



The Social Security (Claims and Payments)
Amendment Regulations 2009
(SI 2009 No. 2009/604)

The Social Security (Transitional Payments)
Regulations 2009
(SI 2009 No. 2009/609)

Report by the Social Security Advisory Committee under Section 174(1)
of the Social Security Administration Act 1992 and the statement by the
Secretary of State for Work and Pensions in accordance with
Section 174(2) of that Act.

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

March 2009



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Statement by the Secretary of State for Work and Pensions in accordance with Section 174(2) of the Social Security Administration Act 1992

Introduction

1. The Social Security (Claims and Payments) Amendment Regulations 2009 and the Social Security (Transitional Payments) Regulations 2009 were referred to the Social Security Advisory Committee (“the Committee”) on 3 September 2008 for consideration in accordance with Section 174 (1) of the Social Security Administration Act 1992. The Regulations provide for the following changes:-
 - the establishment of a new regime for paying many DWP benefits available to people of working age. That payment regime comprises three essential elements: payment to be made in arrears in all cases, payments to be based on fortnightly periods, and paydays to be allotted according to the beneficiary’s National Insurance number;
 - the new payment regime to apply to all new claims for benefit, whilst existing beneficiaries will continue to be paid according to existing payment rules which will run in parallel to new system;
 - the payment of a sum of money equivalent to a week’s benefit when payments to an existing beneficiary are changed from being weekly in advance to weekly in arrears;
 - the payment of an adjusting payment of benefit when payments to an existing beneficiary are changed from being weekly in arrears to fortnightly in arrears. This payment is recoverable from subsequent payments of the same benefit; and
 - the facility for paying benefit at a daily rate where the Secretary of State either changes the payday of an existing beneficiary or at the beginning or end of an award of a bereavement benefit paid in arrears.
2. These two sets of Regulations are being introduced as a result of a departmental policy initiative to simplify and harmonise procedures and rules wherever possible. The issue which this legislation seeks to address is the disruption experienced by recipients of DWP benefits when entitlement to one benefit ends and an award of a different benefit begins. Under existing arrangements a change in benefit commonly means a change in the way in which benefit is paid as well as a complicated adjusting change of payday calculation having to be made to enable payment of benefit to be made on a different day of the week. The long-term aim, to which these Regulations make a major contribution, is to pay benefits fortnightly in arrears and on a pay day determined on the basis on the individual beneficiary’s National Insurance number. In that way their allotted pay day would remain with them for life, and potential disruption caused by moving between different benefits would be minimised.

The Committee's Report

3. The report of the Committee is supportive of the Department's aim to simplify the system of paying benefit to its customers and noted that proposed legislation represents "a significant universal 'simplification' measure". The Government welcomes the broad acceptance of the principles underlying the changes.
4. However the Committee considered that there were aspects of the proposals, particularly those relating to converting weekly payments to fortnightly payments, which warranted referral. A number of potentially negative impacts on customers arising from the proposed transitional arrangements were identified, and the views of interested individuals and organisations were sought.
5. The report of the Committee makes the following recommendations:-
 - that existing beneficiaries paid weekly in arrears should, on conversion to fortnightly in arrears, receive a bridging payment of 100% (rather than the proposed 75% of weekly benefit);
 - that the adjusting payment should also be paid automatically unless individuals wished to opt out (rather than the payment being available on application);
 - that the repayment of the adjusting payment of benefit should be recovered over 52 weeks rather than over 12 weeks;
 - that a temporary increase in the 'debt ceiling' for Crisis Loans be introduced and that the period for repayment be extended; and
 - that the most vulnerable of customers be offered the choice of continuing with weekly payments in arrears.
6. The Committee also made two further recommendations:-
 - that, in the light of the planned change that will require lone parents currently in recipient of Income Support to claim Jobseeker's Allowance, further consideration be given to make any changes in their payday and the period for which payments are made before the award of Income Support terminates; and
 - that officials review the customer communications and marketing activity planned to support these changes in order to ensure that the fullest possible publicity is given to all aspects of the proposed arrangements, including the continued availability of weekly payments.
7. The Government notes the comments of the Committee about changes in the Department's IT systems necessary to support the proposed legislative changes being so far advanced at the time of consultation that scope for further changes was limited. The Committee's concern was that the purpose of the consultation was effectively negated. The Government

recognises that the point about an early and meaningful consultation is a valid one. The Government therefore accepts this comment and aims to be more proactive with future changes so that the Committee can provide early input.

8. The Government also welcomed the fact that the Committee recognised the extent to which the Department had sought the views of a number of key stakeholders, including some who responded to the Committee's invitation to make comments, before bringing forward these legislative proposals.

Summary of Government's response

9. The Government is grateful for the general tone of support for the basic principle of reforming the way in which benefit payments are made to most beneficiaries of working age.
10. The reasons put forward by the Committee and those it consulted for raising concerns are appreciated by the Government. Without being able to agree to all the recommendations put to it, the Government has been persuaded of the case for increasing the adjusting payment of benefit upon conversion to fortnightly payments from 75% to 100%, this being an issue identified as being of principal concern to the Committee. The Government is pleased to observe that although the advanced state of IT development had understandably been an issue for the Committee, it had not proved an undue hindrance to making this decision and implementing the recommendation.

The Committee's Recommendations

11. The Committee made the following recommendations in respect of the two sets of draft regulations.

Recommendation 1

Set the adjusting payment at 100% of weekly benefit rather than the planned option of 75%

RESPONSE

The Government initially decided to set the one-off adjusting payment at 75% when moving customers from weekly payments in arrears to fortnightly payments in arrears in order to balance the aim of providing suitable support to customers during the transitional period with value for money for the taxpayer. However, that approach was reconsidered in the light of the Committee's report, substantiated by submissions received independently from others. The Government recognised that the concerns which were raised about the impact of the change on people with very low incomes and stretched personal budgets

were well-founded and therefore agreed to increase the payment from 75% to 100% as recommended.

Recommendation 2

Make the adjusting payment automatically rather than require beneficiaries to apply for it

RESPONSE

The adjusting payment of benefit is effectively a payment of benefit in advance. In making the payment the Department is in fact taking the first step in rearranging the benefit payments which are due to be made to the beneficiary over the course of the next 12 weeks. At the point at which the payment is sought, the Department asks its customers to agree to the terms of recovery, which is by means of a reduction in subsequent benefit payments. The Department is committed to making the adjusting payment in every case where it is requested before the first fortnightly payment is due and where normal weekly benefit is £4.00 or more. It is also committed to a systematic programme of informing those affected of the changes to be made, and of the availability of the adjusting payment. The Government notes the recommendation of the Committee but considers that there will be a substantial number of beneficiaries who will not feel the need to apply for an adjusting payment and believes that applying for the payment rather than opting out of receipt is the preferable approach.

Recommendation 3

The adjusting payment should be recovered over 52 weeks rather than 12 weeks

RESPONSE

The Government believes that the adjusting payment needs to be recovered over a reasonably limited time period in order to minimise potential disruption caused through relevant changes of circumstances which result in a decrease of benefit to a point where recovery necessarily becomes protracted, or where there is a termination of the award itself. The Government takes the view that the recovery of a single week's benefit over the following period of 12 weeks offers sufficient protection to the vulnerable and should not be extended.

Recommendation 4

Introduce a temporary increase in the debt ceiling for Crisis Loans

RESPONSE

One of the aims of providing an adjusting payment of benefit when beneficiaries were moved from weekly payments in arrears to fortnightly payments in arrears

was to avoid our customers having to apply to the discretionary Social Fund, either for a grant or a loan. However, the Government accepts that if a person is in need of financial help during the periodicity conversion period, then the existing rules allow people to make an application for a Crisis Loan. But since the Government has agreed to increase the level of the payment to 100% of normal benefit in accordance with the Committee's first recommendation, these cases should be fewer. In the very limited number of cases where someone still needs help and is at their limit of their available loan, the standing instructions in Jobcentre Plus is to consider issuing a Community Care Grant, provided the criteria are satisfied. For this reason the Government believes that increasing the £1,500 ceiling is unnecessary. However, in the light of the Committee's comments, the team implementing these changes have been asked to ensure that staff in Jobcentre Plus are provided with clear guidance so that correct decisions are made during the periodicity conversion period in respect of all customers, including those needing to apply for a Crisis Loan or who may have reached the debt ceiling for Crisis Loans.

Recommendation 5

Offer continuing weekly payments for the most vulnerable

RESPONSE

A key feature of introducing a reformed benefit payment regime was to end weekly payments apart from a few cases where requiring people to budget for longer periods might be unreasonable in the short term. Although the legislation allows for continuing payments on a weekly basis the Department does not intend to publicize it as an option because fortnightly payments will be the default position. Guidance has been developed which will allow staff flexibility to approve weekly payments, but this will be in exceptional cases where a genuine need is identified. Approval for weekly payments will be given as a temporary measure and the arrangements subjected to regular review. The Government submits that fortnightly payments are made to half of its customers who have claimed a working age benefit through Jobcentre Plus, and that it has become accepted throughout the working population that anyone needing to claim a Jobseeker's Allowance will receive benefit payments fortnightly. This change merely brings the remainder of working age customers into line. It will simplify the administration of benefits and reduce costs. In summary the Government does not accept that there is a case for 'offering' weekly payments in the way recommended.

Recommendation 6

Further consideration be given to the changes being planned for lone parents

RESPONSE

The Government has considered this point and, although this recommendation, does not arise directly out of the legislation being introduced for the paying of benefit, has decided that the adjusting payment of 100% rather than 75% of weekly benefit, should apply equally to lone parents in respect of changes being made under the new Lone Parent Obligations.

Recommendation 7

Customer communications and marketing activity be reviewed to ensure that full publicity is given to the changes

The communications and marketing strategy was devised at the very outset of the project for implementing these proposals. The Government is confident that all the changes being introduced are being communicated effectively to all those who stand to be affected by the changes, both by alerting them to the general changes that are being made or by informing them of the specific changes that are being applied to them as individuals. The recommendation about giving publicity to the availability of continuing weekly payments has been addressed under recommendation 5.

Conclusion

12. The Government is grateful to the Committee and to those interested parties who responded to the consultation exercise for their consideration of the two sets of draft Regulations and for their comments on them.
13. The Regulations are now laid before Parliament.

The Rt Hon James Purnell MP
Secretary of State for Work and Pensions
Caxton House
London SW1H 9DA

6 October 2008

Dear Secretary of State

REPORT OF THE SOCIAL SECURITY ADVISORY COMMITTEE MADE UNDER SECTION 174 OF THE SOCIAL SECURITY ADMINISTRATION ACT 1992 ON THE SOCIAL SECURITY (CLAIMS AND PAYMENTS) AMENDMENT (No.2) REGULATIONS 2008 AND THE SOCIAL SECURITY (TRANSITIONAL PAYMENTS) REGULATIONS 2008

1. Background

1.1 At the Committee's meeting on 3 September 2008, officials from the Department for Work and Pensions presented proposals for the Social Security (Claims and Payments) Amendments (No.2) Regulations 2008 and the Social Security (Transitional Payments) Regulations 2008 for our consideration. These proposed draft regulations were accompanied by a detailed Explanatory Memorandum of the Department's position (Appendix 1).

1.2 Following discussions with officials we decided to take these regulations on 'formal referral' for the preparation of this report. Although we have consistently supported the proposed rationalisation of benefit payment periods and paydays, we have identified a number of potentially negative impacts on customers arising from the proposed transitional arrangements.

1.3 Contrary to our usual practice, we did not run a full public consultation exercise on these proposals prior to the preparation of this report. We had noted that the project to implement these proposed changes was already well advanced at the point they were presented to us for scrutiny, and our concerns related wholly to the transitional arrangements rather than the changes themselves. Accordingly – and exceptionally - we decided to move as quickly as possible to put our views to you while there was still an opportunity to modify the transitional arrangements that are set out in the proposed regulations.

