
DWP Annual Forum 2011

DWP

Department for
Work and Pensions



Universal Credit: welfare that works

DWP Annual Forum

6th July 2011

Neville Cavendish & Daniel Gieve
DWP Universal Credit Programme

DWP Department for
Work and Pensions

We are going talk about ...

- Universal Credit vision & aims
- The scope of the programme and implementation plan
- Update on policy



“

Universal Credit will mean that people will be consistently and transparently better off for each hour they work and every pound they earn. It will cut through the complexity of the existing benefit system to make it easier for people to get the help they need, when they need it.

By utilising tried and proven information technology, we will streamline the system to reduce administration costs and minimise opportunities for error or fraud.

”

Iain Duncan Smith, *Universal Credit: Welfare that Works*, November 2010

What is Universal Credit?

- An in-work and out of work simplified credit that will ensure people are better off in work
- The biggest to change to the welfare system for 50 years
- A change in cultural attitudes to work.

Universal Credit Vision

- Reducing workless households
- Helping to end child and adult poverty
- A simplified welfare system for claimants and taxpayers that they can be confident in.

The basic facts

- A few questions to test your understanding of the new Universal Credit...

Programme scope

Universal Credit 'in scope':

- Income related Jobseeker's Allowance
- Income related Employment and Support Allowance
- Income Support (including SMI)
- Child Tax Credits
- Working Tax Credits
- Housing Benefit
- Social Fund (budgeting loan elements)

Out of scope:

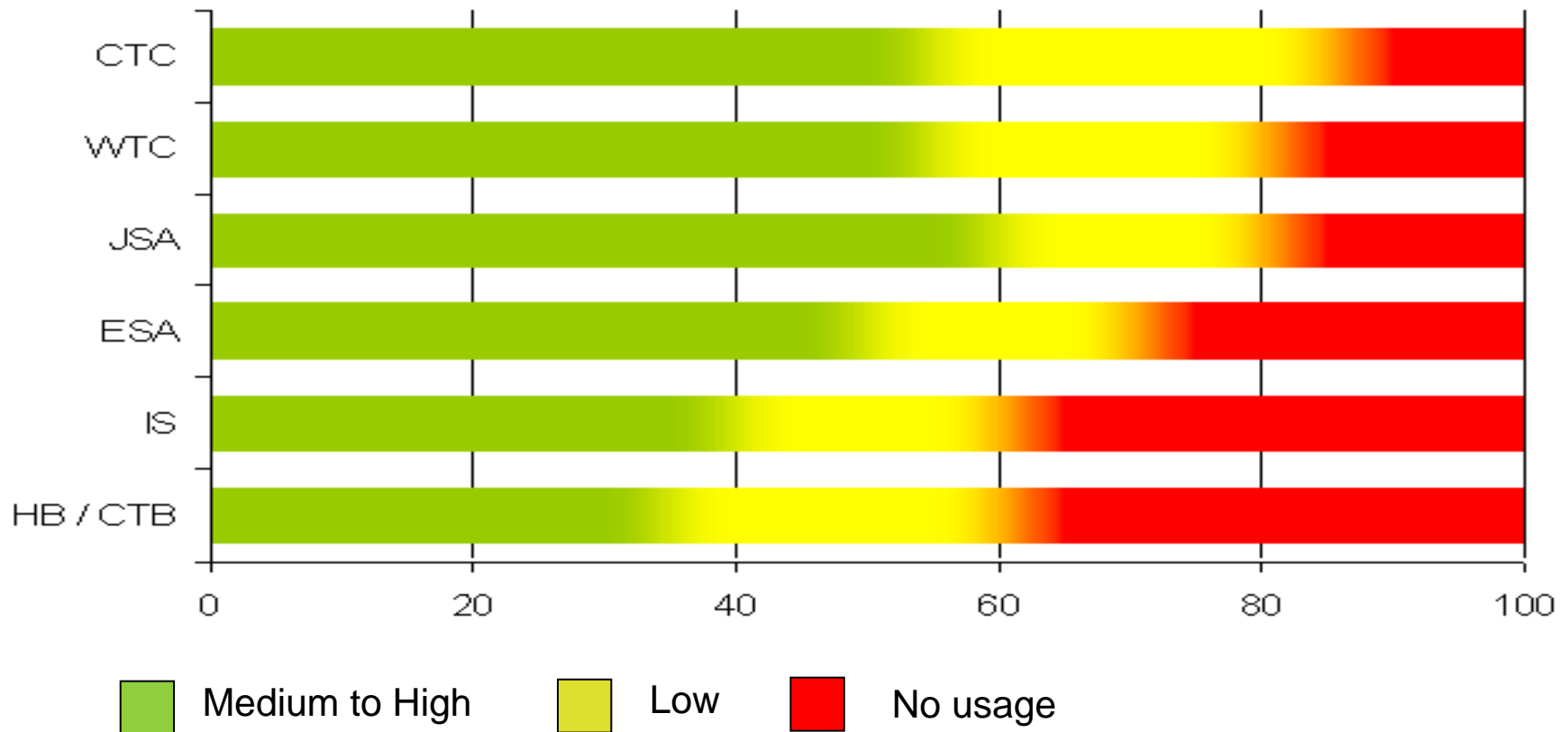
- Disability Living Allowance
- Contributory Benefits
- Child Benefit
- Carer's Allowance

