Tax Credit
- Housing Benefit
- Income-related Employment and Support Allowance
- Income-based Jobseeker's Allowance
- Income Support
- Parts of the Social Fund.

The structure is intended to be much simpler than that of the current system where separate benefits, which often overlap, are administered by different agencies, with different premiums and different ways of taking earnings into account.

The phased introduction of Universal Credit in Northern Ireland commenced in September 2017. It is being rolled out for new claims on a phased geographical basis across Northern Ireland from September 2017 to December 2018.

Welfare Reform in Northern Ireland

The topic of Welfare Reform has caused significant political tension in Northern Ireland. As a devolved administration, to retain parity, the people of Northern Ireland are entitled to the same rights and benefits as those in the rest of the UK. However, local politicians raised concern about some of the measures to be introduced as part of the Welfare Reform (Northern Ireland) Bill 2012 leading to a series of talks and negotiations.

Following the Stormont House Agreement in December 2014 the Bill was amended to include some 'flexibilities' for Northern Ireland. The Bill passed through all the stages of the statutory process but, following a Petition of Concern, failed to pass at the final stage in May 2015.

After more talks the Executive agreed that the Government should legislate for Welfare Reform, with consent from the Assembly, in the 'Fresh Start: The Stormont Agreement and Implementation Plan' on 17 November 2015. The Northern Ireland (Welfare Reform) Bill received Royal Assent on 25 November. The subsequent Welfare Reform (Northern Ireland) Order 2015 was approved in the House of Commons on 1 December 2015.

Fresh Start Commitments

The Fresh Start document sets out the Executive's commitment to introduce Welfare Reform in Northern Ireland and agrees to introduce a range of measures which will lessen the impact of the reforms for local claimants. A fund of £585 million was allocated to introduce a series of mitigation actions. A working group, headed up by Professor Eileen Evason, was set up to bring forward proposals as to how this fund would be spent.

Welfare Reform Mitigations Working Group Proposals

In January 2016 the working group published its report with proposals falling under three strands:

- 1) To provide supplementary payments, over a four year period, to carers, those with ill health and disability, and families affected by the welfare changes. For example a supplementary payment will be made to some families so they will not feel the effect of the benefit cap. These payments will not be means tested.
- 2) To provide independent advice at key points for claimants, for example when dealing with sanctions or financial penalties when claimants lose entitlement.
- 3) To explore ways to alleviate hardship for households in receipt of Universal Credit:

- It is recommended that £105 million (£35 million each year) should be provided for 'Cost of Working Allowances', commencing in 2017-18. These payments are aimed at those in employment who rely on benefits to meet the additional costs of working, for example, lone parents who pay for childcare.
- £2 million has been set aside from 2017 to make emergency payments to Universal Credit claimants whose benefit entitlement reduces as a result of moving onto the new system.
- A further £2.7 million has been set aside to support the Voluntary Sector to develop new ways of assisting people as we move towards Universal Credit. Examples include programmes to address food poverty or a strategy of advice and support targeted at more vulnerable claimants.
- There is also support for those who are financially insecure, for example as a result of benefit cuts, the onset of serious illness or the loss of a job.
- The proposals will cost a total of £501 million, £84 million under the amount agreed in the Fresh Start document.

Other arrangements for Northern Ireland

These proposals sit alongside a series of concessions which have already been agreed to support Northern Ireland claimants. These concessions are specific to Northern Ireland:

- Bedroom Tax is being mitigated here.
- Payments are being made fortnightly rather than monthly.
- Payments for rent will be paid directly to the landlord.
- There is now an 18 month limit for higher level sanctions and discretionary payments.

Welfare Reform Implementation – a brief timeline

On 22 January 2016, First Minister Arlene Foster confirmed that the mitigation group's proposals would be implemented in full. The first package of welfare changes began in early 2016 with the introduction of regulations regarding its implementation and some of the relevant payments to mitigate for changes to, for example, contribution-based Employment and Support Allowance (ESA) and the introduction of the Benefit Cap.

Child Benefit and Tax Credit freeze

From April 2016, Child Benefit and certain Tax Credit amounts were frozen for four years. Additionally, it was announced that, from April 2017, Child Tax Credit would be limited to two children per family and new claimants would not be eligible for the Family Element.

Benefit Cap

In May 2016 the Benefit Cap was introduced, however, supplementary payments will apply until 31 March 2020. However, it is important to note that, where circumstance change, for example a family has a new child, supplementary payments do not increase.