1.4 Despite the constraints of our timetable, we wished to take the views of those groups and individuals we thought likely to have knowledge of the subject matter of the proposed changes. We had also noted that the Department had had some discussions with external stakeholders about the likely impact of the proposed changes and we asked our Secretariat to seek the views of a selection of these stakeholders on these particular aspects of these proposed regulations (see paragraphs 5.2 – 5.4) that we wished to consider in this report. Contact was made with the organisations and individuals listed at Appendix 2, and we are grateful to those who responded so fully and so quickly. Their views are summarised at paragraph 4. We are also grateful to officials of the Department for their assistance, and for the additional information they have provided for us as we were preparing this report.

2. The proposals

2.1 The Secretary of State for Work and Pensions proposes the following amendments to regulations:

It is proposed to introduce two set of Regulations to take effect from 6 April 2009: the Social Security (Claims and Payments) Amendment (No. 2) Regulations 2008 and the Social Security (Transitional Payments) Regulations 2008. They concern the payment of certain benefits. The Claims and Payments Amendment Regulations make amendments to the Social Security (Claims and Payments) Regulations 1987 with regard to payments on awards following new claims. The Transitional Payments Regulations make provision for changing the arrangements for payment of benefit with regard to existing awards.

2.2 These changes will mean that certain working age benefits will be paid:

- A minimum of a fortnight in arrears;
- On a payday determined on the basis of the individual's National Insurance number (NINO).

3. Summary of the Department's Position

3.1 The Department's position is that the changes as designed should be delivered as planned. The Department has agreed a two year conversion process to introduce the new rules. This is based on all new and repeat claims changing over to the new arrangements from 6 April 2009 and existing customers being converted by March 2011.

3.2 The Department has designed the implementation and conversion approach for a variety of customer circumstances. The Department accepts that people moving from weekly to fortnightly payments will be impacted most and have specifically designed the policy to offer a loan payment equating to 75% of the normal weekly payment to help 'bridge' the payment gap. This loan would have to be repaid over 12 weeks, following the first full fortnightly payment. In addition, customers who find themselves in financial difficulty will have access to Social Fund Crisis Loans.

3.3 The Department has to change several technical systems and is well advanced with these changes, beginning testing as early as November 2008. Officials have told us that any changes to the agreed policy or technical requirements at this stage will raise significant risks, and might not be deliverable, given the capacity of the technical suppliers to impact the change, redesign a technical solution and complete the testing.

3.4 The Department has consulted on the changes and officials have told us that, where possible, suggestions from external stakeholders to help customers during the conversion process have been taken on board by adjusting implementation approaches and communications.

3.5 The proposals are set out in full in the Explanatory Memorandum attached at Appendix 1.

4. Summary of the views of stakeholders

4.1 Respondents were in favour of a rationalisation of benefit payment periods and paydays. However, they observed that customers would bear the brunt of transitional arrangements that appeared to be organised for minimum cost and administrative simplicity rather than with the needs and circumstances of people on very low incomes and tight and fragile personal budgets in mind.

4.2 There was some support for a one-off grant as an alternative to a recoverable bridging payment, backed by Crisis Loans. However, respondents focused on identifying those areas of the proposed arrangements that they regarded as requiring modification. In particular, respondents questioned:

- why a figure of 75% for the bridging payment had been selected, rather than 100%; and
- why a longer and/or more flexible period of repayment had not been considered;
- why an 'on application' system was being proposed for the payment when it was very likely that some of the most vulnerable customers would fail to avail themselves of it, and be forced to claim a Crisis Loan;
- whether the proposed customer communications were adequate or appropriate to the task;
- whether Crisis Loans would be available to some of the most vulnerable customers when they found themselves in financial difficulty; and
- whether sufficient publicity would be given to the continuing availability of weekly payments for those who want them.

5. The Committee's Views

5.1 The Department's plans for the introduction of a uniform pay day based on customers' National Insurance numbers were outlined to us in a presentation by officials to our regular business meeting in March 2008. We concluded at the time that the proposed changes would be beneficial in the medium-to-long term, and represented a significant universal 'simplification' measure. In future, benefit claimants would be allocated a pay day that would remain in place if and when they move from one benefit to another, thus

avoiding the payment gaps and confusion – and administrative burden on the Department – that follow changes of pay day. Over time, the new cycle of payment should help customers to adjust to the longer periods over which wages are generally paid, as and when they enter employment. We fully supported the proposed changes and recognise the contribution they will make to the simplification of the benefits system. However, we had some concerns about the potential for negative impacts on customers at the point of change.

5.2 We were also unhappy to learn that the changes to the Department's IT systems were so far advanced that, whatever the merits of any proposals for modifications that we (or the Department's wider community of stakeholders) might make, there was little or no scope for further changes to be made. On the assumption that this is indeed the case, we would welcome a full explanation of both the rationale for rejecting the options set out above and below, and the constraints that would have prevented their consideration. It seems to us to negate the purpose of consultation (whether under the statutory provisions that govern our scrutiny of the proposed changes or under the arrangements for wider stakeholder engagement that the Department has in place) if plans are, in effect, set in stone at the point our views are being sought.

5.3 Over the years we have taken a close interest in the Department's use of transitional protection where policy proposals create 'losers' at the point of change. We have always recognised that large scale reforms of the kind envisaged by these proposals may have adverse financial impacts on customers and that whatever transitional protection is to be offered must balance meeting the needs of the most vulnerable against the creation of unwanted additional complexity. We published a paper on the topic, and guidelines on the use of transitional protection¹ which the Department's has subsequently referenced on occasions.

5.4 In this instance, we did not identify anyone who would receive less money (customers whose payment periods and pay days would be changed would receive the same amount of benefit over the lifetime of their claim as they would if no changes had been made). However, from the point of view of the customer, not being paid at a point in the claim at which money is actually expected and needed, may have the negative impact and 'feel' of a financial loss. In particular, the resulting disruption to household budgets may continue for some time if a bridging loan has to be repaid. To this extent, we acknowledge that customers may experience a 'loss' and that there may be a case for making a compensatory payment. Accordingly, we gave careful consideration to the arguments for giving a one-off 'grant' instead of a loan at the point of change, but decided on balance against recommending this approach on this occasion. However, for the future, we would suggest that as and when any further changes are made to pay days and payment periods that the Department gives further consideration to a making a simple, targeted, one-off, non-recoverable payments to those most affected.

¹ Social Security Advisory Committee 1999: 12th Annual Report, Chapter 4.

5.5 The changes appeared to us to have the potential to create difficulties for individuals, particularly the most vulnerable. For those moving from weekly payment to fortnightly payment in arrears, the payment 'gap' may disrupt personal finances and family budgets, and create knock-on effects on child poverty. We therefore considered what might be done to minimise the risks of adverse impacts, while avoiding introducing additional complexities into the system.

5.6 We also observed that - as for Tax Credits - a weekly payment option would remain open to those who are likely to have difficulty budgeting over a longer period. However, officials have since told us that this option would not be publicised and offered to customers to make their own choice. Weekly payment would, in effect, be retained at the discretion of members of the Department's staff. We saw some parallels here with the Department's Direct Payments initiative, where although the percentage of the case load on weekly cheque payments is quite small, the actual numbers involved are quite significant. We understand that the Department has based its business model for the periodicity changes on the retention of 5% of the eligible cases remaining 'weekly pay'. We would suggest that this may underestimate the number of customers who would opt for a continuation of weekly payment if the option was to be clearly presented as available to them.

5.7 However, our principal concerns were about the likely impacts of longer payment periods on the most vulnerable customers (who may also have the lowest incomes). Having seen the details of the proposed transitional arrangements, these concerns remain, and we consider first the proposed 75% bridging payment and its recovery; and, second, the back-up arrangements through the crisis loans system.

The 75% bridging loan

5.8 We do not know why the Department opted for a figure of 75%, rather than 100% of entitlement. We accept that some customers - those with sources of income other than benefit and/or access to savings or other resources - may be able to manage without a loan, or with the proposed partial payment. However, it seems to us short-sighted to limit those who do need a 'bridge' to the next regular payment to offer only part of what may already be a small sum. For those whose benefit is already subject to regular deductions (for fuel debts and Budgeting Loans, for example), or who are managing other debts through agreements to make small, regular payments, the restricted payment may simply be too little to avoid the sorts of situations in which the customer will have to make a claim for a Crisis Loan, or use other sources of quick cash, such as high-cost 'doorstep' lenders. We strongly believe that it would be more sensible and effective to offer 100% of entitlement.

5.9 Whatever the amount to be made available, we believe that the mechanism for accessing the payment will have the effect of excluding some of the Department's most vulnerable customers. Although customer communications are planned, the fact that the payment must be claimed - and cannot be claimed after the period to which it relates has passed - concerns us. Vulnerable customers may simply not grasp what is involved and fail to

claim. Again, this is likely to push an additional burden onto Crisis Loans and destabilise some customers' personal finances. It may also put more pressure on hard-pressed advice agencies as customers seek their help and support.

5.10 In discussions with officials we have suggested that it might have been better to either automate the payment, or make it on an opt-out basis (i.e. asking the customer to tell the Department that s/he did not want the payment to be made. Rather than this being a 'loan', we see this as an advance payment, or a payment on account (since over the lifetime of the claim the amount paid will remain the same). The aim here is to boost the prospects of the payments reaching all of those who most need them. Officials have advised us that neither approach is feasible: any payment that is to be recovered in all cases must be requested by the customer. We have also questioned whether some greater flexibility in the repayment terms and period could be introduced to avoid hardship (and divert pressure from Crisis Loans). Again, officials have indicated that there is no scope to modify the procedures and IT programmes that will effect repayment.

5.11 We have also recently reported to you on proposals for another major change to the benefits system - the move of lone parents of older children from Income Support to Job Seeker's Allowance² - that envisages using Crisis Loans to support the transition to benefit payments fortnightly in arrears. We are surprised that the Department has not taken the opportunity presented by the conjunction of two such significant changes to smooth the process of change for lone parents (a group which is likely to include some very vulnerable families) by briefly deferring the move to JSA and effecting the change of benefit periodicity before IS ends and JSA is put into payment. Recommending this course of action is outside the scope of this report. However, we would suggest that it is given further consideration.

Crisis Loans

5.12 We do not think that Social Fund Crisis Loans are an appropriate fall-back for customers who find themselves in financial difficulty over the transition period. The current rules for loans set a 'debt ceiling' of £1500. Anyone with debts to the Social Fund at this figure cannot receive a further Crisis Loan (officials have told us that around six thousand 'working age' customers fall into this category – and around half this group will be affected by proposed changes). Even though a Community Care Grant (CCG) will be made available as an alternative source of funds for living expenses we are not persuaded that this can be the quick-response vehicle for financial assistance that the customer's circumstances demand. These arrangements will inevitably serve to exclude some of the poorest and most vulnerable customers, and those customers who do receive loans will have to pay them back, often alongside the repayment of the bridging loan. Aside from the hardship that this will cause (and its impact on child poverty), putting people into debt will act as deterrent to work focused activity and taking employment.

² The proposed Social Security (Lone Parents and Miscellaneous Amendments) Regulations 2008

5.13 Crisis Loans do not work well for customers who live in rural areas and who have to find the cost of fares to travel to collect payments. In addition, the customer must make the initial claim by phone, and many customers have no access to a BT landline to make cheap-rate calls and must rely on expensive mobiles. We are also aware that the Crisis Loans system has been under considerable pressure for some time from the upswing in demand as the centralised processing centres and telephone claiming has rolled out. There are also delays affecting the processing of CCGs at several processing sites and, depending on the state of local budgets, the outcomes of claims across the country may not be consistent. We do not think that it is helpful to put more pressure on a system that has struggled to cope with demand.

6. The Committee's Conclusions

6.1 Both our own observations and those of the individuals and organisations we consulted point to the potential vulnerability of quite significant numbers of the Department's customers who live on the tightest budgets and the lowest incomes. This group is unlikely to have savings or other resources - for example, access to a Credit Union – to fall back upon. The financial circumstances of even those who are adept at budgeting on a low income are precarious at the best of times, and a small disruption in cash-flow can be very destabilising. Transition at a budget stress point (e.g. the arrival of a winter fuel bill or the start of the school term) will be very hard to manage and may push the most vulnerable towards high-cost, high-risk sources of credit or to other sources of help, such as the Local Authorities.

