



**DWP** Department for  
Work and Pensions

# Consultation responses to 21st Century Welfare

Presented to Parliament by the Secretary of State  
for Work and Pensions by Command of Her Majesty  
November 2010

Cm 7971

£9.75



# Consultation responses to 21st Century Welfare

Presented to Parliament by the Secretary of State  
for Work and Pensions by Command of Her Majesty  
November 2010

© Crown Copyright 2010

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit [www.nationalarchives.gov.uk/doc/open-government-licence/](http://www.nationalarchives.gov.uk/doc/open-government-licence/) or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

This publication can be accessed online at:

**[www.dwp.gov.uk/consultations/2010/21st-century-welfare](http://www.dwp.gov.uk/consultations/2010/21st-century-welfare)**

For more information about this publication, contact:

**Benefit Reform Division  
Department for Work and Pensions  
1st Floor  
Caxton House  
Tothill Street  
London  
SW1H 9NA  
Tel: 020 7449 7688  
Email: [benefit.reform@dwp.gsi.gov.uk](mailto:benefit.reform@dwp.gsi.gov.uk)**

Copies of this publication can be made available in alternative formats if required.

This publication is also available on <http://www.official-documents.gov.uk/>

ISBN: 9780101797122

Printed in the UK by The Stationery Office Limited

on behalf of the Controller of Her Majesty's Stationery Office

ID P002399026      11/10

Printed on paper containing 75% recycled fibre content minimum.

## **Contents**

<b>Introduction</b>	1-2
<b>Responses to the consultation – leading themes</b>	3-5
<b>Summary of responses to consultation questions</b>	6-33
<b>List of organisations that responded</b>	34-39

# Introduction

The Coalition Government is determined to reform the benefits system to make it fairer, more affordable and better able to tackle poverty and reliance on welfare. We want to deliver real change to the benefits system by making it simpler and more efficient, with fewer benefits, fewer layers of bureaucracy and with financial support firmly focused on making work pay.

In July of this year the Department published *21st Century Welfare* (Cm 7913), a consultative paper that laid out the problems of poor work incentives and complexity in the benefits and Tax Credit systems, and set out the key principles for reform.

One of the main proposals in the paper was for a Universal Credit, which would incorporate out-of-work benefits, in-work support and appropriate amounts for housing, disability and families for people of working age. A Universal Credit system would aim to ensure that anyone on benefits who starts work will be better off than they would have been on benefits.

To allow as many people as possible to access information on our proposals, we produced the consultation publication in a wide range of formats. These included Large Print, Easy Read, Quick summary and Braille versions. An Easy Read summary was also produced. PDF versions of the main paper and Easy Read versions as well as a Welsh language version of the Quick summary were also available online at [www.dwp.gov.uk/consultations/2010/21st-century-welfare](http://www.dwp.gov.uk/consultations/2010/21st-century-welfare)

We asked people to send us their views on our proposals and give us their suggestions for reform. The consultation period ran from 30 July to 1 October and we received 1,668 responses.

## Breakdown of responses

Responses were received via telephone, post, email and through our online consultation site.

<b>Origin of response</b>	<b>Number of responses</b>
Members of the public	776
Department for Work and Pensions staff	567
External organisations	325
Total	1,668

We would like to thank everyone who took the time and trouble to send in a response.

A list of all the organisations that submitted responses is on pages 34-39.

This publication summarises the main points made by respondents and provides the Government's response to them. The White Paper, *Universal Credit: welfare that works* (Cm 7957, November 2010), sets out the Government's more detailed plans for taking forward its reforms of the benefits system following the consultation.

Both the original *21st Century Welfare* (Cm 7913) consultation publication and this report are available at

[www.dwp.gov.uk/consultations/2010/21st-century-welfare](http://www.dwp.gov.uk/consultations/2010/21st-century-welfare)

Paper copies of both publications can be obtained from:

**Department for Work and Pensions**  
**Benefit Reform Division**  
**1st Floor**  
**Caxton House**  
**Tothill Street**  
**London**  
**SW1H 9NA**

# Responses to the consultation – leading themes

The *21st Century Welfare* (Cm 7913) consultation publication included 12 questions which asked respondents for comments on specific parts of our proposals.

Pages 6-33 provide a summary of the views expressed. Not everybody responded to all the questions and many people preferred to provide us with views on the welfare system which went wider than the proposals set out in the consultation document. Comments that were submitted under different headings have been included under the question they best addressed. Responses that did not fall easily under the specific questions have been summarised under Question 12, “Is there anything else you would like to tell us?”

## Leading themes from the responses

1. Respondents agreed that fundamental reform of the benefits system is needed and they supported the basic tenets of our proposals.
2. Of the five options for reform suggested in *21st Century Welfare* (Cm 7913) there was widespread agreement with the principles underpinning the Universal Credit proposal.
3. There was overwhelming support for simplifying and streamlining both the benefit structure and the delivery process.
4. There was a strong belief that people should be clearly better off in work than on benefits.
5. Respondents wanted more details on our proposals before they could fully endorse them.

## 4 Responses to the consultation – leading themes

*“We welcome the Government’s ambition to ensure that all benefit claimants who move into jobs are better off financially.... We are also strongly in favour of benefit simplification and recognise that the complexity of the current benefits and Tax Credit systems can make it difficult for claimants to understand how their incomes will change as they move into work.” (Trade Union Council)*

*“We broadly welcome the direction of welfare reform proposed by the Coalition Government and we support the intention to make the benefit system simpler and clearer for claimants, and to make work pay.” (Citizens Advice)*

*“The current welfare system is letting down both claimants and employers, and the radical reform proposals set out in this report are very welcome. There is a wealth of potential in the UK’s population that is currently locked out of the labour market by inflexible Tax Credit rules, and penal marginal tax and benefit withdrawal rates.*

*Businesses would benefit greatly from being able to access a larger workforce that is no longer penalised for working less than 16 hours a week. The most effective way to help people out of poverty is to help them get back into work, and these proposals will make a real difference.” (Institute of Directors)*

*“...there are substantial advantages to having a more integrated benefits and Tax Credits system: it would reduce the Government’s administration costs and the amount of money lost to fraud and error, and be simpler for claimants to understand, which might in itself encourage some to enter work. We agree with this assessment, and consider there to be a strong case for integrating all benefits and Tax Credits into a single benefit.” (The Institute for Fiscal Studies)*

### Other leading themes to emerge

6. There were concerns about what the reforms might mean for vulnerable people and those unable to work. Many stressed the importance of putting appropriate safeguards in place for these people.
7. Most respondents agreed it was reasonable to apply conditions to the receipt of benefit. Some felt that, for those able to work, the existing requirements to be available for and actively seeking work could be extended to include working within the local community.
8. If conditionality is to be increased, protections must be put in place to ensure that vulnerable people are not penalised.

9. Concern whether there would be sufficient sustainable jobs available to support our reforms.
10. The complexity of the system is not the only problem preventing people looking for work, equally important are issues such as personal health, childcare, and skills shortages.
11. Work is not necessarily the most appropriate immediate option for everybody. For some, education, training or voluntary work might be a beneficial first step before starting work.
12. Concerns about the implications of housing costs being met from a single award. It was feared that paying the housing element directly to the Universal Credit recipient may have a negative impact on landlords' rent collection while causing individuals to fall into debt.
13. Local Authorities who responded were keen to remain involved in benefit administration to make use of existing infrastructure and trained staff with a knowledge of local issues.

# Summary of responses to consultation questions

## Question 1

**What steps should the Government consider to reduce the cost of the welfare system, and reduce welfare dependency and poverty?**

1. There were two underlying principles that ran through the responses on this issue:

a. Welfare costs should not be reduced by cutting support for vulnerable groups and those unable to work.

*“Whilst it is acknowledged that costs of the welfare system must be cut, this must not be at the expense of individuals or families where there is not the ability to participate in employment opportunities.” (Raise)*

b. Use of the term welfare dependency was unhelpful. It fails to recognise that some people will always have a legitimate dependence on state support and takes no account of the contribution made to society by parents, carers and volunteers.