- Council Tax Benefit
localised

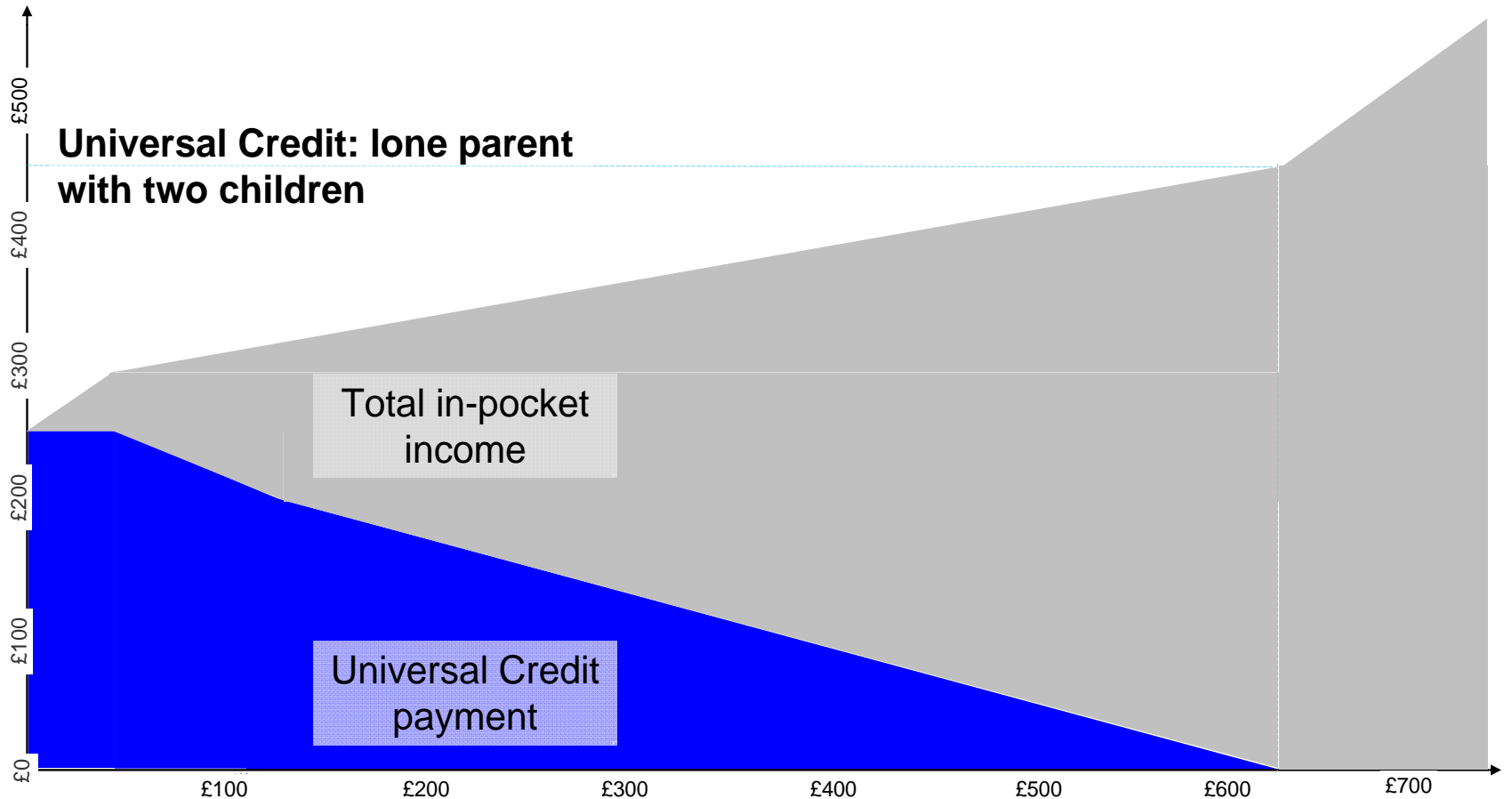
- Contributory Benefits
ESA & JSA

Are DWP claimants moving online?