6.2 We are not persuaded that the Crisis Loan system is either an appropriate or an adequate fall-back for customers who find themselves in financial difficulties. Its rules as they stand are too rigid, and we believe that if the system is to work at all it must be modified to meet the requirements of pay day transition.

6.3 The Department achieves both administrative improvements and financial savings from the proposed changes, but these come at a potential cost and risk to customers. We believe that it is in the best interests of both customers and the Department (whose wider welfare to work objectives will not be advanced if customers are burdened by debt and deterred from entering the labour market) to find the most effective way of achieving the transition that does not put fragile functioning domestic budgets at risk.

6.4 However, we are very concerned that the IT development that underpins the proposed changes (see paragraphs 3.3 and 5.2 above) appears to be so far advanced as to offer little or no scope for modification without risk to the implementation project. If this is really the case, not only does it effectively negate the purpose of our scrutiny but it also suggests that there is no flexibility to accommodate other contingencies that may arise in the course of implementation as and when the proposed regulations are laid. We would welcome an explanation for the Department's decision to present for our scrutiny the proposed legislation that the project requires to advance these changes, when the business design makes them effectively a fait accompli. We find it difficult to see how the Committee can properly carry out its statutory duties in these circumstances. We would suggest that there is

still time for the Department to consider making some further investment in the IT development, and, if necessary, deferring implementation for a short period, in order to explore alternative options.

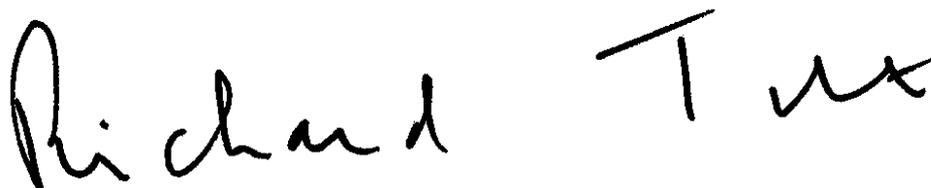
7. The Committee's Recommendations

7.1 Accordingly we recommend that you proceed with the proposed changes, but with the following modifications:

- make 100% bridging payments available on the basis of an active 'opt-out' for those who do not wish to receive them; and
- extend the repayment period to 52 weeks
- introduce a temporary increase in the 'debt ceiling' for Crisis Loans, and extend the period for repayment
- make the option of a continuation of weekly payments known to the most vulnerable customers and offer the choice of a continuation of weekly payments and/or later conversion

Additionally, we further recommend that:

- further consideration is given to aligning the migration of lone parents from IS to JSA with these proposed changes (carrying out the pay day and periodicity changes before IS ceases); and that
- officials review the customer communications and marketing activity planned to support these changes in order to ensure that the fullest possible publicity is given to all aspects of the proposed arrangements, including the continued availability of weekly payments.

A handwritten signature in black ink that reads "Richard Tilt". The name "Richard" is written in a cursive style, and "Tilt" is written in a more stylized, blocky cursive.

**RICHARD TILT
CHAIRMAN**

APPENDIX 1

Gill Saunders
Social Security Advisory Committee
New Court
48 Carey Street
London, WC2A 2LS.

David Sobczak
Level 2
Steel City House
West Street
Sheffield, S1 2GQ.

22 August 2008

SOCIAL SECURITY ADVISORY COMMITTEE

Dear Gill

The Social Security (Claims and Payments) Amendment (No.2) Regulations 2008 and the Social Security (Transitional Payments) Regulations 2008

I would be grateful if you could place the enclosed proposals for amending Regulations before the Committee at the meeting scheduled for 3rd September.

I met the Committee in March and discussed the general approach of a move to pay Working Age benefits a minimum of fortnightly in arrears and on a payday based upon the customer's National Insurance number. These Regulations set out our proposals for implementing that approach from 6 April 2009. The Claims and Payments Amendment Regulations propose amendments to the Social Security (Claims and Payments) Regulations 1987 which would introduce a new regime for paying benefit on awards stemming from new claims made on or after 6th April 2009. The Transitional Payments Regulations introduce the arrangements by which payments to existing beneficiaries are converted to the new regime, also from April 2009.

An Explanatory Memorandum is attached, along with the draft Regulations themselves, a summary of consultation carried out with External organisations and the Diversity and Equality Impact Assessment.

I shall of course be happy to answer any questions that members may have at the meeting on 3 September 2008.

Yours sincerely

David Sobczak (via e-mail)
Project Manager, Jobcentre Plus Periodicity and Payday Project

LIST OF RESPONDENTS

1. Gary Vaux (Money Advice Unit, Hertfordshire County Council)
2. Neil Bateman
3. Paula Twigg (Child Poverty Action Group)
4. Katie Lane (Citizens Advice)

Article I. MEMORANDUM FOR THE SOCIAL SECURITY ADVISORY COMMITTEE FROM THE DEPARTMENT FOR WORK AND PENSIONS

1. The Social Security (Claims and Payments) Amendment (No. 2) Regulations 2008 and the Social Security (Transitional Payments) Regulations 2008

- 1.1 It is proposed to introduce two set of Regulations to take effect from 6 April 2009: the Social Security (Claims and Payments) Amendment (No. 2) Regulations 2008 and the Social Security (Transitional Payments) Regulations 2008. They concern the payment of certain benefits. The Claims and Payments Amendment Regulations make amendments to the Social Security (Claims and Payments) Regulations 1987 with regard to payments on awards following new claims. The Transitional Payments Regulations make provision for changing the arrangements for payment of benefit with regard to existing awards.
- 1.2 These changes will mean that certain Working Age benefits will be paid:
- A minimum of a fortnight in arrears;
 - On a payday determined on the basis of the individual's National Insurance number (NINO).

2. Summary

- 2.1 The purpose and aim of this change is to implement some benefit simplification by introducing a common approach to paying benefit. This change provides a common set of rules across various Working Age benefits where payment periods are linked to a customer's NINO.
- 2.2 The changes have advantages for benefits and the Department which can be summarised as follows:
- Provide a unique pay period for an individual across the vast majority of Working Age benefits;
 - Assist customers who move between benefits;
 - Help simplify the administration of benefits and reduces costs;
 - Contribute to reduced fraud and error;
 - Provide a platform for further benefit simplification in the future.
- 2.3 Various implementation approaches have been designed to minimise the adverse impacts on customer during the conversion period and the Diversity and Equality Impact Assessment shows that there are no adverse impacts on any particular customer group.

3. Policy and Operational Background

3.1 The Periodicity and Payday Project originated from the DWP Benefit Reform Division as part of the Working Age Benefit Simplification Programme, to align and extend payment periods for all Working Age benefits, apart from Industrial Injuries Disablement Benefit. The changes will be introduced on an incremental basis, so that they would over time be paid on a fortnightly basis and wholly in arrears.

3.2 An announcement was made in the 2007 Budget that all Jobcentre Plus Working Age benefits would be paid a minimum of two weekly in arrears on a common pay week ending day. A pay week ending day will be assigned to each individual customer based on the last two digits of their NINO as follows:

00 - 19 = Monday
20 - 39 = Tuesday
40 - 59 = Wednesday
60 - 79 = Thursday
80 - 99 = Friday

3.3 This will remove the current mix of different pay periods and the confusion caused when customers change from one benefit to another. The outcomes of the project will be to: -

- Move each individual customer to a single pay week ending day, regardless of the benefits they receive, beginning with new claims to benefits from 6th April 2009. Existing customers of each Working Age benefit will be converted to the new payday system over a two year period ending in March 2011;
- All Working Age benefits administered by Jobcentre Plus will be paid a minimum of fortnightly in arrears. This measure will simplify the process of paying Jobcentre Plus Working Age benefits, reduce transaction costs and in the long term reduce complexity in the benefits system;
- Make the required changes in a way that makes the administration of benefit payments simpler for teams by smoothing the links between benefits with common approaches to help with administrative efficiency. This will also reduce the costs of future technology changes;
- Make savings by reducing transaction costs in making payments to customers.

4. Implementation and Conversion Approach

- 4.1 The changes require amendments to existing Regulations from 6 April 2009 for new claims and introduce transitional Regulations to allow existing customers to be converted. These are all detailed in Annex 1.
- 4.2 The Committee may be concerned about how these changes will be implemented and the effect on customers during the conversion period. The following paragraphs outline the approaches being taken to help minimise any adverse impact on customers.

Two Year Conversion

4.3 The conversion period to move all Jobcentre Plus customers claiming the relevant benefits/allowances to payment fortnightly in arrears and on the correct pay week-ending day is two years. Around half of Jobcentre Plus customers are paid fortnightly in arrears at present, but may not be on the correct pay week-ending day linked to their NINO. The remainder (around 2.5 million) are paid weekly and may not be on the correct pay week-ending day.

4.4 Various approaches have been agreed to minimise the impact on customers during this conversion. These approaches are summarised below

- All new claims from 6 April 2009 will move to the new arrangements
- Claims to Maternity Allowance and Bereavement Allowance effective before 6 April 2009 will be allowed to exhaust benefit entitlement (39 and 52 weeks respectively);
- Jobseeker's Allowance customers will be converted in year two as 90 % of customers flow off the register each year, therefore only 10% may need converting to a new pay week-ending day;
- Existing customers such as Income Support and Pre 1995 Incapacity Benefit customers will be converted from weekly paid to fortnightly over a two year period, with minimal conversion activity during uprating periods;
- The conversion approach ensures customers requiring two changes i.e. weekly to fortnightly and change of payday will have those changes made at the same time;
- Customers in receipt of benefit which is paid weekly in advance will receive a one off non recoverable week's payment of benefit.
- For those customers who will be converted from weekly payment in arrears to fortnightly in arrears, a number of measures have been put in place to ease the transition to assist. These include:
 - Helpline;
 - 75 % recoverable loan repayable over 12 weeks;
 - Crisis Loan is still payable if 75 % loan is exhausted;
 - Budgeting advice and a ready reckoner via the Internet;
 - Informing the customer 4 weeks before the change is due to occur;
 - Retaining weekly payments for the minority.

Diversity, Equality and Vulnerability

- 4.5 In designing the implementation approach, the Department's existing network of meetings with external groups has been used as well as specific meetings offered to those special interest and customer representative groups who asked for one. These meetings, consultation and presentations have allowed a greater understanding of the issues which customers face during this change and where possible ideas from those meetings has been included in the implementation and communication approaches.
- 4.6 A Diversity and Equality Impact Assessment (DEIA) has been produced. This is shown in Annex 2 and includes details of the external groups visited. In summary the DEIA demonstrates that:
- Extensive consultation has taken place with external groups;
 - No specific customer group will be adversely impacted more than any other;
 - Changes will generally affect individual customers only once; and
 - Customers are being notified in advance of the changes through various methods of communication and alternative formats are being produced to help deal with the diversity of customer communication needs.

5. Communication, Norfolk Trial and Consultation

Communications

- 5.1 A comprehensive communications plan has been developed to target both internal and external organisations. For the purpose of this document internal communications refers to any communication carried out within the Department for Work and Pensions (DWP) and its agencies.
- 5.2 The project will communicate with all customers paid via the Income Support Computer System (ISCS), Pensions Strategy Computer System (PSCS) (excluding some Incapacity Benefit customers who are not impacted by the change), and Jobseekers Allowance Payments System (JSAPS).
- 5.3 A large proportion of our customers do not regularly contact Jobcentre Plus, either by telephone or in person. Therefore it is insufficient to rely solely upon contact with Jobcentre Plus staff to communicate the changes to customers. To address this and raise awareness, the Project is ensuring that the required steps to explain the new arrangements are built into Jobcentre Plus business processes as explained below.

- 5.4 Existing customers whose payments of benefit are to be converted to the new system will receive an introductory letter which will give basic information about the change and where they can find out more. It will also include details of a customer helpline which is being set up for the purposes of providing help during the course of this specific exercise. Customers directly affected by the changes by moving from advance to arrears and from weekly to fortnightly payments will always have a specific notification sent to them four weeks before the actual change. Where a change of pay week-ending day is concerned this will be included in the same notifications, except in the case of Jobseeker's Allowance, which will be done face to face in a Jobcentre.
- 5.5 The customer information letter and customer flyer is planned to undergo customer testing through a third party organisation to ensure it is tested with actual customers. There is time allowed in the production plans to incorporate any comments arising from this research.
- 5.6 The project will also communicate with external organisations and partners including:
- Customer representative groups (see Annex 3);
 - The media
 - Providers;
 - Third party payment creditors;
 - Members of Parliament (MPs);
 - The Work & Pensions Select Committee.