*“Large numbers of claimants are on benefit due to full-time caring responsibilities, disability, chronic ill health, recent unemployment, age and a myriad of other circumstances. The use of terms such as welfare dependency fails to recognise the complexity of the needs and circumstances being met within the benefit system while negatively stereotyping claimants in a way which is unhelpful and unwarranted.” (Law Centre (NI))*

2. There was a prevailing view that the best way to reduce welfare costs would be to help people become increasingly self-supporting and to move off benefits into sustainable employment.

3. Many respondents stated that the most effective way to encourage people into work would be to ensure that people are significantly better off working than on benefits. There were a number of suggestions for how this might be achieved that included:

- allowing people to keep more benefit in work by increasing disregards and reducing tapers;
- increasing the National Minimum Wage; or
- establishing a benefit cap to restrict the amount people can receive whilst out of work.

*“There needs to be a much larger gap between benefit rates and the National Minimum Wage to emphasise the merits of working and to make it more financially attractive. The National Minimum Wage must rise at a higher percentage level than benefit rates. Consideration should be given to capping benefits and imposing timescales for the length of receipt.” (Burnley Borough Council and Burnley Action Partnership)*

4. However, increasing financial incentives was seen as only part of the solution. Other proposals included:

- a. The provision of good quality personalised support that is based on the individual’s often multiple and hidden needs.
- b. The development of effective welfare-to-work services that give people the skills and confidence to secure a job and sustain employment. This should be done by utilising the experience of private and voluntary organisations with a proven success record of supporting clients through the provision of skills-based training and work experience.

*“To be effective, welfare reform and the Work Programme must be developed in a mutually supportive way so that the right support is in place to address the range of barriers that people face along the pathway to employment.” (The Commission for the New Economy)*

- c. Ensuring that there is a ready supply of good quality, well paid, sustainable jobs available for people to move into and which provide opportunities to progress.

*“Poverty is not limited to those on out-of-work benefits. Greater levels of in-work poverty points to the need for action to tackle low pay, improve job quality and to foster progression for those in work.” (A4e)*

*“Any attempts to reduce welfare dependency would be fairly pointless if there is limited suitable employment available.” (London Borough of Camden Children, Schools and Families Welfare Rights Team)*

- d. Ensuring that people are able to afford housing in areas where employment is available.

## 8 Summary of responses to the consultation questions

5. Respondents suggested other ways that welfare costs could be reduced:
- a. There was widespread belief that the overly complicated benefit structure and the fractured nature of the delivery model significantly increases running costs. A simplified, streamlined system was essential to address this.  
*“Terrence Higgins Trust supports the view that significant savings could be made within the benefits system through increased efficiency and improved administration.” (Terrence Higgins Trust)*
  - b. A streamlined, simplified system that was easier to understand for staff and the public would make the possibility of errors less likely, so reducing costs.
  - c. Some respondents suggested we should review the rates or coverage of existing universal payments such as Child Benefit and Winter Fuel Payments, possibly by extending means-testing.  
*“Means-testing can unlock valuable funding to pay for welfare reforms.” (CBI)*

### Government response

6. We are reforming the benefits system so that it is simpler, fairer and more affordable. We will put employment at the centre of working-age support, helping people to move into and progress in work and we will support those in greatest need.
7. We have announced the introduction of a new Universal Credit that will:
- help more people into employment and make even small amounts of work pay;
  - smooth the transition into work by offering an integrated system;
  - offer a simpler support, with one system replacing multiple systems, therefore reducing administration costs and the propensity for error;
  - tackle poverty through increased take-up since the system will be simpler; and
  - ensure that the welfare system is affordable.
8. Details of Universal Credit, which we hope to introduce from 2013, are set out in the White Paper, *Universal Credit: welfare that works* (Cm 7957).
9. Our reform of the benefits system will be supported by our introduction of the new Work Programme. The Work Programme will be an integrated package of support providing personalised help for those who find themselves out of work. It will deliver support based on the needs of individuals and target the right support at the right time.

## Question 2

### Which aspects of the current benefits and Tax Credit system in particular lead to the widely held view that work does not pay for benefit recipients?

The main points raised were:

1. Financial incentives to work are simply too weak; disregards are set too low and tapers set too high.

*“Anyone on a means-tested out-of-work benefit contemplating work of a few hours a week (sometimes referred to as a ‘mini job’) faces very weak financial incentives to work, because of the pound-for-pound withdrawal (after a small disregard) of these benefits against earnings.” (Institute for Fiscal Studies)*

2. The current benefits system does not take enough account of the financial costs associated with work and in particular childcare and travel.

3. The organisations delivering benefits do not react or co-operate quickly enough to adjust payments when someone begins work, or to re-instate benefit when a period of work ends. This can result in people suffering hardship at a time when they would most need support.

*“We share the view that key contributors to the situation are the uneven transition between benefits, income and taxation; lack of visibility of entitlements both in and out of work; and difficulty in re-establishing benefit entitlements and payments following a period in work. All of these factors are exacerbated by lack of consistency of rules across benefit types, the complexity of many of the rules, and the need to involve multiple agencies in the computation of the total benefit picture.” (Hewlett Packard)*

4. Concerns that single, childless people over 25 have to work 30 rather than 16 hours to claim Tax Credits and there is a lack of entitlement to Tax Credits for people under 25 unless they have a disability or children.

5. Current benefit ‘run-ons’ for people starting work are not long enough.

6. The impact of non-dependent deduction rates. Some respondents said that they had come across incidences of parents actively discouraging children from working because of the impact it would have on the income levels of the family as a whole.

7. Concerns that only low paid jobs are likely to be available to unemployed people.

8. Concerns about the impact of losing ‘passporting’ benefits when someone starts work.

*“The Government should look at the auxiliary benefits that are available to customers who receive benefit such as reduced bus fares; reduced admission to sports centres and availability of certain Social Fund grants and loans which are benefit dependant. Often it is the loss of these auxiliary benefits that affects customers’ decisions to remove themselves completely from the benefit they receive.” (Jobcentre Plus member of staff)*

## 10 Summary of responses to the consultation questions

9. The belief that there was too much complexity in the system creating an ‘uncertainty factor’ for people attempting to move from benefits to work.

*“In our experience, one of the chief barriers to work for people on benefit is fear. This could be the fear that you will be worse off if you take a job. Or the fear of what will happen if you take a job and then lose it. Or the fear of how you will manage to cope in the period between being signed off from benefit and receiving your first pay cheque.” (Church Action on Poverty)*

10. People are not aware of the in-work benefits that are available, in particular they are unaware that they can still claim housing-related benefits after entering employment.

*“The current system has rapid withdrawal rates and does not work effectively. Also, there is often too little incentive for people to do small amounts of additional hours. We welcome the proposal to allow people to retain benefit and taper reductions in benefits, especially in the early months of entering employment.” (Pennine Lancashire Employment and Skills Board)*

### Government response

11. We believe not only that work should always pay but also that it should clearly be seen to pay. Universal Credit will simplify the benefits system by moving from the current multitude of means-tested benefits and Tax Credits to one streamlined payment. Universal Credit will be a single income-related payment that can be paid to people whether they are in or out of work.
12. Under the new system, people will have their benefits withdrawn at one unified rate, making it easy for them to see that it’s always worth going to work, and exactly how much of their income they will keep. We expect the amount of Universal Credit will be withdrawn at a constant rate of around 65p in the pound as net earnings rise.

## Question 3

**To what extent is the complexity of the system deterring some people from moving into work?**

1. It was widely accepted that complexity in the benefits system is a major deterrent to people starting work and that it can cause stress and uncertainty. The main points given in support of this were:

- a. Complexity makes it hard for people to understand how much better off they might be in work.
- b. People find it hard to find information on their potential financial position if they move from unemployment into low-paid work.

*“It is important for people receiving benefits to be able to accurately predict their income and be able to move in and out of work easily.”* **(Church of Scotland)**

- c. Benefits are paid by a number of agencies which means that people are not always clear who they have to inform when they start work. This makes individuals wary of starting work for fear of overpayments arising.