Internet usage among working age DWP claimants within the scope of Universal Credit



Clear work incentives





Making work pay

- It is estimated that around 2.7m households will have higher entitlements
- Couples with children see the biggest increase in entitlement in cash terms of all family types
- Universal Credit will substantially improve the incentives to work
- Universal Credit improves the incentives to increase hours of work.

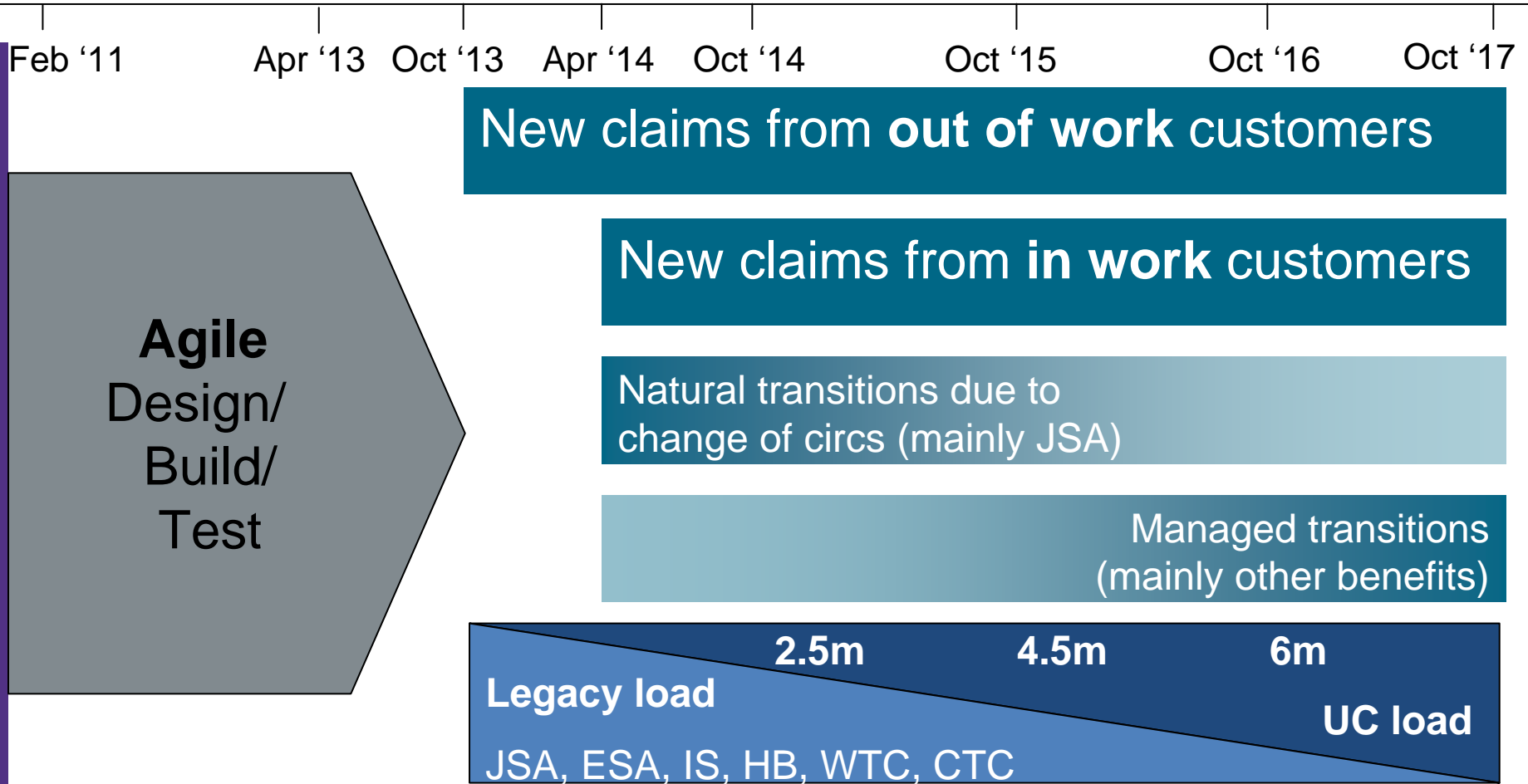
Universal Credit aims (1)

- Universal Credit simplifies our outdated and complex benefit system
- Universal Credit will support those who need it most, and ask those who can work, to return to employment
- You will be able to work more hours without losing your benefit all at once (making work pay)
- Universal Credit will reduce workless households and moves children out of poverty.