Customer Communications

- 5.7 Communications to customers will be in two stages:
- (i) An initial customer letter notifying them that the day on which Jobcentre Plus pays their benefit will change within the next six months. It will also include the fact that Jobcentre Plus is moving the majority of customers from weekly payments to fortnightly payments in arrears;
 - (ii) A system notification sent four weeks prior to the change that provides details of the exact changes and information about the financial support that is available.
- 5.8 The initial customer letters will direct customers to the help line and Directgov & Jobcentre Plus websites for further information. The system notification letter will instruct customers to call their Benefit Delivery Centre (BDC) should they require more details.
- 5.9 General information will be published in flyers available in Jobcentres and through external organisations. Information can also be accessed on the internet. The project's customer helpline will also be available at specific times linked to the issue of the mailshot letters. This will give general information on the change to address customer's concerns.

Communication Channels

- 5.10 As standard all communications products will, upon request, be available in various formats. The Diversity and Equality Impact Assessment at Annex 2 covers this in more detail. The project is also commissioning non standard specific information products for customers in audio format, British Sign Language and Easy-read. Customers with hearing difficulties will also be able to access staff through the normal text-phone channels available in all Jobcentres and Benefit Delivery Centres. Hearing loops are also in place in Jobcentres.
- 5.11 For customers for whom English is not their first language access to translation services will be available through the normal arrangements.

Communications to External Stakeholders

- 5.12 Existing communication channels will be used extensively to inform Jobcentre Plus partners and other external stakeholders about the change.
- From August 2008 the Jobcentre Plus website contains background information including some examples of how the change may impact on customers and contact details for further information. The same information will also appear on the DirectGov website from January 2009.
 - In Touch – An article will be included in this Internet/email newsletter to Jobcentre Plus external stakeholders, beginning with the September 2008 edition. Further updates can be included as required.
 - Touchbase – An article will be included in the September 2008 and March 2009 editions of the quarterly magazine to DWP stakeholders.
 - Support material will be available to customer representative groups. The project is working with them to identify what materials will be produced, including products in alternative formats, and what the most appropriate distribution channels are.
- 5.13 Consultation with external organisations – the project has conducted a consultation exercise through presentations and discussions with the customer representative groups (see Annex Three). The project is working with these organisations to enable us to gain an understanding of customer needs. Our aim is also to ensure that the organisations that work directly with customers have the information to advise them accurately on the new rules.

Providers

- 5.14 The project will fully utilise existing communication channels to inform contracted Jobcentre Plus providers about the change. This will include: -
- Information to New Deal for Disabled People (NDDP) providers via the NDDP extranet;
 - Information to Pathways to Work providers via a comprehensive memo.
- 5.15 Information to all other contracted providers will be through the relevant existing channels.

Media

- 5.16 The project will provide comprehensive lines to take for DWP press office enquiries and for use with external stakeholders, these are being developed.

Third party creditors

- 5.17 A letter will be sent out to all Third Party creditors for whom Jobcentre Plus makes deductions. A national Payment team will also receive communications to enable them to answer queries from Third Party creditors.

Members of Parliament

- 5.18 The project will write to all MPs to inform them of the change in case of enquiries from their constituents. Letters will be sent before customers receive any communications.

Internal Communications

- 5.19 The Project is working with colleagues in the DWP and Jobcentre Plus communications teams to ensure that its internal communications approach, wherever possible, is aligned with other key initiatives. These include, for example, Employment & Support Allowance, Lone Parent obligations and Method of Payment reform. This will help to avoid overloading managers with communications material and information.
- 5.20 Additionally, the project has launched its own website on the DWP Intranet to publicise and inform staff about the changes. There is also an email link where staff can send any questions they may have directly to the project and which are answered directly by project staff.

- 5.21 All internal communication channels will be fully utilised in the lead up to the April 2009 launch to inform staff about the changes and their effect on the various job roles within Jobcentre Plus.

Monitoring and evaluation of communication products

- 5.22 Communication products will routinely invite feedback from recipients and comments will be encouraged through day to day operational contact with colleagues.

Norfolk Trial

- 5.23 From 1 July 2008 until 30 November 2008 the changes for Jobseeker's Allowance customers are being trialled in five sites in the Norfolk District. The Jobcentres taking part are a blend of full time and part time offices which will enable the Project to test how the changes work in an operational environment. This trial will not have a major impact on customers and it is being run for operational reasons to validate the spread of customers across the five day and two week cycles to see if there is any impact on operations or with customers where the 'signing day' and the pay week-ending day differ.

Consultation

- 5.24 Some of the following information is repeated in the DEIA, but as that is a stand alone document and subject to separate publication, this is unavoidable.
- 5.25 The Project has worked across Jobcentre Plus and with DWP colleagues to consult with external groups through the existing forums where special interest and customer representative groups are members.
- 5.26 A note was sent to the Jobcentre Plus Customer Representative Group in March 2008 and a presentation was made to the DWP Policy and Strategy Forum in April 2008 the groups represented can be found in Annex 3.
- 5.27 There was a period of consultation to 30 June 2008 and groups were invited to contact the Project to set up a meeting so that more information about the changes could be provided, listen to views and give organisations the opportunity to influence and shape the implementation approaches such as customer communications. There was a fairly low level of interest to the consultation, however the Project Manager received several invitations and all requests were fulfilled. The following lists the organisations visited and the activity undertaken:
- National Association of Welfare Rights Advisers (NAWRA) Conference - presentation to over 50 welfare rights advisers with questions;
 - Scottish Social Security Consortium - presentation and questions focussing on customer conversion and communications;

- Citizens Advice Bureau - presentation to a small team focussing on customer conversion and communications;
- Local Government Association (LGA) - presentation to a LGA policy/strategy team, focussing on customer conversion and communications;
- Staffordshire County Council - presentation to the Welfare Rights Team focussing on customer conversion and communications;
- SENSE - presentation to a small team focusing on customer conversion and communications;
- Homeless Link - presentation to a senior policy adviser focusing on customer conversion and communications;
- The Project facilitated two workshops with a selection of delegates at the DWP Annual Forum on 10 July 2008.

Feedback

5.28 Most external organisations have expressed some concern about the impact of the conversion activity on vulnerable groups of people. However, many do see the advantages of the simplification. The Project received the following reactions and ideas from those who attended the consultation, the meetings and workshop sessions:

- Make it clear to customers that the 75% loan should be taken up if moving from weekly to fortnightly payments;
- Make sure through training and communications that Jobcentre plus staff know that the 75% loan should be taken up by all customers moving from weekly to fortnightly payments;
- Try to set up a helpline specifically for external advisers (similar to Pension Credit arrangement);
- Get information on 'rightsnet' - a website for external advisers;
- Produce some hints and tips for customers to help them budget fortnightly;
- Make sure the customer communications are as clear as possible;
- People welcomed the website and if there was information on it with different scenarios pay week-ending day scenario and the Ready Reckoner that would be helpful;
- Produce material for customers in as many alternative formats you can.

5.29 The Project have listened to these views and taken these into account to help shape its communications and implementation approach.

5.30 There has been a great deal of discussion and debate with external groups about the potential for the Department to make a one-off non-recoverable payment to move people from weekly to fortnightly. The Committee also expressed this view in March 2008. This was never within the scope of the Project, as the policy agreed with Ministers was the loan approach. However, the Project have listened to views and as a result the Project will make it very clear in its communications to staff and customers that customers should, where needed, take advantage of the 75% loan. In addition, extra material will be developed and put

on the DirectGov website to help customers and external groups understand how people will be affected by the change from weekly to fortnightly payments.

- 5.31 Part of the Project's remit is to agree a policy where customers who request a weekly payment can be authorised by DWP staff. The policy approach has not been finally agreed in DWP. However the overall approach being considered was outlined to many people during the consultation and feedback has been positive. It is planned to share the agreed approach with external groups via the existing contacts before the changes go live in April 2009.

6. Equality and Diversity

- 6.1 This order impacts equally on all Working Age benefit customers and does not disadvantage any particular segment within that customer base. The change will benefit customers positively by providing a more seamless transition between Working Age benefits and when they find work.
- 6.2 A copy of the project Diversity & Equality Impact Assessment (DEIA) for this change is attached at Annex 2.

7. Complexity

- 7.1 The Regulations support the Government's simplification agenda by aiming to simplify the administration of the benefits system and make it easier for customers to manage their finances, especially if they start work or change benefits. It should be borne in mind however that the full advantages of the simplification will not be achieved until after the two year conversion process has been completed (March 2011).

8. Business

- 8.1 There will be no impact on business, in terms of small companies and competition.

9. Child Poverty

- 9.1 Customers will be paid the same amount of benefit, however the interval at which it is paid and the payday may change.
- 9.2 Where the changes do impact low income households with children the conversion approach has protected these vulnerable groups by providing the loan facility to help bridge the gap until the first fortnightly payment is received. In addition, the normal crisis loan facility provides additional protection using the existing rules and processes.

Regulations

The Social Security (Claims and Payments) Amendment (No. 2) Regulations 2008 and the Social Security (Transitional Payments) Regulations 2008

EXPLANATORY MEMORANDUM TO THE SOCIAL SECURITY ADVISORY COMMITTEE

SUMMARY OF THE REGULATIONS

1. These two sets of draft Regulations provide for changes to be made with regard to the paying of certain working age benefits from 6th April 2009.
2. The draft Social Security (Claims and Payments) Amendment (No. 2) Regulations 2008 (“the Claims and Payments Amendment Regulations”) propose a discrete set of amendments to be made to Part III of the Social Security (Claims and Payments) Regulations 1987 (“the Claims and Payments Regulations”). The purpose is to introduce common rules for payment designed to simplify the overall process of paying benefits and, ultimately, to make it less disruptive for beneficiaries moving from one benefit to another. The common rules focus on three areas: paying beneficiaries in arrears rather than in advance; making the standard period of payment a fortnight; and basing the pay day upon the individual’s National Insurance number (“NINo”). Effectively it will introduce a different payment regime which will apply to all new claims for the benefits in question, made on or after 6th April 2009. A consequential amendment is also being made to the Jobseeker’s Allowance Regulations 1996.
3. The draft Social Security (Transitional Payments) Regulations 2008 (“the Transitional Payments Regulations”) make provision with regard to the process by which existing beneficiaries are moved from their existing payment of benefit regime to the new one. There are two particular areas where specific provision is made: that of a one-off payment to compensate the individual concerned when being moved from receiving weekly benefit in advance to weekly benefit in arrears; and that of an adjusting payment of benefit which may be required when a beneficiary is asked to adapt to fortnightly payments in arrears as opposed to weekly payments in arrears.
4. The process of conversion is expected to take two years. Although the ultimate aim is to simplify the rules and provide a greater degree of commonality, it is inevitable that the rules will look more complicated in the short-term as two payment regimes will run in parallel until the existing stock of cases is converted. At some point after the conclusion of the conversion exercise it will be possible to revoke the Transitional Regulations and amend the Claims and Payments Regulations so that provision is only made for the payment regime being introduced from April 2009.
5. The Committee should note that the Department is considering extending the proposed new paying arrangements set out in these Regulations to pension age benefits from a later date.

6. Industrial injuries disablement benefits have not been brought within the scope of these Regulations. Because such benefits are also paid to people of pension age it would be possible to include them with other pension age benefits if it is subsequently decided that they too should be brought within the scope of the same payment of benefit regime. It should further be noted that benefits for the disabled and for carers are also excluded from these Regulations on the grounds that the current IT systems cannot support the level of change necessary to implement the changes. It is assumed that the periodicity and pay day changes on these benefits would be made, either in the event of new IT systems being commissioned or if the function of paying such benefits were moved to existing computer systems within the Department.