*“There is a large range of different in-work financial support available for certain groups of benefit recipients to make work pay. This complexity makes it difficult to communicate a clear message to benefit recipients and means that some are not aware of the in-work financial support they are entitled to.”* **(Joseph Rowntree Foundation)**

- d. People are put off by the bureaucracy of claiming and reclaiming, and have concerns about delays in benefits being re-instated when a job ends.

*“I am a single parent to a lovely six-year-old boy. I work part-time as a university administrator. Moving into work was frightening and felt ‘risky’. Keeping so many different agencies up-to-date of changes in circumstances was stressful. I agree that the system is too complicated.”* **(Response posted on our online consultation site)**

*“The availability of benefits for agency, sub-contract and temporary contract workers must be simplified. People are deterred from taking such employment because of the complex reclaim systems which lead to gaps in income. People who receive low wages cannot afford to wait weeks for benefit payments, they land themselves in debt and would rather remain on a lower benefit income which is consistent and where they can manage their finances.”* **(Jobcentre Plus member of staff)**

## 12 Summary of responses to the consultation questions

2. However, not all respondents thought that complexity was the major deterrent to people starting work. Other problems cited included:
  - a. Tapers that result in working people needing to earn substantial salaries before being significantly better off.
  - b. A lack of confidence to take up a new job especially among those who have been out of work the longest. Many people do not see themselves as ready to move into work because of low self-confidence.
  - c. The perception that benefits, in particular Housing Benefit, stop as soon as work starts, which means that people worry they will not be able to pay their rent or other bills until they receive their first salary.
  - d. A shortage of skills, training or education.
  - e. Salary levels; with concerns that only low-paid jobs might be available to those who have been on benefit for a considerable length of time.
  - f. A lack of flexibility within the workplace which fails to accommodate specific requirements, such as parents' need to base working patterns around their children, and the requirements of people with health problems and disabilities.
  - g. Lack of affordable, readily available childcare.
  - h. Debt and financial problems.

*“However, we would argue that it is not only the complexity and inflexibility of the benefits system that prevents people from working but also illness, disability, availability of work, age, caring responsibilities and discrimination. There is strong evidence which demonstrates links between low skills, poor education, unemployment and poverty.” (Falkirk Council)*

*“The overall impact of the reforms will be greater if there is more integration between welfare reform and the Work Programme to deliver sustainable employment that lifts families out of poverty.” (Gingerbread)*

### Government response

3. The introduction of Universal Credit will significantly simplify the benefits system. There will no longer be a need for people to leave out-of-work benefits to apply for in-work support and the complicated interaction between the different benefits will be removed, improving incentives to work.
4. We propose to deliver Universal Credit through a new system involving real-time collection of Pay As You Earn data, which will make it easier to calculate what people are entitled to, and vastly reduce the cost of fraud and error.
5. As well as simplifying the benefits system, we will be providing people with more support to facilitate the move into work. The Work Programme will be an integrated package of support, providing personalised help to a wide range of people. Enhanced support will be available for those facing the greatest barriers to employment.

## Question 4

**To what extent is structural reform needed to deliver customer service improvements, drive down administration costs and cut the levels of error, overpayments and fraud?**

1. There was a strong view that fundamental structural reform was needed to take forward improvements in all the areas that the question identified.
2. There was a clear consensus for widespread reform to the benefit structure, the IT platform on which it is delivered, the organisations that administer it and, importantly, the interactions between those organisations.
3. The most prevalent suggestions for reform were:
  - a. The need for the delivery agencies to share information to avoid people having to notify each body separately.
  - b. Many people felt that the solution should be one benefit, delivered by one organisation and accessed by one application form. A secondary option if this was not possible would be for all benefits to be accessed through just one form.

*“A single point of contact is needed to reduce complexity, duplication and delays.”*  
**(Welfare Rights Unit Middlesborough)**

*“In particular, people need to be able to report changes in circumstances to one place. We are pleased that 21st Century Welfare proposes a system whereby claimants only have to make one application for all of their benefits. Similarly, we are pleased about proposals for one access point for changes to be reported to, and agree that this could help to reduce error, overpayments and fraud.”* **(Family Action)**

*“It is vital that the benefits system is responsive enough to take into account changes of income. If more than one benefit is payable then communication between organisations and departments is essential. We welcome information exchange between tax collection and benefit services but also recognise different approaches may be needed for those clients not on Pay As You Earn, including the self-employed and those earning below National Insurance thresholds.”*  
**(York Carers Centre)**

4. Other issues that were commonly raised were:
  - a. Improved customer service should be at the heart of any structural reforms.
  - b. Concerns that staff reductions will compromise the ability to successfully deliver any reformed system.
  - c. Structural reform should aim to make things more difficult for fraudsters.
  - d. The need to develop new IT systems.
  - e. Support for the proposal to use real-time wage information.
  - f. A clear and straightforward system would increase transparency and reduce fraud and administrative costs.

## 14 Summary of responses to the consultation questions

- g. Telephone helplines need significant improvement and we should be wary of an over reliance on telephony as far as claim taking is concerned.
- h. Concerns about an over reliance on an automated system that some people will not be able to access and may make it easier for others to commit fraud.

*“Structural reform is clearly needed to improve take up of entitlement opportunities; improve efficiency and simplify an overly complicated and bureaucratic system. We would welcome a system that removed the error margin caused by the need to multiply report change of circumstances.”*

**(Scottish Homelessness and Employability Network)**

### Government response

- 5. The administration of Universal Credit will be the responsibility of a single department, the Department for Work and Pensions, rather than the various organisations currently involved. People will only have to contact one organisation rather than having to repeat information to three separate bodies as now.
- 6. Because Universal Credit will be automated, most people will claim online. They will not need to tell us about every change in the hours they work or the pay they receive.

## Question 5

### Has the Government identified the right set of principles to use to guide reform?

1. There was widespread support for the main thrust of our principles but many respondents said they could ultimately only be judged on the manner of their implementation.
 

*“The Government has in general identified the right principles, in particular, that support should be better targeted and is fair to those on low pay, and that support for people in the most vulnerable circumstances will not be reduced.”*

**(The National Council of Women of Great Britain)**
2. However many felt that the principles we had set out did not go far enough and suggested ways they could be enhanced. For example to:
  - ensure that people see the rewards of taking all types of work but also look to create more attractive jobs;
  - improve the rewards for working but also provide specific financial support at the point of transition to work;
  - increase fairness between benefit recipients and taxpayers but remember that many benefit recipients are also taxpayers, or have made significant contributions to the tax system;
  - continue to support those most in need and complement this with a positive public awareness campaign to combat the perceived stigma attached to those unable to work;
  - promote responsibility and positive behaviour but recognise that for some people the opportunities for self reliance are limited;
  - automate processes but ensure provision is available for those not capable of using this route; and
  - ensure that the system is affordable but not at the expense of the most vulnerable members of society.
3. Respondents also believed that there were additional principles that should be used to guide reforms. The most prevalent themes were to:
  - alleviate poverty;
  - achieve full take up, or as high a rate of take up as possible, with specific targets underpinning this principle;
  - ensure that benefit rates are adequate to meet individual need and that the social security system protects people from poverty;
  - ensure clarity of communication with the public. The benefits system needs to be easy for recipients and advisers to navigate and understand;
  - incentivise learning and volunteering as worthwhile activities in themselves;
  - acknowledge the contribution made by those with parenting and caring responsibilities; and

## 16 Summary of responses to the consultation questions

- ensure that any support provided for housing retains a link to local housing costs.

*“Apart from a passing reference to continuing ‘to support those most in need’, there is no principle concerning the adequacy of benefits to meet needs nor one that addresses the effectiveness of the social security system in providing security.”*

**(Response from a member of the public)**

*“As a means of ensuring that the welfare state does not systematically impoverish people, RNID would like to see mention of benefit maximization so that everyone entitled to claim benefits is encouraged to do so and given an accurate indication of their entitlement, something that should be easier in the envisaged integrated new system.” (RNID)*

### Government response

4. We are pleased that most respondents support the principles in the consultation paper. We believe the Universal Credit is in line with those principles. We expect Universal Credit to improve take up considerably and to reduce the numbers of people facing poverty. The Department will publish an Equality Impact Assessment that will assess the impact of our proposals for a Universal Credit.