Universal Credit aims (2)

- Multiple benefits will become one single household payment
- You can claim universal when it suits you. Online 24/7 with help available if you need it
- Universal Credit is simple to understand and administer, it will reduce Fraud & Error
- Claimants will need to interact with Government less frequently.

Implementation plans...

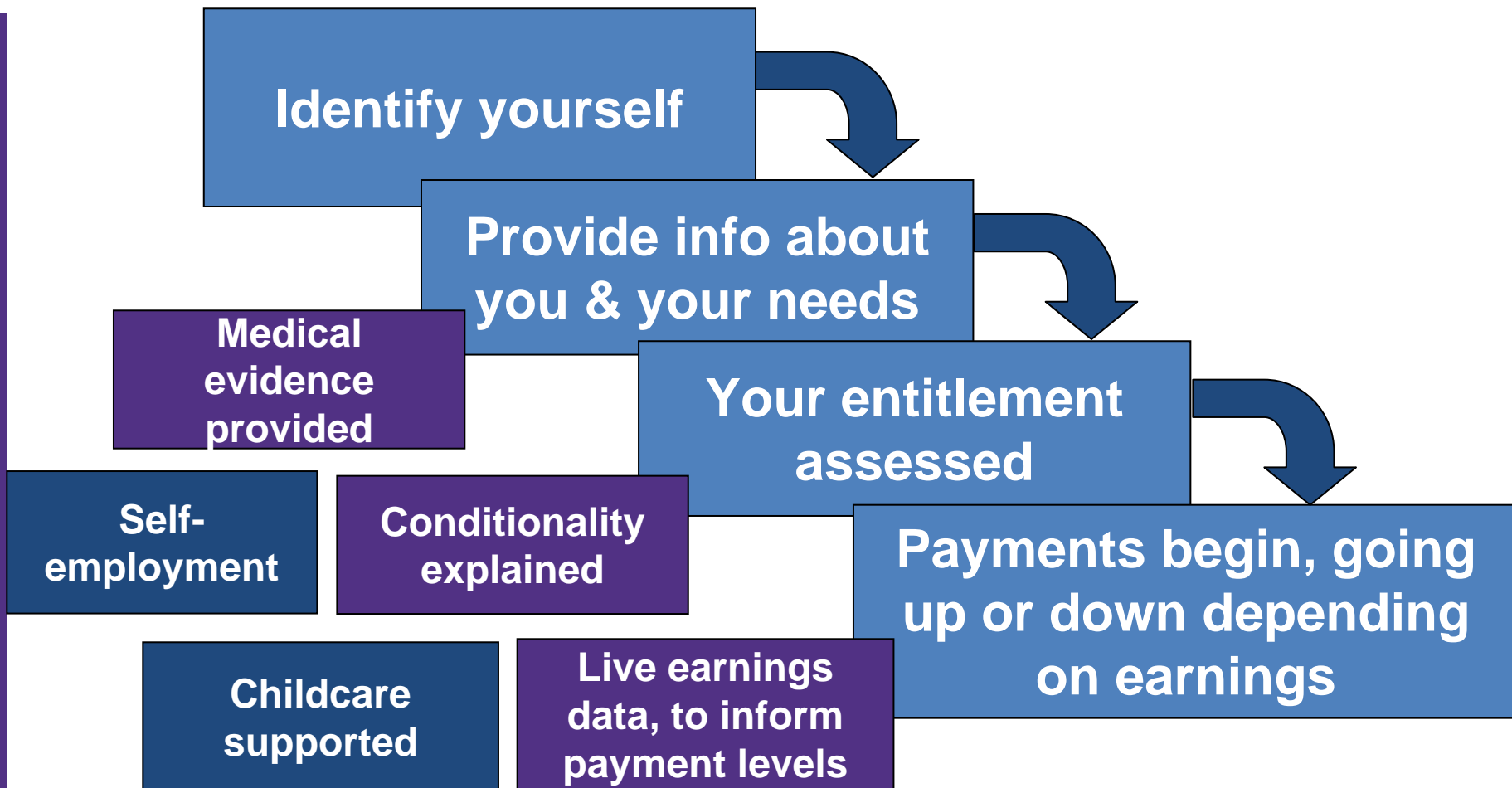


Cross government impacts

- Delivered by DWP & HMRC
- Local Authorities have a key role to play
- Engagement with key stakeholders is essential.