II THE MISCELLANEOUS AMENDMENTS REGULATIONS

1. Regulation 2(2)-(5)

- (1) These paragraphs propose amendments to regulation 16 of the Claims and Payments Regulations. Its power is drawn from section 5(1)(k) of the Social Security Administration Act 1992 (“the Administration Act”) which provides:

‘Regulations may provide for the day on which entitlement to such a benefit is to begin or end;’

- (2) Benefits which are paid in advance are invariably paid in whole weeks. For that reason a person must wait until their first pay day after reaching state pension age before entitlement begins. To achieve symmetry in the arrangements, any changes in the amount of benefit or termination of the award altogether also takes place on the pay day on or following the date of the change itself. The rationale for paying in whole weeks is that the Secretary of State cannot predict with any certainty that on any one pay day the conditions of entitlement will be satisfied throughout the course of the following 7 days. The rule is therefore that entitlement on the pay day, both in principle and as to the amount, applies throughout the coming benefit week whatever changes may occur in fact.
- (3) The current structure of regulation 16 is that paragraph (1) secures the intention that the start of an award will begin with the pay day on or next following what would otherwise be the start of entitlement. Paragraph (2) achieves the same result with regard to a change in the rate of benefit, including the termination of the award itself. Paragraphs (1A) to (1C) are obsolete and paragraph (3) defines the term “the first day of the benefit week” which, in cases where benefit is paid in advance, will be the payday. Paragraph (4) lists the benefits that are excluded from the scope of the paragraph (1) (and, indirectly from paragraph (2) as well since paragraph (2) only applies in respect of the same benefits as in paragraph (1)).

- (4) It should be noted that the benefits which are listed in paragraph (4) of regulation 16 appear either because they are benefits which are paid in arrears or because separate provision is made for them elsewhere.
- (5) The effect of the changes is as follows –
- a) bereavement allowance and widowed parent's allowance are added to paragraph (4) and therefore brought out of the scope of paragraph (1). The effect of this will be that entitlement will begin whenever the conditions of entitlement are satisfied, regardless of the day of the week;
 - b) widowed mother's allowance and widow's pension have not been included in paragraph (4) alongside bereavement allowance and widowed parent's allowance, because it is no longer possible to claim and be awarded these benefits;
 - c) paragraph (2A) has been inserted because, regardless of whether a survivor benefit is paid in advance or in arrears, the intention is that all changes of circumstances should take effect from the first day of the benefit week on or following the change. The same approach applies for up-rating;
 - d) paragraph (2B) has been inserted to ensure that the rule about changes in circumstances only taking effect from the first day of the benefit week, does not apply where the benefit in question is paid in arrears and where the change in circumstances results in a termination of the award. In other words, where there is a termination of an award of a survivor benefit which is paid in arrears, benefit will be payable for the days up to and including the final day of the award, but not for any remaining days in that benefit week;
 - e) paragraph (2C) ensures that the existing rules on changes of circumstances continue to apply in respect of any survivor benefit still being paid in advance when the award terminates;
 - f) the amendment to regulation 16(3)(c), being introduced by regulation 2(4) of these Regulations is required because, in cases where beneficiaries are paid in arrears, their payday is the last day of the benefit week. Where benefit is paid in advance it is the first day;
 - g) regulation 2(5) introduces bereavement allowance and widowed parent's allowance to regulation 16(4) so that these benefits are excluded from the scope of regulation 16(1). That means that entitlement for these benefits begins on the day on which the person satisfies the conditions of entitlement, regardless of the day of the benefit week it happens to be. Widowed mother's allowance and widow's pension have not been included because regulation 16(1) is dealing solely with new claims, and these benefits are no longer available for the newly bereaved.

- (6) a comparison of the existing regulation 16 and the proposed change in provided in the Annex.

2. Regulation 2(6)-(7)

- (1) These paragraphs have the effect of inserting a new regulation which makes specific provision for the payment of bereavement allowance, widowed mother's allowance, widowed parent's allowance and widow's pension. These four benefits are found within the definition of 'long-term benefits' in regulation 2(1) of the Claims and Payments Regulations. Under the current legislation the payment of all long-term benefits is dealt with by regulation 22 of those Regulations. The new regulation effectively takes these four benefits out of regulation 22 and makes them the subject of specific rules. The power for these provisions is to be found in section 5(1)(i) of the Administration Act where –

Regulations may provide for the person to whom, time when and manner in which a benefit to which this section is to be paid

- (2) The new regulation 22A(1) provides that the standard way in which recipients of these four benefits will be paid is fortnightly in arrears.
- (3) Regulation 22A(3) makes provision for these same benefits to be paid on a pay day determined according to the last 2 digits of the individual beneficiary's NINo. This approach has already been adopted for payment of the new employment and support allowance. This will mean a marked change from the historical approach whereby widows were traditionally paid on Tuesdays.
- (4) It will be noted that the Secretary of State is given a wide degree of discretion under the provisions of regulation 22A with regard to the payment of these benefits. These would be exercised as follows-
 - a) the discretion to make payments at weekly intervals rather than fortnightly intervals (regulation 22A(5)). This is to enable him to make weekly payments in certain individual cases where he believes it would be inappropriate to make fortnightly payments in arrears. The Secretary of State will be issuing guidance to officers acting in his name regarding the exercise of this discretion;
 - b) the discretion to make payments in advance in any particular class of case (also regulation 22A(5)). This has been given him to allow the existing payment regime to continue to run in parallel until the existing stock of cases has been converted to payment under the new regime. It is also used to pay beneficiaries in advance at times of public holidays to ensure that customers do not receive their money later than normal;

- c) the discretion, in any individual case or any class of case, to pay benefit on a day of the week other than the one determined in accordance with the person's NINo (regulation 22A(3)). This will enable the present system of paying benefits to the bereaved to run in conjunction with the new system pending the programme of conversion. As now, we think it unlikely that the Secretary of State will be called upon to exercise his discretion in any individual case, but the discretion is retained in the event that an odd case may arise;
- d) the existing discretion to make payments of benefit at intervals not exceeding 12 months where the benefit is less than £5 a week is preserved (regulation 22A(4)). So too is the facility to pay benefit recipients at 4 or 13 week intervals in arrears – a facility which is only operated with the individual's express agreement (regulation 22A(5)). The proposal to allow payment of long-term benefits in general at intervals not exceeding 13 weeks is included in a separate package of amendments to the Claims and Payments Regulations due to come into force in October 2008.

3. Regulation 2(8)-(12)

- (1) These paragraphs amend regulation 24 of the Claims and Payments Regulations and make provision for the payment of incapacity benefit and maternity allowance, as well as ongoing payments of severe disablement allowance, to be paid on a NINo-based pay day. Regulation 2(8) also makes provision for maternity allowance to be paid fortnightly.
- (2) As with the new regulation 22A, regulation 24 is being amended to ensure that two parallel payment regimes can run alongside each other until such time as the existing stock of cases have, where appropriate, been converted to the new system.
- (3) Although it will mean that, where conversion is necessary, a large majority of existing cases will require an adjusting change of pay day calculation in order to make their pay day accord with their individual NINo, the ultimate goal is that all benefits will be paid on that same pay day for each individual beneficiary with the result that a change of pay day adjustment will eventually become obsolete.
- (4) A comparison of the existing legislation with the proposed new version of regulation 24 is in the Annex
- (5) Paragraph 6 of Schedule 6 to the Claims and Payments Regulations is deleted as a consequence of these changes (regulation 2(12)).

5. Regulation 2(13)

- (1) This paragraph amends paragraph 2 of Schedule 7 to the Claims and Payments Regulations. Schedule 7 provides for the time of payment in Income Support cases.
- (2) The rules for the payment of benefit in Income Support cases are essentially parasitic. In other words they are governed by the parent benefit with which the benefit is commonly associated in any individual case. Thus a person in receipt of widowed parent's allowance will currently be paid any income support in advance and a person in receipt of incapacity benefit will be paid their Income Support in arrears.
- (3) This amendment simply ensures that where a person is in receipt of a benefit for the bereaved and it is paid in advance, Income Support continues to be paid in advance, and that where the main benefit is paid in arrears, so too is Income Support. The amendment merely preserves the existing policy.

6. Regulation 3

- (1) This regulation changes the definition of "benefit week" for the purposes of the Jobseeker's Allowance Regulations. The existing definition is somewhat complex but essentially provides that the benefit week is the period of 7 days ending on the day the individual is required to attend the Jobcentre Plus office and affirm that, amongst other things, he has actively sought work and been available for work over the past fortnight.
- (2) The new definition aligns benefit week in accordance with the individual's NINo, in line with changes to other benefits being introduced by these Regulations. Although it may take a while for staff and customers to become accustomed to the new arrangements, there is no clear argument for requiring the present link between the signing day and the benefit week to be preserved and the advantages are seen when the person moves from JSA to another benefit.
- (3) The Secretary of State still has discretion to arrange that, in any individual case or class of case, the benefit week (and therefore the pay day) be assigned other than by reference to the person's NINo. This will allow the conversion exercise to take place as well as enabling the Secretary of State to apply his discretion in particular cases. This will be necessary to allow both members of a joint claim, for example, to have the same benefit week.
- (4) The Secretary of State is already engaged in a trial to test the new arrangements for Jobseeker's Allowance under existing discretionary powers. He wishes to see how those arrangements work out in practice before developing detailed guidance for staff in advance of these proposals being implemented.

III THE TRANSITIONAL PAYMENTS REGULATIONS

1. Regulation 2 – The Transitional Payment

- (1) Paragraph (1) of regulation 2 makes it clear that this payment is being introduced to facilitate the move from weekly payments in advance to weekly payments in arrears. A widow who receives, for example, her widowed parent's allowance on Tuesday 8th September 2009 for the coming week would, without receiving such a payment, be required to go a fortnight before getting her next full week's payment of benefit on 22nd September.
- (2) The transitional payment represents a payment by way of compensation. There is historical precedent for this: when Income Support replaced Supplementary Benefit in April 1988 provision was made in the Income Support (Transitional) Regulations 1987 (SI 1987 No. 1969) for a transitional payment to be made to beneficiaries whose Supplementary Benefit was paid in advance but whose Income Support was payable in arrears.

- (3) When a person receives a weekly payment of benefit in advance they receive 7 days' worth of benefit for the pay day itself and for the next 6 days. When a person receives a weekly payment of benefit in arrears they receive 7 days' worth of benefit beginning with the day after the previous pay day and ending with the pay day itself. Turning to the example used in sub-paragraph (1) above, the widow would receive the following –

8.9.09 – week's payment covering the period 8.9.09 to 14.9.09

22.9.09 – week's payment covering the period 16.9.09 to 22.9.09

It will be seen from this that one day's benefit will be due for 15.9.09. The Department will pay this amount as a day's benefit.

- (4) The transitional payment will be paid to all those affected by the change from being paid in advance to being paid in arrears as a matter of right. Legal advice is that the Secretary of State has the power to make such payments under powers conferred by section 189(5) of the Administration Act which provides –

Without prejudice to any specific provision in this Act, a power conferred by this Act to make an Order in Council, regulations or an order includes power to make thereby such incidental, supplementary, consequential or transitional provision as appears to Her Majesty, or the authority making the regulations or order, as the case may be, to be expedient for the purposes of the Order in Council, regulations or order.

- (5) The transitional payment will be the equivalent of a week's benefit. The reason why it is a full week and not six-sevenths (which would have brought it up to the full week when combined with the odd day's benefit

which will be due) is that such a step would require a configuration of the computer system which would cost more to implement than the extra amount of payment at stake. The overall effect of this is that individuals will be more than compensated for the apparent loss of a week's money.

- (6) The amount of the transitional payment will be based upon the benefit which was paid on the final occasion when the person was paid in advance (regulation 2(4)). If there are relevant changes in circumstances which would necessitate a revision or supersession of the decision awarding benefit at a certain rate, the conversion will be processed manually so that the transitional payment will be equivalent to the person's normal rate of benefit.
- (7) Regulation 2(5) provides that the transitional payment will be based upon the amount the beneficiary either received or would have received if there had been no deductions made from benefit under regulations 34A, 34B and 35 of the Claims and Payments Regulations (deductions for mortgage interest, housing costs, fuel costs, water charges, child support maintenance payments etc) or for the recovery of overpayments or social fund loans.
- (8) Decisions with regard to the transitional payment will carry a right of appeal.