## Question 6

**Would an approach along the lines of the models set out in Chapter 3 improve work incentives and hence help the Government to reduce costs and tackle welfare dependency and poverty? Which elements would be most successful? What other approaches should the Government consider?**

1. The majority of respondents who provided a preference on these options expressed support for our proposals for a Universal Credit.
2. People saw the following advantages to the Universal Credit:
  - a. It would greatly simplify the benefits system by replacing existing working-age benefits and Tax Credits with a single payment.
 

*“The Universal Credit massively simplifies the benefit system by replacing all existing working-age benefits and Tax Credits with a single benefit that is withdrawn at a single, constant rate.” (Adam Smith Institute)*
  - b. It would significantly ease the transition to work.
 

*“A universal credit seems a simple way to combine all benefits and includes a rate of withdrawal when employment is found – building a valuable bridge from unemployment to employment.” (Midland Heart Limited)*
  - c. It would reduce to one the number of applications required to receive benefits and will lead to a more transparent system which should increase take-up rates.
 

*“The Panel considers that the Universal Credit holds out the greatest prospect for simplifying the benefits system, reducing welfare dependency and making work pay, in the medium to long term, subject to very careful planning and the availability of a suitable IT system, which can effectively support a new, joined-up delivery system.” (West Midlands Economic Inclusion Panel)*
  - d. It would reduce over- and underpayments.
  - e. It would remove the existing 16 and 30 hours rules which create arbitrary thresholds for working hours.
3. However, respondents did raise concerns or felt greater clarification was needed on the following:
  - what the level of the disregard, tapers and benefit rates would be;
  - whether it could be counter-productive to allow people to stay on benefits for longer, as this may actually increase welfare dependency;
  - how Universal Credit would make provision for housing costs. In particular, if housing costs are not paid to the landlord or mortgage lender people may fall into arrears;
  - whether the IT platforms would support the new system; and
  - whether there would be enough jobs available in the economy for people to move into.

## 18 Summary of responses to the consultation questions

4. Other connected points made included the following:
  - a. Concerns over who within a couple would receive the payment if it did not go to the 'caring parent' as currently happens with Child Tax Credit, creating a feeling that we would make an unwelcome return to a male breadwinner stereotype.
  - b. Concerns were raised that those in vulnerable circumstances and unable to work should continue to receive appropriate support.
5. Aside from the backing for the Universal Credit model, there was a small degree of support for:
  - the Single Universal Taper model because it retained individual benefits that could better serve personal and family requirements;
  - a Single Working Age Benefit because it seemed to offer the strongest incentive for people to work whilst retaining the best of the balance within the current system; and
  - the Mirrlees model because it makes efficient use of the currently available Pay As You Earn system.
6. Other approaches put forward by our respondents aside from those in Chapter 3 have included:
  - a. A Citizens Income paid irrespective of status including to those in full time employment (Citizen's Income Trust).
  - b. A fully integrated tax and benefits system (Church Action on Poverty).
  - c. Introduce pre-qualification conditions for the receipt of Housing Benefit and Council Tax Benefit that links to other primary benefits and tax credits (Darlington Borough Council).
  - d. The establishment of a Community Allowance which would build on the proposed new earnings disregard to create new part-time and flexible 'stepping stone' jobs that directly benefit local communities (Create Consortium).
  - e. Individual benefits that are limited and withdrawn through the tax system at a rate that harmonises with basic rate tax and National Insurance. This model could also include Housing Benefit (David Dugdale, Professor Emeritus of Management Accounting, University of Bristol and Richard Collett, Barrister at Law – Non Practising).

### Government response

7. We note that there has been wholesale agreement on the need for reform, with overwhelming support for our objectives to streamline the system and make work pay.
8. There was widespread recognition of the attractions of moving towards a single benefits system and of improving the incentives to work. The introduction of the Universal Credit will deliver both of these objectives.

## Question 7

**Do you think we should increase the obligations on benefit claimants who can work to take the steps necessary to seek and enter work?**

1. Four main themes emerged from the responses to this question:
  - it was entirely reasonable to increase the current conditions for the receipt of benefit in respect of those who can work;
  - no conditionality should be attached to those who cannot reasonably be expected to seek work;
  - the current regime of obligations was already too onerous; and
  - the current conditionality regime was ineffective and needed looking at again.
  - a. Almost without exception, respondents agreed that it was right to impose conditions for the receipt of benefit on those who are able to work. Indeed, many felt that for these people the requirement to do some form of voluntary or community work should be a key feature of any revision of the conditions for receipt of working-age benefits.
 

*“Consider voluntary work as part of this – feeding into Big Society agenda.”*  
**(Financial Inclusion Derbyshire)**

*“Conditionality is right in principle as long as conditions are reasonable and possible.”* **(City of York Council)**

*“The concept of conditionality, which is stepped until a claimant is no longer dependent on benefits is sound in principle.”* **(North Hertfordshire District Council)**
  - b. However, it was widely believed that even among those able to work, conditionality should not be imposed in a ‘one size fits all’ manner but should be tailored to individual circumstances.
 

*“The fundamental principle of these proposals should be loud and clear – it will reward and incentivise positive work-related behaviour. However, there needs to be the correct balance between the required level of support and conditionality.”*  
**(Merseyside Policy Unit)**
  - c. Respondents felt that as conditionality is based on the specific benefit an individual is receiving, it can sometimes be applied inconsistently and unfairly. A more unified benefits system would rectify these problems.

## 20 Summary of responses to the consultation questions

2. The following themes also emerged from this part of the consultation:
- a. A standard approach to sanctions may not be the best way of working with young people who are not in education, employment or training (NEETs).
  - b. People may have concerns about taking on the role of a carer if that then entails claiming a benefit that has obligations attached.
  - c. When increasing conditionality and imposing additional sanctions we must be careful that there is no consequent adverse impact on vulnerable family members in the household.
  - d. The success of any conditionality regime will depend on the effectiveness of the employment support available. Some respondents felt that the previous New Deal programmes had not provided sufficient help to those facing multiple barriers to work.
  - e. Concerns about increasing conditionality at a time when there may be insufficient jobs available for people to move into.
  - f. Concerns about the availability of suitable childcare.

3. A range of views were expressed on the issue of sanctions for people who do not comply with the conditions for receipt of benefit. These included:
- conditions for receiving benefit will be ineffective without some form of sanction to ensure compliance;
  - if the sanction involves the reduction or removal of benefit it will be important to assess the individual and social consequences that might result;
  - the system should be weighted in favour of incentives rather than punishments; and
  - a view that sanctions were largely ineffective in getting people to leave benefit.

*“Claimants who are not making efforts to find work should lose part of their benefit income. It is important that the system contains sticks as well as carrots.”*

**(The TaxPayers’ Alliance)**

*“Refusal of job offers should lead to cancellation of cash benefits.”* **(CIVITAS)**

*“Conditionality places a disproportionate focus on the responsibilities of claimants to seek work, without placing sufficient policy focus on the ability of the labour market to generate flexible, well remunerated jobs.”* **(Child Poverty Action Group)**

*“There are already substantial obligations on benefit recipients under the current system and, despite assertions in the document, little evidence that sanctions are effective in increasing the numbers leaving benefit.”* **(Social Security Advisory Committee)**

*“We would also be concerned about the increased use of sanctions and possible permanent withdrawal of benefits for non-compliance. This is likely to push people further away from both the benefits system and the labour market. Sometimes a perceived need to ‘punish’ people for non-compliant behaviour can take prevalence over what is actually best in terms of both that claimant, wider social issues and costs to the taxpayer.” (London Borough of Camden)*

## Government response

4. We believe that, as a condition for receiving benefit, people should do everything that can reasonably be expected of them to find work or prepare for work in the future. In line with this, we will raise the current level of conditionality applied to some recipients. We will also introduce a ‘claimant commitment’ to ensure that everybody is completely clear as to the responsibilities they must meet in return for benefit payments.
5. Where people do not meet their responsibilities without good reason, their benefits should be reduced or stopped altogether. We will also enable advisers to require benefit recipients to undertake mandatory work where they think this is necessary to instil the habits and disciplines of regular employment.
6. In conjunction with increasing responsibilities, we will be providing additional help through the new Work Programme to all those looking for work. The Work Programme will provide more personalised back-to-work support including to long-term unemployed people and to those with more significant barriers to employment.
7. The labour market is highly dynamic. Jobs are being created all the time. There are currently over 450,000 vacancies available at any one time, and Jobcentre Plus alone takes over 300,000 new vacancies every month.