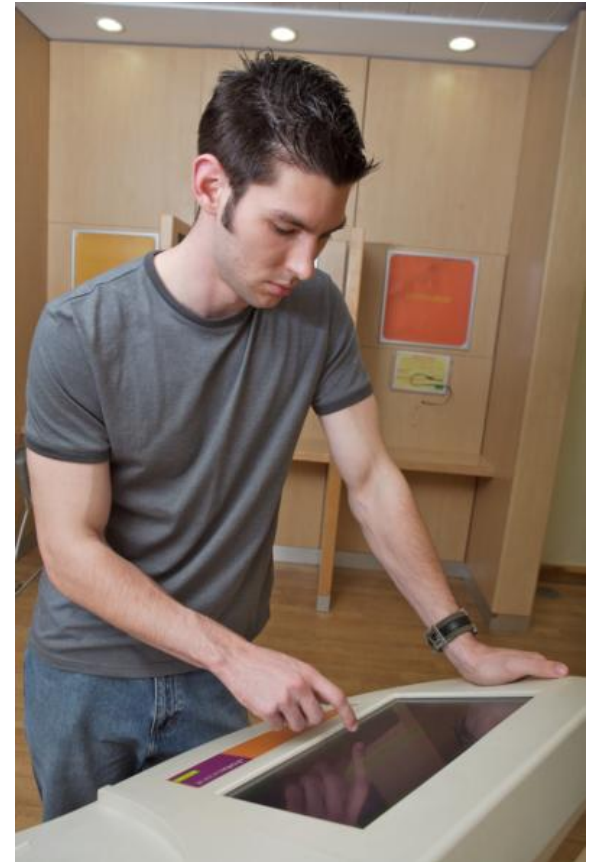


Claimant Journey



What it means for our claimants

- One delivery organisation
- On-line
- Household claims
- Monthly payment
- Personalised claimant commitment.



An update on progress

- The Welfare Reform bill is currently in the Lords
- Tom & Jack examples have been worked through
- We are consulting stakeholders on childcare proposals.

Basic conditions, entitlement & capital limits

- Universal Credit is an income-related benefit for single people and couples – couples will claim jointly
- No entitlement if capital of claimant or couple exceeds £16,000
- Award is maximum amount less deduction for income
- Earnings (net of tax and national insurance) will be deducted at 65% (taper rate). Couples, lone parents and disabled people will also benefit from earnings disregards
- Claimants (both members of couple) must satisfy basic conditions:
 - lower age limit 18 – but will be 16 for groups who claim at 16 now
 - upper age limit – so no overlap with pension credit
 - presence in Great Britain – entitled to be here and habitually resident
 - not in education – but exemptions for parents/ some others (as now)
 - accepted a claimant commitment

Elements of the Award

- **Maximum amount** consists of:
 - a standard allowance (separate rates singles and couples, lower rates for under 25s)
 - Amount for each dependent child with an additional amount for a disabled child on DLA (higher rate if entitled to highest rate of care component of DLA or severe visual impairment)
 - Housing costs element – rent, mortgage interest
 - Amounts for particular needs or circumstances - as set out in regulations
- Regulations on particular needs/circumstances will cover:
 - **Disability** – two rates for disabled people – based on work capability assessment, higher rate for support group
 - **Carer element** – similar to existing carer premium
 - **Childcare element**: a variable amount based on a percentage of actual costs paid by parents up to a specified maximum limit, with a higher maximum limit for families with 2 or more children

Policy update

Briefing Notes:

- As part of the stakeholder engagement approach, policy briefing notes have been published on aspects of Universal Credit policy where significant developments from the White Paper position have been made.
- Notes that have already been published include:
 - Capital
 - Contributory benefits
 - Additions for disability
 - Second Earners
 - Transitional Protection
 - The payment proposal

Policy update – outstanding decisions

- Conditionality threshold
- Detailed rules on self employed
- Child care
- Passported benefits
- Carers

Discussion

Your questions for us...