2. Regulation 3 – the adjusting payment of benefit

- (1) The facility to make an adjusting payment of benefit is being introduced to smooth the transition for beneficiaries as they move from being paid weekly in arrears to fortnightly in arrears. It will be seen from regulation 3(2) that, in addition to income support, widowed mother's allowance, widowed parent's allowance and widow's pension (which were also specified in regulation 2(2) for the purposes of the transitional payment), this extends to payments of incapacity benefit and severe disablement allowance.
- (2) Unlike the transitional payment, the adjusting payment of benefit is optional. The Department will however be informing everyone affected by the changes, of the availability of such a payment. Apart from the exclusion for those whose weekly payment of benefit comes to less than £4.00 the Secretary of State intends to make an adjusting payment of benefit in every case where it is requested before the first payment of benefit for a fortnight has been made. As individual cases come up for conversion from weekly payments in arrears to fortnightly payments in arrears, beneficiaries will be advised about the new arrangements and what it will mean for them. The availability of the adjusting payment of benefit will be highlighted.
- (3) It should be noted that this stage of the conversion process is to be kept entirely separate from the process by which people will go from being paid weekly in advance to weekly in arrears. Nobody will be

required to go from weekly payments in advance to fortnightly payments in arrears. The step by which a person goes from weekly in arrears to fortnightly in arrears may however be combined with the other step of changing their pay day in accordance with their NINo.

- (4) An adjusting payment of benefit, unlike the transitional payment, is actual benefit. One way to look at it is to say that it is benefit that, unless there are changes in circumstances, will eventually be due to the person over the coming weeks but which has been paid early.
- (5) For the Committee's information, in circumstances when a person moves from a weekly paid benefit to a fortnightly paid benefit and would have difficulty in coping with the changed payment arrangements, they can apply for a recoverable Social Fund Crisis Loan. Whether a Crisis loan would be awarded would depend upon whether the qualifying conditions are satisfied. The scale of the conversion exercise emanating from these proposals is such that a more certain and more automatic process was considered necessary.
- (6) The proposal to pay an adjusting payment of benefit consists of the following elements –
 - a) it is to be based on the amount of the weekly benefit paid in relation to the final week in respect of which benefit was paid weekly in arrears (regulation 3(4)),
 - b) unlike the transitional payment it will be based upon the net amount of benefit payable after deductions have been made and not upon the gross amount payable before applying any deductions (regulation 3(5)),
 - c) it will consist of 75% of the net weekly benefit, rounded up so as to be divisible by 12 – that being the number of weeks over which the adjusting payment is to be recovered (regulation 3(4)),
 - d) it will not be available for those whose weekly benefit is less than £4.00. This figure represents a de minimis amount at which the costs of administering such a payment become grossly disproportionate to the amount of the payment itself (regulation 3(6)).
- (6) Regulation 3(7) makes provision for an adjusting change of pay day calculation to be made and then paid at a daily rate where a person's pay day is changed. This is needed to facilitate the change to a pay day based upon the person's NINo. The wording of this paragraph follows a pattern already found in the Claims and Payments Regulations – for example, regulation 26C where provision is made for an adjusting change of pay day to be made in cases involving employment and support allowance. The calculation required for a change of pay day adjustment will in practice, as now, be based upon the weekly gross amount of benefit payable to the beneficiary before any deductions have been made.

3. Regulation 4 – recovery of the adjusting payment from subsequent payments of benefit
- (1) Regulation 4 makes provision for the recovery of the adjusting payment from subsequent payments of benefit. In most cases the payment will be recovered from the subsequent 6 fortnightly payments beginning with the second payment of benefit fortnightly in arrears (regulation 4(2)).
 - (2) If the beneficiary ceases to be entitled to the benefit or the rate of benefit to which they are entitled reduces to a level at which recovery over the subsequent 12 weeks is not possible, the Secretary of State has the discretion to recover the adjusting payment, or what is left of it, from payments of the same benefit (regulation 4(5)). Legal advice is that the powers do not exist for the recovery of an adjusting payment from payments of a different benefit.
 - (3) Regulation 4(3) identifies the second fortnightly payment as marking the start of the recovery process. This will enable the person to receive the first fortnightly payment in full. Recovery in most cases will then be achieved by deductions from the second and subsequent fortnightly payments. The details of the recovery procedure will be set out in information given to each person affected by this change.
 - (4) The period of recovery in most cases will be a period of 12 weeks, representing 6 fortnightly payments. The exceptions will be those cases where entitlement ceases or the rate of benefit decreases below a certain amount. For the information of Committee members, the IT is to be configured to continue to recover the loan if, after the deduction has been made, the customer is left with £2 a week or more. If the net amount would otherwise drop below £2 a week the deduction will not be made. Instead the amount still to be recovered will be referred to specialists working in a unit within Central and Corporate Services known as 'Debt Management' for recovery in the normal way.

Regulation 16 of the Claims & Payments Regulations

Existing version	Proposed version
<p>(1) For the purpose only of determining the day from which benefit is to become payable, where a benefit other than one of those specified in paragraph (4) is awarded for a period of a week, or weeks, and the earliest date on which entitlement would otherwise commence is not the first day of a benefit week, entitlement shall begin on the first day of the benefit week next following.</p> <p>(2) Where there is a change in the rate of any benefit to which paragraph (1) applies the change, if it would otherwise take effect on a day which is not the appropriate pay day for that benefit, shall take effect from the appropriate pay day next following.</p> <p>(3) For the purposes of this regulation the first day of the benefit week –</p> <p>(a)</p> <p>(b)</p> <p>(c) in any other case is the day of the week on which the benefit is payable in accordance with regulation 22 (long-term benefits).</p> <p>(4) The benefits specified for exclusion from the scope of paragraph (1) are jobseeker's allowance, incapacity benefit, maternity allowance, severe disablement allowance, income support, state pension credit and any increase of those benefits.</p>	<p>(1) Subject to paragraphs (2A) to (2C), for the purpose only of determining the day from which benefit is to become payable, where a benefit other than one of those specified in paragraph (4) is awarded for a period of a week, or weeks, and the earliest date on which entitlement would otherwise commence is not the first day of a benefit week, entitlement shall begin on the first day of the benefit week next following.</p> <p>(2) Where there is a change in the rate of any benefit to which paragraph (1) applies the change, if it would otherwise take effect on a day which is not the appropriate pay day for that benefit, shall take effect from the appropriate pay day next following.</p> <p>(2A) Subject to paragraphs (2B) and (2C), where there is a change in the rate of bereavement allowance, widowed mother's allowance, widowed parent's allowance and widow's pension, the change, if it would otherwise take effect on the day which is not the first day of the benefit week, shall take effect from the first day of the benefit week next following.</p> <p>(2B) Subject to paragraph (2C), paragraph (2A) shall not apply in a case where an award of benefit is terminated and benefit is paid in arrears.</p> <p>(2C) Where an award of benefit specified in paragraph (2A) which is paid in advance is terminated, the termination, if it would otherwise take effect on a day which is not the first day of a benefit week, shall take effect on the first day of the benefit week next following.</p> <p>(3) For the purposes of this regulation the first day of the benefit week –</p> <p>(a)</p> <p>(b)</p> <p>(c) in any other case is –</p>

	<p>(i) when paid in advance, the day of the week on which the benefit is payable in accordance with regulation 22 (long-term benefits) or regulation 22A (bereavement allowance, widowed mother's allowance, widowed parent's allowance and widow's pension);</p> <p>(ii) when paid in arrears, the first day of the period of seven days which ends on the day on which the benefit is payable in accordance with regulation 22 (long-term benefits) or regulation 22A (bereavement allowance, widowed mother's allowance, widowed parent's allowance and widow's pension).</p> <p>(4) The benefits specified for exclusion from the scope of paragraph (1) are jobseeker's allowance, incapacity benefit, <i>employment support allowance</i>³, maternity allowance, severe disablement allowance, income support, state pension credit, bereavement allowance, widowed parent's allowance and any increase of those benefits.</p>
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³ Employment and Support Allowance is to be inserted into paragraph (4).

Regulation 24 of the Claims & Payments Regulations
Incapacity benefit, maternity allowance and severe disablement allowance

Existing version	Proposed version												
<p>(1) Subject to paragraphs (2), (3) and (3A), incapacity benefit and severe disablement allowance shall be paid fortnightly in arrears unless, in any particular case, the Secretary of State arranges otherwise.</p> <p>(2) Subject to paragraphs (3) and (3A), incapacity benefit and severe disablement allowance shall be paid weekly in arrears where—</p> <p>(a) immediately before 13th April 1995 a person was entitled to sickness benefit, invalidity benefit or severe disablement allowance and—</p> <p style="padding-left: 40px;">(i) in the case of severe disablement allowance, there has been no break in the entitlement to that benefit on or after that date;</p> <p style="padding-left: 40px;">(ii) in the case of sickness benefit and invalidity benefit, there has been no break in the entitlement to incapacity benefit on or after that date;</p> <p>(b) a claim for incapacity benefit or severe disablement allowance is made on or after 13th April 1995 and immediately before the date of the claim income support on the grounds of incapacity for work was being paid weekly.</p> <p>(3) If the weekly amount of incapacity benefit or severe disablement allowance is less than £1.00 it may be paid in arrears at intervals of 4 weeks.</p> <p>(3A) Where the amount of incapacity benefit payable after reduction for pension payments under section 30DD of the Social Security Contributions and Benefits Act 1992 (including any reduction for other purposes) is less than</p>	<p>(1) Subject to paragraphs (1A) to (1C), (3) and (3A), incapacity benefit, maternity allowance and severe disablement allowance shall be paid fortnightly in arrears unless, in any particular case or class of case, the Secretary of State arranges otherwise.</p> <p>(1A) Subject to paragraphs (1B), (3) and (3A), incapacity benefit, maternity allowance and severe disablement allowance shall be paid fortnightly in arrears on the day of the week specified in paragraph (1C).</p> <p>(1B) The Secretary of State may in any particular case or class of case arrange that incapacity benefit, maternity allowance and severe disablement allowance be paid on any day of the week.</p> <p>(1C) The day specified for the purposes of paragraph (1A) is the day in column (2) which corresponds to the series of numbers in column (1) which includes the last 2 digits of the claimant's national insurance number—</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><i>(1)</i></th> <th style="text-align: center;"><i>(2)</i></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">00 to 19</td> <td style="text-align: center;">Monday</td> </tr> <tr> <td style="text-align: center;">20 to 39</td> <td style="text-align: center;">Tuesday</td> </tr> <tr> <td style="text-align: center;">40 to 59</td> <td style="text-align: center;">Wednesday</td> </tr> <tr> <td style="text-align: center;">60 to 79</td> <td style="text-align: center;">Thursday</td> </tr> <tr> <td style="text-align: center;">80 to 99</td> <td style="text-align: center;">Friday</td> </tr> </tbody> </table> <p>(2) <i>deleted</i></p> <p>(3) If the weekly amount of incapacity benefit or severe disablement allowance is less than £1.00 it may be paid in arrears at intervals of 4 weeks.</p> <p>(3A) Where the amount of incapacity benefit payable after reduction for pension payments under section 30DD of the Social Security Contributions and Benefits Act 1992 (including any reduction for other purposes) is less than £5.00 a week, the Secretary of State may direct that it shall be paid in arrears</p>	<i>(1)</i>	<i>(2)</i>	00 to 19	Monday	20 to 39	Tuesday	40 to 59	Wednesday	60 to 79	Thursday	80 to 99	Friday
<i>(1)</i>	<i>(2)</i>												
00 to 19	Monday												
20 to 39	Tuesday												
40 to 59	Wednesday												
60 to 79	Thursday												
80 to 99	Friday												

<p>£5.00 a week, the Secretary of State may direct that it shall be paid (whether in advance or in arrears) at such intervals as may be specified not exceeding 12 months.]</p> <p>(4) Maternity allowance shall be paid on Friday in the week for which it is payable unless in any particular case the Secretary of State arranges otherwise.</p>	<p>at such intervals as may be specified not exceeding 12 months.]</p> <p>(4) <i>deleted</i></p>
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2008 No. 000

SOCIAL SECURITY

**The Social Security (Claims and Payments Amendments)
(No. 2) Regulations 2008**

<i>Made</i>	- - - -	<i>2008</i>
<i>Laid before Parliament</i>		<i>2008</i>
<i>Coming into force</i>	- -	<i>6th April 2009</i>

The Secretary of State for Work and Pensions makes the following Regulations in exercise of powers conferred by sections 5(1)(i), 189(1) and (3) to (6) and 191 of the Social Security Administration Act 1992⁽⁴⁾.