## Question 8

**Do you think that we should have a system of conditionality which aims to maximise the amount of work a person does, consistent with their personal circumstances?**

1. There was a general consensus that we should have a benefits system that actually encourages people, where capable and appropriate, to increase the hours that they work. People should have sufficient incentive to increase their earnings through more work.
2. However, it was equally widely held that people should only have to work the number of hours consistent with their personal situation and therefore any conditionality needs to be tailored in line with individual circumstances.
3. Respondents gave several categories of people they felt would not benefit from a generalised approach to conditionality or indeed any move towards longer hours of work. These included:
  - those with caring responsibilities;
  - lone parents with younger children;
  - those with severe mental or physical disabilities; and
  - those with drug and alcohol dependencies.
4. Other issues that arose on this topic included:
  - a. The need to strike the right balance between expecting people to do certain things as a condition of receipt of their benefit and at the same time giving them all the necessary support to do that.
  - b. There will be occasions where the best approach is to support individuals to continue working at their current hours rather than push people to increase them, for example, people with fluctuating health conditions.

*“Evidence is mixed as to the effectiveness of conditionality in helping people achieve rewarding sustainable work. Entering work is only the beginning of the journey to sustained employment, and increasing work hours will be a very personal journey for each individual.” (Citizens Advice Bureau)*

- c. People who are re-entering work after a time away can often struggle to begin with and more efforts should be made to support them to remain in work. Additional conditionality may not always be helpful in this context.

*“For people with severe or enduring mental health problems, paid work after a long period of worklessness may initially be for just a few hours a week and not lead to exit from benefits. It is vital that the system encourages progress and does not penalise people who take up small amounts of work and wish to increase their hours gradually, while still receiving benefits.” (Centre for Mental Health)*

*“The Commission is keen to see more of a focus on the support that people receive to enable them to enter employment, rather than on sanctions when they do not.” (Equality and Human Rights Commission)*

- d. Any system that encompasses increased conditionality or an expectation that people should work longer hours would have to be fair, easy to understand and be supported by a proper appeals system.
- e. Conditionality that pushes people into taking up part-time work, particularly as a replacement for training, study, or work experience, could distract individuals from preparing themselves for work.
- f. Implementing conditionality based on individual circumstances ran the risk of introducing more complexity into the system along with the increased administrative costs that a more tailored approach would entail.

*“The National Federation of ALMOs believes that the welfare system needs to have built into it the necessary level of appropriate support for all claimants. Conditionality should therefore be dependent on the individual’s circumstances and be sensitive to their needs. However, making conditionality dependent on the individual is challenging to apply within a national system and a great deal of care would need to be taken that this is delivered in a fair but firm way and in a sensitive manner.”*

**(National Federation of ALMOs)**

## Government response

- 5. Under Universal Credit we will adopt a new approach to conditionality that will look not only to move people into work but also encourage them, where appropriate, to increase their earnings and hours until they move off benefit altogether.
- 6. For people in receipt of the new Universal Credit there will be four different conditionality groups:
  - full conditionality: jobseekers;
  - work preparation: people with disability or those with a health condition which means they have limited capability for work at the current time;
  - keeping in touch with the labour market: lone parent or lead carer in a couple with a child over age one but below five; and
  - no conditionality: people with a disability or health condition which prevents them from working, carers, lone parent or lead carer with a child under the age of one.
- 7. Conditionality under Universal Credit will apply a ‘conditionality threshold’. People working above the threshold will be placed in the no-conditionality group. Initially, we expect the threshold to be set at broadly the same point at which people leave the existing out-of-work benefits (i.e. when an individual’s earnings or level of work exceed a certain level). However, once Universal Credit is established we will be able to raise the threshold and apply conditionality to a greater number of people.

## Question 9

### **If you agree that there should be greater localism what local flexibility would be required to deliver this?**

1. It was apparent that the understanding of what was meant by localism varied between respondents.
2. For some it meant having localised rates of benefit, for others it meant being able to adapt benefit rules to meet local circumstances, while to another group it meant having all services delivered locally.
3. For those respondents who felt there should be greater localism:
  - a. In general terms, people believed that greater localism could lead to more flexibility and allow increased innovation.
  - b. The majority of respondents believed that services should be delivered and advice be available on a local level through an integrated single gateway, as this would allow tailored services to be provided to local communities using local knowledge.
  - c. Respondents representing Local Authorities argued that their organisations were best placed to deliver services as they already have localised delivery outlets and established working networks with private and public sector partners within the communities.
  - d. When raising the possibility of localised rates of benefit, respondents pointed to the advantages of rates being set that took into account the local costs of living.

*“By locally administering the system local issues can be responded to, such as loss of industries or relocation of incoming industries which can be aligned to training/retraining and the employer themselves can have a more active role.”*  
**(Wakefield and District Housing)**

*“We support the idea that local agencies should be able to respond to local needs and labour markets. Employment services need the freedom to form close and effective partnerships with a range of other services, including health, social care, housing, drug and alcohol services.”* **(Centre for Mental Health)**

*“There should be localism, each local area will be aware of the job situation and employment possibilities, and this should be used when looking at conditionality.”*  
**(Axiom Housing Association)**
4. However, many respondents opposed the idea of increasing localism. Concerns raised included:
  - a. It would complicate the system and increase bureaucracy.
  - b. It would jeopardise the economies of scale that a centralised system can provide.
  - c. Other than for Council Tax Benefit and Housing Benefit most people strongly opposed the option of having localised rather than national benefit rates, fearing it could lead to a ‘postcode’ lottery with people moving where benefit rates were higher.

- d. Handing control of welfare benefit levels and eligibility criteria to local government would remove the idea of a national safety net.

*“We support the principle of keeping it simple and believe a single system is the best way to achieve this. Any decentralisation would need to be carefully considered to ensure the potential economies of scale are not lost, or that doing so will not re-complicate the model. We believe the best solution is not a localised service, but a personalised service.” (Tomorrow’s People)*

*“We would have concerns about moving to a less centralised system with greater local flexibility if this opened the door to differing levels of support for people according to where they live (postcode lottery).” (Crohn’s and Colitis UK)*

*“Whilst more local flexibility and autonomy could have benefits, it could also have major problems if badly designed and implemented. In particular, there is a need to ensure that there are robust safeguards in place to maintain an equality of access and entitlement for individuals across regions.” (Poverty Alliance)*

## Government response

5. As part of wider welfare reform plans we are looking at options for passing responsibility for certain elements of the Social Fund to Local Authorities in England and the devolved administrations in Scotland and Wales. As outlined in the White paper *Universal Credit: welfare that works* (Cm 5957), we intend to reform the current system of Community Care Grants and Crisis Loans and enable Local Authorities and the devolved administrations to deliver a grant facility locally.
6. We believe that localising these discretionary elements of the scheme, which are most viable for local delivery, would make them better tailored to local circumstances and more effectively targeted at genuine need.
7. We have also announced that Local Authorities will be given a greater say in decisions on helping people on low incomes pay their Council Tax, which will provide Local Authorities with greater flexibility to manage pressures on the benefit.
8. We will give Jobcentre Plus the freedom and flexibility to work in partnership at the local level and to respond to local needs, to secure improvement to our employment services and achieve the necessary employment outcomes. This will include looking at the scope for closer working with partners in the co-ordination, co-location and co-design of services.
9. The Work Programme is inherently local in its approach: it will provide strong incentives for providers to deliver better results and determine the most appropriate way to deliver them. We expect that providers will work with local, voluntary and community sector organisations to understand and meet the needs of individuals and communities.