Appealing a decision

From 23 May 2016, if you don't agree with a Social Security Benefit decision you must ask for it to be reviewed before you can appeal the decision. This change applies to all decisions made on or after this date. The rules for disputing a decision will be explained in your benefit decision notification. If you think a decision is wrong, you can ask for it to be looked at again for any reason. This is known as Mandatory Reconsideration.

Sanctions

In June 2016 it was confirmed that new regulations on sanctions in Employment and Support Allowance (ESA) and Job Seekers Allowance (JSA) will apply immediately after the introduction of Universal Credit.

Personal Independence Payments replacing Disability Living Allowance

From 20 June 2016, Personal Independence Payment replaced Disability Living Allowance for new claims from people aged between 16 and 64. If you're already claiming, you'll continue to get DLA until the Department for Work and Pensions (DWP) writes to tell you when your DLA will end and invites you to apply for Personal Independence Payment (PIP).

Mitigation payments not included as income when calculating Tax Credits

In October 2016, new regulations were issued to provide for how payments to mitigate welfare reform in Northern Ireland are treated when calculating Tax Credits with a number of payments to be disregarded for the purposes of calculating income.

Changes to Employment and Support Allowance

From 31 October 2016, a time-limit has been set on claims for contribution-based Employment and Support Allowance for people in the work-related activity group. If you are in this group and have been getting contribution-based ESA for 365 days, you will no longer be eligible. If you are in the Support Group you will not be affected. If you are affected you may be able to get supplementary payments for one year to make up for any financial loss. The special conditions for Employment and Support Allowance for young people were abolished in February 2016.

Lowering of Benefit Cap and changes to Social Fund payments

November 2016 marked the lowering of the benefit cap to £384.62 a week for couples or lone parents whose children live with them, and to £257.69 a week for single persons who have no children living with them. Also in November, there was a change in how some Social

Fund payments will be made going forward. Crisis Loans and Community Care Grants are now part of a new Discretionary Support Payment scheme.

Changes to Income Support for lone parents

From 16 January 2017, if your youngest child is aged five or over, your Income Support may stop, if you only get it because you are a lone parent. Before that date, Income Support was removed when the youngest child turned age seven. Parents who are impacted will be moved onto Jobseeker's Allowance and will be required to actively look for work.

'Bedroom Tax' Mitigation

In February 2017, the 'Bedroom Tax' came into force in Northern Ireland. This is a cut to your Housing Benefit if your home has more bedrooms than the Government says you need. However, any reductions in Housing Benefit will be mitigated through supplementary payments until 2020.

Child Tax Credit changes

From 6 April 2017, changes to the Social Fund will minimise the effect on social fund claimants of some of the changes being made to Child Tax Credit from April 2017, to ensure that no-one who would have qualified for a Sure Start Maternity Grant or Funeral Expenses Payment prior to 6 April 2017 will lose out as a result of the changes. There are other changes to Child Tax Credits also commencing in April. Parents will not be able to claim Child Tax Credit for third and subsequent children born on or after 6 April 2017, other than in limited circumstances, and the Family Element of Child Tax Credit has been removed for new claimants.

Bereavement Support Payment replacing existing Benefits

From 6 April 2017, a Bereavement Support Payment has been introduced to replace three existing Bereavement Benefits: Bereavement Payment, Bereavement Allowance and Widowed Parents Allowance. Unlike the existing Benefits, a Bereavement Support Payment will only be paid for up to 18 months following the death of a spouse or civil partner.

Universal Credit is now being rolled out in Northern Ireland having been first introduced into the Limavady area on 27 September 2017. See our [Universal Credit factsheet](#) for more details.

Please note that this is a brief timeline only and there have been other developments. If you think you may be impacted it is important that you seek advice to ensure that you understand how you will be impacted and are accessing all of the financial support to which you are entitled.

Where can you get more information?

For more information or for personal advice and information please call our Family Benefits Advice Team on 0800 028 3008. Our trained advisors can help you to ensure that you are accessing all the financial support to which you are entitled.

Additionally, a Welfare Reform Advice Services Consortium, made up of [Law Centre \(NI\)](#), [Citizens Advice](#) and [Advice NI](#) has been set up to provide help and support to anyone affected by changes to the welfare system. A **Welfare Changes Helpline** has also been set up and is available on **0808 802 0020, 9am to 5pm, Monday to Friday**.