[The Secretary of State for Work and Pensions makes the following Regulations in exercise of powers conferred by sections 5(1)(i) and sections 189(1) and (3) to (6) and 191 of the Social Security Administration Act 1992 after consultation with the Social Security Advisory Committee.]

[In accordance with section 173(1)(b) of the Social Security Administration Act 1992, the Secretary of State has obtained the agreement of the Social Security Advisory Committee that proposals to make these Regulations should not be referred to it.]

Citation and commencement

1. These Regulations may be cited as the Social Security (Claims and Payments Amendments) (No. 2) Regulations 2008 and shall come into force on 6th April 2009.

Amendment of the Social Security (Claims and Payments) Regulations 1987

2.—(1) The Social Security (Claims and Payments) Regulations 1987⁽⁵⁾ are amended as follows.

(2) In regulation 16(1) (date of entitlement under an award for the purpose of payability of benefit and effective date of change of rate) for “For the purpose” substitute “Subject to paragraphs (2A) to (2C), for the purpose”.

(3) After regulation 16(2), insert—

⁽⁴⁾ 1992 c.5. Section 189(1) was amended by the Social Security Act 1998 (c.14), Schedule 7, paragraph 109(a) and Schedule 8, by the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c.2), Schedule 3, paragraph 57(1) and (2) and by the Tax Credits Act 2002 (c.21), Schedule 6. Section 189(4) to (6) was amended by the Social Security Act 1998, Schedule 7, paragraph 109(c) to (e) and Schedule 8. Section 191 is cited for the meaning ascribed to the word “prescribe”.

⁽⁵⁾ S.I. 1987/1968.

“(2A) Subject to paragraphs (2B) and (2C), where there is a change in the rate of bereavement allowance, widowed mother’s allowance, widowed parent’s allowance and widows pension, the change, if it would otherwise take effect on the day which is not the first day of the benefit week, shall take effect from the first day of the benefit week next following.

(2B) Subject to paragraph (2C), paragraph (2A) shall not apply in a case where an award of benefit is terminated and benefit is paid in arrears

(2C) Where an award of benefit specified in paragraph (2A) which is paid in advance is terminated, the termination, if it would otherwise take effect on a day which is not the first day of a benefit week, shall take effect on the first day of the benefit week next following.”.

(4) For regulation 16(3)(c) substitute—

“(c) in any other case is —

- (i) when paid in advance, the day of the week on which the benefit is payable in accordance with regulation 22 (long-term benefits) or regulation 22A (bereavement allowance, widowed mother’s allowance, widowed parent’s allowance and widow’s pension);
- (ii) when paid in arrears, the first day of the period of seven days which ends on the day on which the benefit is payable in accordance with regulation 22 (long-term benefits) or regulation 22A (bereavement allowance, widowed mother’s allowance, widowed parent’s allowance and widow’s pension).”.

(5) In regulation 16(4)⁽⁶⁾ after “state pension credit” insert “, bereavement allowance, widowed parent’s allowance”.

(6) In regulation 22(1)⁽⁷⁾ (long term benefits), for “regulation 25(1)” substitute “regulations 22A and 25(1)”.

(7) After regulation 22, insert—

“Bereavement allowance, widowed mother’s allowance, widowed parent’s allowance and widow’s pension

22A.—(1) Subject to paragraphs (2), (4) and (5), bereavement allowance, widowed mother’s allowance, widowed parent’s allowance and widow’s pension shall be paid fortnightly in arrears on the day of the week specified in paragraph (3).

(2) The Secretary of State may in any particular case or class of case arrange that bereavement allowance, widowed mother’s allowance, widowed parent’s allowance and widow’s pension be paid on any other day of the week.

(3) The day specified for the purposes of paragraph (1) is the day in column (2) which corresponds to the series of numbers in column (1) which includes the last 2 digits of the person’s national insurance number—

(1)	(2)
00 to 19	Monday
20 to 39	Tuesday
40 to 59	Wednesday
60 to 79	Thursday
80 to 99	Friday

(4) Where the amount of any benefit specified in paragraph (1) is less than £5.00 a week, the Secretary of State may direct that it shall be paid in arrears at such intervals as may be specified not exceeding 12 months.

⁽⁶⁾ Regulation 16(4) was amended by S.I. 1988/522, 1994/2943, 1996/1460 and 2002/3019.

⁽⁷⁾ Regulation 22(1) was substituted by S.I. 2002/2441.

(5) The Secretary of State may, in any particular case or class of case, arrange that the claimant be paid weekly in advance or in arrears or, where the beneficiary agrees to be paid in such manner, at intervals of four or 13 weeks in arrears.”

(8) In regulation 24(1)⁽⁸⁾ (incapacity benefit, maternity allowance and severe disablement allowance)—

- (a) for “paragraphs (2), (3) and (3A),” substitute “paragraphs (1A) to (1C), (3) and (3A)”;
- (b) after “incapacity benefit” insert “,maternity allowance”; and
- (c) for “in any particular case,” substitute “in any particular case or class of case,”.

(9) After regulation 24(1) insert—

“(1A) Subject to paragraphs (1B), (3) and (3A), incapacity benefit, maternity allowance and severe disablement allowance shall be paid on the day of the week specified in paragraph (1C).

(1B) The Secretary of State may in any particular case or class of case arrange that incapacity benefit, maternity allowance and severe disablement allowance be paid on any other day of the week.

(1C) The day specified for the purposes of paragraph (1A) is the day in column (2) which corresponds to the series of numbers in column (1) which includes the last 2 digits of the person’s national insurance number—

(1)	(2)
00 to 19	Monday
20 to 39	Tuesday
40 to 59	Wednesday
60 to 79	Thursday
80 to 99	Friday.”.

(10) In regulation 24 paragraphs (2) and (4) are omitted.

(11) In regulation 24(3A)⁽⁹⁾ for “(whether in advance or arrears)” substitute “in arrears”.

(12) Omit paragraph 6 of Schedule 6⁽¹⁰⁾ (widowed mother’s allowance and widow’s pension)

(13) In paragraph 2 of Schedule 7⁽¹¹⁾ (time of payment and commencement of entitlement in income support cases)—

- (a) in sub-paragraph (c), at the beginning insert “subject to sub-paragraph (ca)”;
- (b) after sub-paragraph (c) insert—

“(ca) sub-paragraph (c) shall only apply in respect of widow’s benefit or bereavement benefit where those benefits are paid in advance.”.

Amendment of the Jobseeker’s Allowance Regulations 1996

3.—(1) The Jobseeker’s Allowance Regulations 1996⁽¹²⁾ are amended as follows.

(2) In regulation 1(3)⁽¹³⁾ (citation, commencement and interpretation) for the definition of “benefit week” substitute—

““benefit week” means a period of 7 days ending with a day determined in accordance with regulation 24(1C) of the Claims and Payments Regulations, unless in any particular case or class of case the Secretary of State arranges otherwise.”.

⁽⁸⁾ Regulation 24(1) was substituted by S.I. 1994/2943 and amended by 1996/1460, 2000/3120 and 2002/2441.

⁽⁹⁾ Regulation 24(3A) was inserted by S.I. 2000/3120.

⁽¹⁰⁾ Paragraph 6 of Schedule 6 was amended by S.I. 2000/1483 and 2002/2441.

⁽¹¹⁾ Paragraph 2 of Schedule 7 was amended by S.I. 1988/522, 1994/2943, 1996/1460, 2000/1483 and 2005/337.

⁽¹²⁾ S.I. 1996/207.

⁽¹³⁾ The definition of benefit week was amended by S.I. 1996/1517, 1996/2538 and 2006/2378.

Signed by authority of the Secretary of State for Department for Work and Pensions

Name

Parliamentary Under Secretary of State
Department for Work and Pensions

Date

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Social Security (Claims and Payments) Regulations 1987 (“the Claims and Payments Regulations”) and the Jobseeker’s Allowance Regulations 1996.

Regulation 2(3) inserts paragraphs (2A) to (2C) into regulation 16 of the Claims and Payments Regulations so as to provide that changes in the rate of bereavement allowance, widowed mother’s allowance, widowed parent’s allowance and widow’s pension take effect on the payday on or next following the day on which the change occurs. However, this does not apply where an award of benefit is terminated and payment of benefit is made in arrears.

Regulation 2(5) adds bereavement allowance and widowed parent’s allowance to the list of benefits specified in regulation 16(4) of the Claims and Payments Regulations as being excluded from the scope of paragraph (1) of that regulation.

Regulation 2(6) inserts the words “and regulation 22A” into regulation 16(3)(c) of the Claims and Payments Regulations as a consequence of amendments made at regulation 2(7) of these regulations.

Regulation 2(7) to (12) adds regulation 22A to the Claims and Payments Regulations, and amends regulations 22 and 24 of those Regulations so as to enable specified benefits to be paid weekly or fortnightly in arrears. Paragraph 6 of Schedule 6 to those Regulations is omitted as a consequence.

Regulation 2(13) amends paragraph 2 of Schedule 7 to the Claims and Payments Regulations to provide that income support is only paid in advance if the claimant is also in receipt of widow’s benefit or bereavement benefit which is paid in advance.

Regulation 3(2) amends the definition of “benefit week” in regulation 1(3) of the Jobseeker’s Allowance Regulations 1996 so as to enable a person’s payday to be determined in accordance with their national insurance number.

An impact assessment has not been published for this instrument as it has no impact on the costs of businesses, charities or voluntary bodies.

2008 No.

SOCIAL SECURITY

The Social Security (Transitional Payments) Regulations 2008

Made - - - - - ***
Laid before Parliament ***
Coming into force - - - - - 6th April 2009

The Secretary of State for Work and Pensions makes the following Regulations in exercise of powers conferred by sections 5(1)(i), 189(1) and (3) to (6) and 191 of the Social Security Administration Act 1992⁽¹⁴⁾.

[The Secretary of State for Work and Pensions makes the following Regulations in exercise of powers conferred by sections 5(1)(i) and 189(1) and (3) to (6) of the Social Security Administration Act 1992 after consultation with the Social Security Advisory Committee.]

[In accordance with section 173(1)(b) of the Social Security Administration Act 1992, the Secretary of State has obtained the agreement of the Social Security Advisory Committee that proposals to make these Regulations should not be referred to it.]

Citation and commencement

4. These Regulations may be cited as the Social Security (Transitional Payments) Regulations 2008 and shall come into force on 6th April 2009.

Transitional payment

5.—(1) This regulation applies where the Secretary of State changes the manner in which a benefit mentioned in paragraph (2) is paid from weekly payments in advance to weekly payments in arrears.

(2) The benefits are income support, widowed mother's allowance, widowed parent's allowance and widow's pension.

(3) Where this regulation applies, a person shall be entitled to a transitional payment determined in accordance with paragraph (4).

⁽¹⁴⁾ 1992 c.5. Section 189(1) was amended by the Social Security Act 1998 (c.14), Schedule 7, paragraph 109(a) and Schedule 8, by the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c.2), Schedule 3, paragraph 57(1) and (2) and by the Tax Credits Act 2002 (c.21), Schedule 6. Section 189(4) to (6) was amended by the Social Security Act 1998, Schedule 7, paragraph 109(c) to (e) and Schedule 8. Section 191 is cited for the meaning ascribed to the word "prescribe".

(4) The amount of the transitional payment shall be equivalent to the gross amount of benefit paid in respect of the last 7 days for which benefit was payable in advance.