## Question 10

**The Government is committed to delivering more affordable homes. How could reform best be implemented to ensure providers can continue to deliver the new homes we need and maintain the existing affordable homes?**

1. Respondents answered this question both from a benefits system and a housing perspective. Responses relating to the benefits system included:

- a. Income from Housing Benefit is effectively used to fund both social and private landlords to purchase or build new properties. There was a widespread concern that any limiting or capping of Housing Benefit will have a negative effect on housing providers being able to continue to provide affordable housing.
- b. Therefore, any reduction of Housing Benefit expenditure in the longer term would necessitate greater resources being made available from elsewhere in order to provide the capital for new social housing.

*“It is also vital to recognise the importance of Housing Benefit to the finances of housing associations. The predictability of Housing Benefit revenues provides a strong base for their finances, allowing them to lever in private funding for new affordable homes and secure low lending rates.” (Building and Social Housing Foundation)*

*“If Housing Benefit is significantly reduced, or even if this is the perception of lenders and investors, then the credit of the sector will be significantly impaired. This could lead to higher pricing being applied and the prospect of delivering new supply of affordable housing severely restricted.” (Council of Mortgage Lenders)*

*“In our view these proposals will not achieve this objective unless the Government accepts that the housing support element of any new scheme has to be set at a level which reflects market rent levels for appropriate accommodation for benefit customers.” (Residential Landlords Association)*

- c. There was also the view that previous governments had never properly addressed the tension between housing and benefit policy. Over the years Housing Benefit expenditure has been driven by rent levels, which tend to rise in line with earnings rather than prices. This has meant that expenditure in this area will tend to outstrip inflation.

*“The alternative is to re-structure Housing Benefit so that it is based on a proportion of, rather than the full rent. However, for this to be acceptable there would need to be a considerable uplift in basic benefit levels so that the customer could afford the difference.” (Chartered Institute of Housing)*

- d. Many Local Authorities, Housing Associations and mortgage providers expressed concerns over a reformed system only, or primarily, paying housing costs to the Universal Credit recipient rather than the landlord or mortgage provider. The worry being that if rents or mortgages are not passed on to the landlord or mortgage provider, it will have an effect on the supply side confidence of the housing market along with the inevitable effect that it will have on the availability of affordable housing.

2. Respondents also told us:
  - a. Capping or a reduction of Housing Benefit levels could result in people having to move to areas where cheaper rents prevailed further increasing the demand on the available stock of such accommodation in those localities.
  - b. Many claims to benefit are relatively short term and a key part of a quick return to work will be stability as far as an individual's housing is concerned.
  - c. There were concerns about linking the rate of housing support to the Consumer Price Index.
  
3. On issues more specific to housing policy, people said that:
  - a. There was a need to build cheaper single person homes.
  - b. The favourable taxation treatment of owner occupation should be reviewed as it is very expensive and is not targeted at those in greatest need.
  - c. The mortgage market needs regulation to control house price inflation, promote affordable lending and to discourage wealthier people using residential property as speculative investments.
  - d. Funding should be made available for self-build schemes where low income groups can lease council land to build.
  - e. There should be a 'managed market' including rent controls.
  - f. It should be made easier for low-income families to buy or part buy social housing by extending 'joint venture' and 'part-owned' schemes.
  - g. Derelict buildings and brown belt land should be reclaimed for housing. This could be achieved through compulsory purchase or by levying an additional community charge for empty properties to encourage their use.
  - h. The Local Authority's 'right to buy' schemes should be revoked.

*"Increased housing supply is the main long term solution to cutting housing benefits. The recent rises in Housing Benefit are in significant part due to the reduced availability of social housing and increased use of, and rents in, the private sector."* **(Shelter)**

*"Allow councils to build more new homes. Link the rent setting to recouping the capital costs over a specified long-term period."* **(Institute of Revenues, Rating and Valuation)**

## Government response

4. Within the Spending Review the Department for Communities and Local Government announced investment of over £6.5 billion of taxpayer's money in housing, including over £2 billion to improve existing social homes and £4.5 billion to fund new affordable homes in England. This includes the introduction of a new tenure, Affordable Rent, which gives households looking for support another option. This new tenure will allow greater flexibility, focus state support on people who need help for as long as they need it, and it will secure greater value for taxpayers.
5. Together with existing contractual commitments the Government expects to deliver up to 150,000 new affordable homes over the Spending Review period.
6. The Government recognises the importance of private investment in affordable housing and does not wish to undermine the confidence of the lenders in the housing association sector. We also recognise the importance of stable rental income for social landlords to support the delivery of new homes and will develop Universal Credit in a way that protects their financial position. For social-rented sector tenants (including those who rent properties with the new shorter tenures and affordable rents) the housing component will build on the support currently provided by the current Housing Benefit system, based on actual rents in both housing association and Local Authority properties, including in the new 'affordable rent.'
7. We will also work with Local Authorities to ensure that the housing stock is more sensibly utilised and that entitlement to social housing reflects family size. From April 2013, Housing Benefit for the working-age social-rented sector will be restricted for those who are occupying a larger property than their household size and structure would warrant. We will consult on the detailed design of this policy.
8. To help the most vulnerable people who could be affected by these changes, the Discretionary Housing Payments budget will be increased by an additional £10 million in 2011/12 and then £40 million per year from 2012/13.

## Question 11

### What would be the best way to organise delivery of a reformed system to achieve improvements in outcomes, customer service and efficiency?

1. Respondents recognised the need to reform the way we deliver benefits but expressed a number of concerns about how we might proceed. These:
  - stressed the importance of not underestimating the scale of change, particularly to IT systems, required to deliver a streamlined system;
  - emphasised the need for new IT systems to be thoroughly tested and assured as fit for purpose;
  - warned that the administrative upheaval necessary to successfully achieve integration of the benefits and Pay As You Earn systems would be considerable, and that this could carry significant costs; and
  - questioned whether better administration and delivery can be achieved if there are to be substantial cuts to staffing resources.

*“I believe that the paper seriously underestimates the task of unifying benefits. Merging of the different schemes into one benefit/credit will be a very complex, costly and high-risk undertaking.” (Deputy Leader’s Office, Cardiff Council)*

*“The new IT system will be the key; this needs to be robust enough to correctly and quickly assess entitlement to the Universal Credit, supported by effective training for all advising staff and education for customers on their rights and responsibilities.” (Crisis)*

2. However, we received a wide range of suggestions for how delivery might be improved. These included:
  - benefits being delivered by a single department;
  - the introduction of a single application form on which individuals can enter all their relevant details to allow total benefit entitlement to be assessed;
  - if neither of the above is possible, the introduction of a single information point where people can provide information for all agencies with a single application form;
  - the need for increased and improved data sharing including, where possible, shared systems between delivery agencies;
  - the further development of an online benefits service;
  - people having the option to submit claims through a variety of channels, for example, paper, telephone and internet, so offering a more flexible service;
  - enhanced training for staff so that they can apply the benefit rules correctly, assess individual needs effectively and provide advice accordingly; and

## 30 Summary of responses to the consultation questions

- the need for a strong partnership approach between public, private and voluntary sectors.

*“There are undoubted efficiencies to be gained by moving to one application process, one administrative agency and one unified payment.” (Refugee Action)*

*“The Department for Work and Pensions should handle all benefits in one place so that clients have a one-stop-shop, whether they are young, infirm, in good health and/or able to work.” (Green Pastures)*

*“The Government envisage an integrated IT system to manage all claims, and a single payment system to apply a withdrawal rate and pay the correct entitlement. This would seem to be a simpler, fairer and potentially less costly system that could lessen bureaucracy.” (Newark and Sherwood District Council)*

### Government response

3. The Department for Work and Pensions will be responsible for Universal Credit, rather than the various organisations currently involved. Its introduction will make delivery simpler, more efficient to run and easier to understand. It will provide significant savings in administrative costs for the taxpayer and provide a more transparent and responsive system for people.
4. The current proposals for a Universal Credit would not require a single large expensive new IT system, but two smaller developments based on the Department for Work and Pension’s existing capabilities and our long-established IT development strategy:
  - a. A front-end system to manage contact with the public, gather evidence and assess entitlement; and
  - b. a back-end system to bring together entitlement and earnings data, apply the single taper and process the correct payment.
5. Claim, assessment and award calculations will be made automatically by the system, and so will be quicker and more efficient to process. For most people their hours worked or income earned will automatically be taken into account through the new Pay As You Earn system.

