



# Welfare Reform

Prepared by the Welfare, Rights and Guidance Service

RCN Policy and International Department

November 2012

Policy Briefing 32/12

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## Introduction

With an overhaul of welfare benefits in process as a result of the Welfare Reform Act, and a recent announcement by the chancellor to cut a further £10bn from the welfare budget, many of our members who are claimants of benefits and tax credits under the existing system are facing an uncertain future as a result of such ambitious reform.

This briefing highlights some of the key changes that have taken place and those that are due to begin early next year, perhaps the most significant and debated being the introduction of a new payment called Universal Credit which will replace current means-tested benefits including housing benefit and tax credits, with a single payment system.

Alongside the introduction of the Welfare Reform Act and the inevitable difficulties that come with implementing changes across such a complex welfare system, the Government has taken the heavily opposed decision to remove Welfare Benefits from the scope of legal aid subject to appeals on a point of law to the Upper Tribunal and the superior courts through Judicial Review.

Removing welfare from the scope of legal aid will undoubtedly place enormous pressure on claimants and their families who need help to understand and challenge the legal complexities of the welfare benefit system. Independent advice is vital to making an accurate assessment of an individual's case and their prospect of success at appeal.

In turn, decision makers and the Tribunals Service will face increased pressure by virtue of the decision to remove welfare from the scope of legal aid and claimants will no doubt struggle without the lack of specialist knowledge and expertise available for individual cases.

The Tribunals Service is already experiencing considerable delays to processing welfare benefit appeals being heard across the country. During the period 1 April 2011 – 31 March 2012 there were 370,800 Social Security and Child Support Appeals (SSCS) received. In 2011-12 SSCS appeals made up half of all appeals received by the Tribunals Service of which there are 32 separate Tribunals.<sup>(1)</sup>

Free advice services across the country are being forced to scale down services and some face closure as a result of the withdrawal of legal aid funding, cuts to funding by local authorities and cessation of support from the Government's Financial Inclusion Fund.

This year Citizens Advice Bureau, the country's largest provider of welfare benefit advice and representation in the free advice sector with 400 offices across England and Wales, estimates it will face a 23% cut in funding. In some regions of the country CAB offices are reducing their opening hours, cutting staff and not taking on new cases until they have dealt with their backlog of cases.

## The harsh reality of welfare reform

Our members are already being affected by the changes introduced by the Welfare Reform Act, with certain groups such as those on low incomes and disabled people already being hit hard by reform through increased conditionality, cuts to benefit, poor decision making and inappropriate sanctions.

As a department, we are dealing with cases of single parent and low income working parents struggling to adjust to the reduction in financial assistance available to them from tax credits, with the amount paid in respect of childcare costs reducing from 80% to 70% in April 2011 as well as cases of members losing substantial amounts of weekly benefit due to time-limiting of their Employment and Support Allowance (ESA).

- A recent report<sup>(2)</sup> by the National Housing Federation (NHF) indicates that there has been an 86% rise in UK workers claiming Housing Benefit from May 2009 – May 2012 because of increased rents and house prices. The NHF cites Department for Work and Pensions figures<sup>(3)</sup> that show 903,440 people in work claimed housing benefit in May 2012 compared with 485,610 three years earlier. It said the figure was rising with an additional 10,000 working people each month claiming housing benefit to help pay their rent.
- The Government has already taken drastic action to halt the rising Housing Benefit bill, cutting the annual budget for support by more than £2bn by 2014-15 to 'ensure that expenditure is sustainable in the longer term'.<sup>(4)</sup>
- Steps taken include cutting and capping Local Housing Allowance (LHA) in the private rented sector, for new claimants from April 2011, and for all claimants by the end of 2012. Measures to restrict single people in the private rented sector to claiming the rate for a single room in a shared house up to the age of 35, rather than 25 as previously, came into force in January 2012 for new claimants, with nine months transitional protection for existing claimants from the anniversary of their claims.
- Additional restrictions are being placed upon people in the social rented sector (SRS) with claimants receiving housing benefit for SRS housing will have the amount they can receive restricted based on the number of bedrooms their household requires measured against the same size criteria already used in LHA.
- The government's own impact assessment concludes that 2.8 million households will have higher entitlements under Universal Credit, with no change for 2 million and 2 million (including 1.1 million with children) will have lower entitlements.<sup>(5)</sup>
- According to research carried out on behalf of Save the Children for their report 'Ending Child Poverty' a single parent with two children, working full-time on or around the minimum wage, could be as much as £2,500 a year worse off under the new system.<sup>(6)</sup>

## RCN Welfare Rights and Guidance Service

The RCN Welfare Rights and Guidance **Service** provides expert knowledge, advice and representation to our members about the complexities of the welfare benefit system and the frequent changes in legislation that may affect them.