## Question 12

### Is there anything else you would like to tell us about the proposals in this document?

1. Other points raised by respondents included:
  - no mention of reforming the welfare system for people of pensionable age;
  - carers' organisations felt that the current benefits system does not provide for carers properly and that the consultation document gives no regard to carers or to how the new benefits system is going to support them;
  - there have been changes announced to the way Disability Living Allowance will be assessed but the consultation document gives no details on any longer term plans for reform of this benefit;
  - in order to be fair all benefits need to be means-tested;
  - the consultation document makes only passing reference to the position on contributory benefits and more detail was required on the future of these benefits;
  - it should be easier for people to obtain new qualifications and do voluntary work while on benefit without the obligation to look for work;
  - some argued that the current benefit rules do not encourage people to volunteer or participate in activities to support the community;
  - respondents were interested in when we intended to start introducing our reforms and how long they would take to implement. People also wanted to know what transitional arrangements would be in place;
  - there should be a more generous treatment of savings within the benefits system to encourage people to save; and
  - in the short term, the Government needs to consider improvements to the Work Capability Assessment.

## Government response

### Pensions

2. The consultation was concerned with working-age benefits, which is why there was no mention of benefits for people of pensionable age.
3. Universal Credit will replace Housing Benefit and Child Tax Credit for people of working age. We therefore need to consider how best to support pensioners with the cost of rent and dependent children and plan to make some changes to Pension Credit. Further information on the possible changes can be found in the White Paper, *Universal Credit: welfare that works* (Cm 7957).

## 32 Summary of responses to the consultation questions

### **Carers**

4. The Government is carefully considering whether changes to Carer's Allowance will be necessary to take account of the introduction of Universal Credit and provide clearer, more effective support for carers.

### **Disability Living Allowance**

5. We have already announced in the Budget that we will fundamentally reform Disability Living Allowance. We intend to retain its role, outside Universal Credit, as a non-means-tested cash benefit. It will continue to be paid to people in and out of work.

### **Means testing and contributory benefits**

6. Universal Credit will target public spending on making work pay for families who are most in need by basing eligibility on a family assessment of income and capital assets.
7. Contributory benefits will be reformed but will continue alongside Universal Credit. Under the new system they would retain an insurance element but in most circumstances, would only be paid for a fixed period to facilitate a transition back to work. Further details on our proposed changes to contributory benefits can be found in the White Paper, *Universal Credit: welfare that works* (Cm 7957).

### **Promoting voluntary work**

8. The treatment of volunteers in the benefits system is generous and flexible; there is no limit to the amount of unpaid, voluntary work that someone receiving benefits may undertake so long as the usual conditions of entitlement are met. Any expenses incurred by the volunteer are ignored for benefit purposes.
9. We recognise the service that volunteers provide and so the Jobseeker's Allowance rules for volunteers have been relaxed. Rather than having to be immediately available for employment, volunteers only need to be available and willing to start work with one week's notice.

### **Training**

10. Our aim is to provide training that is flexible and responsive to meet the skills needs of those seeking work and the requirements of employers.
11. We are still working through the detail of how this will be implemented. We are working with other government departments and partner organisations to develop our proposals.

**Timing of reforms**

12. We will adopt a phased approach to the introduction of Universal Credit with the first individuals expected to enter the new system from 2013, followed by the gradual closure of existing benefits and Tax Credits claims, and their transfer to the new system.

**Transitional protection**

13. When Universal Credit is introduced there will be no cash losers at the point of change. If the amount of Universal Credit a person is entitled to is less than the amount they were getting under the old system, an additional amount will be paid to ensure that they will be no worse off in cash terms.

**Encouraging savings**

14. The Universal Credit's capital rules will be the same as those that currently apply to Income Support to ensure that taxpayer support is focused on people who have fewer resources of their own.

**The Work Capability Assessment**

15. No matter how objective we try to make it, no assessment will ever be perfect but we believe that the Work Capability Assessment is effective at identifying a person's functional capability for work and work-related activity, and very much more so than its predecessor, the Personal Capability Assessment.
16. We are committed to continuing to work to further improve the Work Capability Assessment. The Department for Work and Pensions recently led a review of the Work Capability Assessment, which was published in March this year and found that generally it accurately identifies individuals for the right support. The review also made a number of recommendations for improving the Assessment, including simplifying the language, making greater provision for people with certain communication and mental health problems, and for individuals awaiting or in between courses of chemotherapy. The report also recommends taking greater account of how an individual has adapted to their condition or disability. We announced earlier this summer, our intention to implement these recommendations and we will revise the Work Capability Assessment accordingly.
17. We are also required by statute to undertake an independent review of the operation of the Work Capability Assessment each year for the first five years following introduction of Employment and Support Allowance. Professor Malcolm Harrington has been commissioned to lead the review for the first year, and will explore the fairness and effectiveness of the assessment. He will report his findings later in 2010.

### Organisations responding to 21st Century Welfare consultation

4Children	Blackpool Service User Forum
A4e	Blaenau Gwent County Borough Council
Accord Group	BME Women's Solidarity Forum
Action for Children Scotland	Breakthrough UK
Action for ME	British Property Federation
Adam Smith Institute	British Psychological Society
Advice NI	Bromford Group
AdviceUK	Bromsgrove District Council//Redditch Borough Council/Wyre Forest District Council (joint response)
Age UK	Buckinghamshire County Council
Amber Valley Borough Council	Building and Social Housing Foundation
Argyll and Bute Council	Building Societies Association
Arthritis Care	Burnley Borough Council and Burnley Action Partnership
Association of British Insurers	Bury Council
Aspire	Cambridge City Council
Axiom Housing Association	Camden Society
Barnardos	Capital City Partnership
Barnet CAB	Cardiff Council
Barnsley Metropolitan Borough Council	Care
Barton and Watcombe Community Partnership	Carers UK
Basildon District Council	Carer Watch
BBHNO Benchmarking Group	CBI
BenX Benefit Review Group <sup>1</sup>	Catch22
Bi Polar Scotland/NSF Scotland	Centre for Economic and Social Inclusion
Birmingham City Council	Centre for Mental Health
Blackburn with Darwen Strategic Employment Group	Centre for Public Policy and Management
Blackpool Council	

<sup>1</sup> Current membership: Cambridge City Council, Colchester Borough Council, Ipswich Borough Council, City of Lincoln Council, Luton Borough Council, North Hertfordshire District Council, Oxford City Council, St Albans City & District Council and Welwyn Hatfield Borough Council.

**Organisations responding to 21st Century Welfare consultation**

Centre for Social Justice

Centrepoint

Chartered Institute of Housing

Child Poverty Action Group

Children in Scotland

Children in Wales

Chilterns District Council

Church Action on Poverty

Church and Society Council of the Church of Scotland

Church & Society in the Church of England Diocese of Liverpool

CIFAS

CIPFA

Circle Anglia

Citizens Advice

Citizen's Income Trust

City of York Council

Civitas

Clackmannanshire Council

CLIC Sargent

Colchester Borough Council

Community Housing Cymru

Community Links

Contact a Family

Convention of Scottish Local Authorities

Cornelius

Council of Mortgage Lenders

COVER (Community & Voluntary Forum: Eastern Region)

Create Consortium

Crisis

Crohn's and Colitis UK

Curam Software

Darlington Borough Council

Daycare Trust

Devon Strategic Partnership

Disability Alliance

District Councils' Network

Down's Syndrome Association

Durham County Council

Eaga

East Lindsey District Council/  
South Holland District Council (joint response)