We anticipate an increase in demand for advice from our members who will be further affected by welfare reform and the introduction of Universal Credit, particularly those who are disabled people, single parents, those from low income families and second earners who may be worse off under the new system.

Here are some of the issues currently presenting from our members and areas of future concern identified by us in light of those of the changes highlighted in this briefing:

- Those on the lowest incomes, on or just above the minimum wage and facing increased living costs such as high rents dealing with cuts to benefits and tax credits. HCA members represent a number of those presenting for advice and we expect to deal with more enquiries as the impact of the introduction of Universal Credit is felt next year.
- Loss of income in excess of £100 a week for ill, injured and disabled members who are being found fit for work under the Work Capability Assessment or subject to time-limiting of their benefit following changes to legislation in April 2012.
- Cuts to Child Benefit for families where one parent earns above £50,000 in a financial year.
- Cuts to support for disabled people in work – unlike the existing system of a disability premium in Working Tax Credit, claimants of Universal Credit will only receive additional financial support subject to the conditionality of the Work Capability Assessment (WCA).
- Abolition of the Severe Disability Premium (SDP) which is currently worth £58 a week. The Government says it is abolishing the SDP in order to redistribute the money to the most disabled adults. Around 230,000 disabled adults receive the SDP and 25,000 lone parents are currently in receipt of the SDP.<sup>(7)</sup>
- Cuts to financial support for disabled children under Universal Credit – Citizens Advice, The Children's Society and Disability Rights UK published findings of an inquiry led by Baroness Tanni Grey-Thompson which suggest that 100,000 disabled children stand to lose up to £28 a week.<sup>(7)</sup>

- Replacement of Disability Living Allowance (DLA) to Personal Independence Payment (PIP). This is the subject of much concern for disabled people and in the advice sector as it is anticipated that in excess of half a million fewer people will receive PIP by 2016 than currently receive DLA as a result of increased conditionality and a model of assessment criteria similar to those currently used in the heavily criticised Work Capability Assessment (WCA) of Employment and Support Allowance.

Disabled people currently represent some of the most complicated cases in the welfare system; from the claiming process through to Tribunal in being able to understand complex benefit legislation, transitional rules of reform and interpreting benefit decisions and case law.

Much of the advice and representation we offer to members is with disability benefits such as ESA and DLA to our members who are ill, injured and disabled; conditions often directly attributable to their nursing careers and requiring specialist knowledge.

In light of the Government's austerity measures and impact of these upon the welfare and judicial systems, we are advantageously placed to be offering services to our most vulnerable members that they may otherwise not be able to access in the free advice sector due to increasingly limited resources, extensive waiting times and closure of services.

*'The specialist expertise and assistance received from Welfare Rights and Guidance Service is invaluable in assisting members to access the benefits and payments to which they are entitled. The guidance from the team is so important when members face changes in their earnings due to redeployment, redundancy or dismissal.'*

*'Information can also assist Regional staff in presenting a case locally for members, for example in relation to Temporary Injury Allowance or ill health retirement pension. Working in partnership with WRG has helped to achieve good outcomes for members who may otherwise have been seriously financially disadvantaged.'*

*Marilyn Martin, Assistant RCN Officer, Eastern Region.*

## Notes

1. Annual Tribunal Statistics, 1 April 2011 to 31 March 2012, available at <http://www.justice.gov.uk/downloads/statistics/tribs-stats/ts-annual-stats-2011-12.pdf>.
2. NHF Home Truths report available at [http://www.housing.org.uk/PDF/HomeTruths2012\\_England.pdf](http://www.housing.org.uk/PDF/HomeTruths2012_England.pdf)
3. Housing and Council Tax Benefit Caseload Statistics, Department for Work and Pensions, August 2012 available at <http://statistics.dwp.gov.uk/asd/index.php?page=hbctb>
4. Laying the Foundations: A Housing Strategy for England, p.50: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)
5. Department for Work and Pensions, Welfare Reform Bill Universal Credit: Equality and Impact Assessment, November 2011, available at [www.dwp.gov.uk/docs/eia-universal-credit-wr2011.pdf](http://www.dwp.gov.uk/docs/eia-universal-credit-wr2011.pdf)
6. Ending Child Poverty, Save the Children, 2012, available at <http://www.savethechildren.org.uk/sites/default/files/docs/Ending-Child-Poverty.pdf>
7. Holes in the safety net: The impact of Universal Credit on disabled people and their families, Disability Rights UK, Citizens Advice Bureau, The Children's Society, October 2012, available at: [http://www.citizensadvice.org.uk/holes\\_safety\\_net.htm](http://www.citizensadvice.org.uk/holes_safety_net.htm)

Briefing paper by Ian King, RCN Welfare Rights and Guidance Service, October 2012