East Staffordshire Borough Council

ECAS

Enable Scotland

Essex County Council

Equality 2025

Equality and Human Rights Commission

Every Disabled Child Matters

Edinburgh Jobs Strategy Partnership

End Child Poverty Network Cymru

Falkirk Council

Family Action

Family and Parenting Institute

Federation of Small Businesses

Fenland District Council

Financial Inclusion and Advice Service

<b>Organisations responding to 21st Century Welfare consultation</b>	
Financial Inclusion Derbyshire	Institute of Revenues, Rating and Valuation
Flagship	Inverclyde Council
Gardeen Housing Association	Islington Council
Gateshead Advocacy and Information Network	JHP Group
Gateshead Council	Jobnet
Gingerbread	Joseph Rowntree Foundation
Glasgow City Council	Kent County Council
Greater Manchester Chamber of Commerce	Law Centres Federation
Greater Manchester Welfare Rights Advisers Group	Law Centre NI
Green Party of England and Wales	Learning, Skills and Employment Network Manchester
Green Pastures	Leeds City Council
Guinness Northern Counties	Legal & General
Halton Borough Council	Leicester City Council
Harvest Housing Group	Leicester City Learning Disability Partnership Board
Hewlett Packard	Leicestershire Revenues and Benefits Shared Service Partnership <sup>2</sup>
Home Group	Leonard Cheshire Disability
Homeless Link	Liverpool City Council
Homeless Workers Worldwide	Liverpool City Region
Hug (Action for Mental Health)	Local Authority Investigation Officers Group
Huntingdonshire District Council	London Borough of Bexley
Hyndburn Borough Council	London Borough of Camden
Inclusion	London Borough of Camden Children, Schools and Families Welfare Rights Team
Inclusion Scotland	London Borough of Hammersmith & Fulham
IncomeMAX	London Borough of Havering
Independent Age	London Borough of Lambeth
Independent Review Service for the Social Fund	
Institute for Fiscal Studies	
Institute for Public Policy Research	

<sup>2</sup> Incorporates, Harborough District Council, Hinckley and Bosworth Borough Council, and North West Leicestershire District Council.

**Organisations responding to 21st Century Welfare consultation**

London Borough of Newham	Newcastle Learning Disabilities Partnership Board
London Borough of Southwark	New Charter Housing Trust Group
London Borough of Sutton	NHS Lothian
London Borough of Waltham Forest	Northampton Borough Council
London Employment and Skills Policy Network	Northern Ireland Assembly Committee for Social Development
Low Incomes Tax Reform Group	Northern Ireland Association for the Care and Resettlement of Offenders
Lymphoma Association	Northern Ireland Union of Supported Employment
Making Every Adult Matter	North Hertfordshire District Council
Maldon District Council	North Kesteven District Council
Manchester City Council	North Norfolk District Council
Manchester Somali Women's Forum	North Warwickshire Borough Council
Mencap	Northumberland Borders
Mental Health Aberdeen	Notting Hill Housing Group
Mental Health Foundation	Nuneaton & Bedworth Borough Council
Merthyr Tydfil County Borough Council	Oakleaf Enterprise
Midland Heart Limited	One Parent Families Scotland
Mid Devon District Council	Oxfam
Mind in Croydon	Ownership Options in Scotland
Motor Neurone Disease Association	Pan- Lancashire Health and Worklessness Commission
Muscular Dystrophy Campaign and Trailblazers	Papworth Trust
National Association of Welfare Rights Advisers	Parliamentary and Health Service Ombudsman
National Bureau for Students with Disabilities	Peabody
National Care Advisory Service	Pennaf Housing Group
National Day Nurseries Association	Pennine Lancashire Employment and Skills Board
National Federation of ALMOs	Places for People
National Housing Federation	Plymouth County Council
National Institute of Adult Continuing Education	
National Mental Health Development Unit	
Newark and Sherwood District Council	

<b>Organisations responding to 21st Century Welfare consultation</b>	
Positive East	Scottish Homelessness & Employability Network
Preston City Council	Sense
Prince's Trust	Sense Scotland
Public and Commercial Services Union	Shelter
RADAR	Shelter Cymru
RAISE	Ship Equity Release
Recruitment and Employment Confederation	Social Firms UK
Reed in Partnership	Social Inclusion Advisory Group
Refugee Action	Social Inclusion Unit within the City and County of Swansea
Refugee Council	Social Security Advisory Committee
Release	Society of District Council
Re'new	Treasurers
Residential Landlords Association Respect Yourself (Warwickshire County Council)	Society of London Treasurers
Revolving Doors	Solihul Metropolitan Borough Council
Rights Advice Scotland (RAS)/ Scottish Local Government Forum Against Poverty (SLGFAP)	Somali Women's Forum
RNID	South Derbyshire CAB
Rotherham Metropolitan Borough Council	South Lanarkshire Council
Royal National Institute of Blind People	South Northamptonshire Council
Salford City Council	Spinal Injuries Association
Sanctuary Group	St Albans and District CAB
Sandwell Metropolitan Borough Council	Stockport Welfare Rights Service
Save the Children	Suffolk County Council
Scottish Association for Mental Health	Surrey Welfare Rights Unit
Scottish Borders, Strategic Partnership Against Poverty	Sutton Borough CAB
Scottish Campaign on Welfare Reform	Tameside Metropolitan Borough Council
Scottish Council on Deafness	Tcell
Scottish Federation of Housing Associations	Teignbridge District Council
	Tendring District Council

**Organisations responding to 21st Century Welfare consultation**

Terrence Higgins Trust	United Kingdom Disabled People's Council
Thames Reach	Unum
Thanet County Council	Valuing People Now team – Department of Health
The Age and Employment Network	Voices of Experience (VOX)
The Camden Society	Wakefield and District Housing
The Chartered Institute of Taxation	Wandsworth Council
The Commission for the New Economy	Waveney District Council
The Fostering Network	Welfare Rights Unit
The Foyer Federation	Welsh Local Government Association
The National Council of Women of Great Britain	Welsh Assembly Government
The Princess Royal Trust for Carers and Crossroads Care	West Lothian Council
The Poverty Alliance	Westminster City Council
The Riverside Group	West Midlands Economic Inclusion Panel
The Royal Borough of Kensington and Chelsea	West Oxfordshire CAB
The Single Parent Action Network	Wigan and Leigh Housing
The Scottish Government	Wigan Homelessness Forum Wiltshire
The TaxPayers' Alliance	People First
The Welfare Reform Group	Wirral Council
Third Sector European Network	Wirral Economic Development and Skills Partnership
Thurrock Council	Wise Group
Tomorrow's People	Women Like Us
Tonbridge & Malling Borough Council	Women's Budget Group
Torbay Council	Working Families
TUC	Working Links
Turn2us	Wrexham Council
Turning Point	Wycombe District Council
Tyne Housing Association	York Carers Centre
Union of Shop Distributive and Allied Workers	Yorkshire and the Humber Rural Network



Published by TSO (The Stationery Office)  
and available from:

**Online**

[www.tsoshop.co.uk](http://www.tsoshop.co.uk)

**Mail, Telephone Fax & Email**

TSO  
PO Box 29, Norwich, NR3 1GN  
Telephone orders/General enquiries:  
0870 600 5522  
Order through the Parliamentary  
Hotline Lo-Call 0845 7 023474  
Fax orders: 0870 600 5533  
Email: [customer.services@tso.co.uk](mailto:customer.services@tso.co.uk)  
Textphone: 0870 240 3701

**The Parliamentary Bookshop**

12 Bridge Street, Parliament Square,  
London SW1A 2JX  
Telephone orders/general enquiries:  
020 7219 3890  
Fax orders: 020 7219 3866  
Email: [bookshop@parliament.uk](mailto:bookshop@parliament.uk)  
Internet: <http://www.bookshop.parliament.uk>

**TSO@Blackwell and other Accredited Agents**

**Customers can also order publications from:**

TSO Ireland  
16 Arthur Street, Belfast BT1 4GD  
Telephone orders/general enquiries:  
028 9023 8451  
Fax orders: 028 9023 5401

This publication can be accessed online at:  
[www.dwp.gov.uk/consultations/2010/  
21st-century-welfare](http://www.dwp.gov.uk/consultations/2010/21st-century-welfare)

For more information about this publication,  
contact:

**Benefit Reform Division**  
**Department for Work and Pensions**  
**1st Floor**  
**Caxton House**  
**Tothill Street**  
**London**  
**SW1H 9NA**

**Tel: 020 7449 7688**  
**Email: [benefit.reform@dwp.gsi.gov.uk](mailto:benefit.reform@dwp.gsi.gov.uk)**

Copies of this publication can be made available  
in alternative formats if required.

ISBN 978-0-10-179712-2