(5) In paragraph (4) and regulation 3(7), ‘the gross amount’ means the amount of weekly benefit payable to a person before any deductions have been made—

- (a) under regulation 34A, 34B or 35 of the Social Security (Claims and Payments) Regulations 1987⁽¹⁵⁾; or
- (b) in respect of overpayment recovery and recovery of social fund loans under sections 71, 74, or 78 of the Social Security Administration Act 1992⁽¹⁶⁾.

Adjusting payment of benefit

6.—(1) This regulation applies where the Secretary of State changes the manner in which a benefit mentioned in paragraph (2) is paid from weekly payments in arrears to fortnightly payments in arrears.

(2) The benefits are incapacity benefit, income support, severe disablement allowance, widowed mother’s allowance, widowed parent’s allowance and widow’s pension.

(3) Subject to paragraph (6), the Secretary of State may make an adjusting payment of benefit determined in accordance with paragraph (4).

(4) The amount of the adjusting payment of benefit shall be 75 per cent of the person’s net weekly benefit payable in respect of the last period of 7 days for which benefit was payable weekly in arrears, rounded up so as to be divisible by 12.

(5) In paragraphs (4) and (6), ‘net weekly benefit’ means the amount of weekly benefit payable to a person after any deductions have been made—

- (a) under regulation 34A, 34B or 35 of the Social Security (Claims and Payments) Regulations 1987; or
- (b) in respect of overpayment recovery and recovery of social fund loans under sections 71, 74, or 78 of the Social Security Administration Act 1992.

(6) The Secretary of State shall not pay an adjusting payment of benefit where a person’s net weekly benefit is less than £4.00 in respect of the period of seven days ending on the payday which the Secretary of State has indicated will be the final payday for the purposes of paying the person at weekly intervals.

(7) The Secretary of State may, in any particular case or class of case arrange that an adjusting payment of benefit be paid on any day of the week.

Adjustment of subsequent payments following an adjusting payment of benefit

7.—(1) Subject to paragraph (5), where an adjusting payment of benefit is made under regulation 3, the amount of that benefit shall be recovered by means of an adjustment in subsequent payments of benefit in accordance with paragraphs (2) to (4).

(2) A person’s benefit payments shall be adjusted over a period of 12 consecutive weeks (“the adjustment period”).

(3) The first payment from which recovery of an adjusting payment of benefit is to be made shall be the payment that is due on the second occasion on which the person is due to receive payment of benefit at fortnightly intervals.

(4) The amount by which the person’s weekly benefit is to be reduced on each occasion during the adjustment period shall be 1/12th of the adjusting payment of benefit made under regulation 3.

(5) The Secretary of State may in any particular case or class of case recover the whole of an adjusting payment of benefit, or the residue of it if partly recovered, by adjusting subsequent payments of the same benefit over any period of time.

⁽¹⁵⁾ **S.I.1987/1968. The relevant amending instruments are S.I. 1988/522, 1992/1026, 2001/18, 2002/2441, 2002/3019 and 2002/3197.**

⁽¹⁶⁾ **The relevant amending Act is the Tax Credits Act 2002 (c.21), Schedule 4.**

Address
Date

Name
Parliamentary Under Secretary of State
Department for Work and Pensions

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision for the payment of a one-off transitional payment and an adjusting payment of benefit.

Regulation 2 provides for a one-off transitional payment to be made where payments to persons in receipt of income support, widowed mother's allowance, widowed parent's allowance and widow's pension are changed from weekly in advance to weekly in arrears.

Regulation 3 makes provision for an adjusting payment of benefit to be made where payments to persons in receipt of incapacity benefit, income support, severe disablement allowance, widowed mother's allowance, widowed parent's allowance and widow's pension are changed from weekly in arrears to fortnightly in arrears.

Regulation 4 makes provision for the recovery of an adjusting payment of benefit.

An impact assessment has not been published for this instrument as it has no impact on the costs of businesses, charities or voluntary bodies.

Annex 2 – Diversity and Equality Impact Assessment

Article II. Jobcentre Plus – Periodicity and Payday Project

1. Introduction

An impact assessment is a systematic way of finding out whether a change that an organisation is introducing affects groups of people equally, or whether it potentially may have a differential impact on one or more particular groups. This applies equally to changes involving customers, staff or other stakeholders.

In order that Jobcentre Plus meets legislative requirements for:

- Race (Race Relations (Amendment) Act 2000);
- Disability (Disability Discrimination Act (DDA) 1995, and;
- Gender (Equality Statement 1999)

Article III. It is a mandatory legal requirement that an impact assessment is undertaken when changes are planned. Jobcentre Plus good practice dictates that other areas are also impacted e.g. religion, belief, age and sexual orientation

Article IV.

Article V. Publishing Template

Name of Strategy/ Project/Change:	Periodicity and Payday Project	
Person(s) Responsible for Assessment:	David Sobczak	
Geographic Location of change (i.e. National / Region / District):	National	
Contact Details:	Telephone:	0114 294 3277
	Email:	david.sobczak@jobcentreplus.gsi.gov.uk

Article VI. Stage 1: Screening

This initial assessment is based on existing knowledge, data and best estimates of the scope of the issue and the people it will affect.

Background:

What is the purpose and aim of the change?

Jobcentre Plus proposes to simplify the benefit payment arrangements for the vast majority of working age benefits (Jobseeker's Allowance, Income Support, incapacity Benefit (including Severe Disablement Allowance), Widows Benefits, Bereavement Allowance and Maternity Allowance). These changes are part of an overall aim to modernise and simplify the way Jobcentre Plus administers its benefits.

Primarily the changes will mean that:

- Benefits will be paid a minimum of fortnightly in arrears
- Pay week-ending days will be based the last two digits of customers' National Insurance numbers as follows:

00 – 19 = Monday

20 – 39 = Tuesday

40 – 59 = Wednesday

60 – 79 = Thursday

80 – 99 = Friday

This policy change was announced in the Budget in March 2007.

Who will benefit from it and how?

There are considerable benefits to be gained in bringing about these changes, the main ones can be summarised as follows:

Customers

- The majority of customers will keep the same pay week-ending day and pay period, irrespective of the benefit they are receiving making the payment of benefits easier to understand.
- The majority of customers will receive their payments on the same day of the week no matter which benefit they receive making the move between benefits smoother and simpler to understand.

- The Pensions, Disability and Carers Service are considering proposals to move to similar rules for new customers from April 2010, further enhancing the benefits when moving from working age benefits to Pension Credit or State Retirement Pension.

Staff

- Simplifies the existing rules, making it easier for staff to administer.
- Reduces the need for alignment payments when customers move between benefits as they will be paid.
- Reduces the potential for error both at the beginning of claims and when customers transfer between benefits.

Others

- Movement towards further benefit simplification.
- Improved processing, including increased accuracy.
- Transactions savings through reduced payment frequency.
- Treasury savings from the interest earned by paying benefits fortnightly rather than weekly.

Exclusions

Disability Living Allowance, Carer's Allowance, and Industrial Injuries Disablement Benefits, are excluded on the grounds that the financial investment in the technological change would not be economical. However these changes will be carried forward for consideration in any longer term IT strategy.

It is not considered that these customers are disadvantaged by being excluded or the staff who administer these benefits. These benefits are administered by centralised teams and the pay week-ending days and periodicity are already quite straight forward. Likewise customers don't move from these benefits to others; rather they take these benefits with them as part of their household or personal income.

How will the changes be made

- New claims will be subject to the new rules from 6 April 2009.
- Current claims, except Jobseekers Allowance, will be converted over the two years from 6 April 2009 to March 2011.
- The changes will be made in three steps although steps 2 and 3 are combined:

1. Move from being paid weekly in advance to weekly in arrears
 2. Move to common pay week-ending day
 3. Move from weekly payments in arrears to fortnightly payments in arrears.
- Jobseekers Allowance claims will be converted in the second year, April 2010 to March 2011; this approach reduces the number of claims requiring conversion as some 90% of Jobseekers Allowance claims terminate in their first year.
 - Customers who move from being paid weekly in advance to weekly in arrears will be paid a compensation payment. This payment will be the equivalent of one week's benefit.
 - Customers who move from weekly payments in arrears to fortnightly payments in arrears will automatically be offered an advance of their benefit. This will be the equivalent of 75% of their normal weekly benefit and will be recovered from future benefit payments. Customers will only need to complete and return a reply slip to access this help.

The rationale for change

While most Jobcentre Plus working age customers are paid in arrears, some benefits are still paid in advance. Payment periods also vary, as does the allocation of pay week-ending days and pay cycles. This leads to confusion for both staff and customers as to when payments are due and for what period. For example:

- For most customers claiming Incapacity Benefit, the pay week-ending day is determined by the customer's National Insurance number (allocated Monday to Thursday) and is paid fortnightly in arrears. Some transitionally protected Incapacity Benefit customers are paid weekly in arrears;
- For customers claiming Bereavement Benefits, the pay week-ending day is always Tuesday and is paid weekly in advance, but for those paid four weekly or thirteen weekly this is paid in arrears;
- For customers claiming Jobseeker's Allowance, the Jobcentre first allocates a pay cycle to determine which week in the fortnight the customer will be required to attend, the customer is then required to attend on a day allocated in that week (Monday to Friday). These arrangements determine when a customer will be paid their benefit which is paid fortnightly in arrears;
- For customers claiming Income Support, the pay week-ending day and periodicity is determined as follows;

- seven days from the date of claim and paid weekly in arrears, or
- If paid with Incapacity Benefit, pay week-ending day aligned to the Incapacity Benefit pay week-ending day (determined by the customer's National Insurance number) and paid fortnightly in arrears, or
- If paid with Widows or Bereavement Benefit, the pay week-ending day is Tuesday and benefit is paid weekly in advance.
- For customers claiming Maternity Allowance the pay week-ending day is always Friday even though the pay week-ending day is different and is paid weekly or four weekly in arrears.

The variety of benefit pay week-ending days and periods does not support benefit simplification, is complex to administer and can lead to under/overpayments of benefit. For customers, particularly those moving from one benefit to another, there can be significant disruption to their financial and budgeting arrangements.

What data on the diversity of both your customers and staff is available to you?

Client Group Caseload (Thousands)*

	Total Caseload (Thousands)	Gender of claimant		
		Female Caseload (Thousands)	Male Caseload (Thousands)	Unknown Caseload (Thousands)
Jobseeker's Allowance	741.1	198.59	542.51	–
Incapacity Benefits including Severe Disablement Allowance	2,683.75	1,143.47	1,540.28	–
Income Support	2,107.38	1,339.53	767.84	–
Widows/ Bereavement Benefits	123.72	Not available	Not available	–

**Statistical Source: DWP Tabulation Tool November 2007*

There are various combinations of other data available. For example we know how many Income Support customers are sick or disabled, the ethnicity of jobseekers, however there is no complete, cumulative dataset available across all the working age benefits. It is considered that it is too costly to gather such data across all the benefits.

There are however some statistics available, for example by age group, number of children, duration of claim etc. but it is felt these add no value to this assessment but are available if required.

Data on the diversity of staff is available if required but as the changes will be introduced nationally it is considered that including this data will not add any value to this assessment.

Q3. Does collected data show that there may be a disproportionate or adverse impact on either customers or staff?

Staff

Whilst all staff need to know about the changes some staff are more affected than others with benefit processors, benefit enquiry telephone teams and Jobcentre customer facing staff being most affected. The changes for new claims are minor and will simplify the rules for the allocation of pay week ending days. There is however, likely to be an increase in the number of enquiries for both telephone teams and Jobcentre staff during the conversion period. There could also be some additional clerical activity for staff during the conversion period although the majority of changes will be made through automated IT processes.

Staff will be prepared for the changes through a series of internal communications products and presentations with detailed guidance to support process changes. An analysis is currently underway to determine what training or other products are required to support staff in understanding and making the changes and responding to customer queries.

There are no changes required for reasonable adjustments for staff as claims processing and service delivery remains unchanged.

Staff in Jobcentres will be required to review the way they currently allocate the day a customer is required to attend the Jobcentre; this is usually allocated to ensure an even and regular footfall into the Jobcentre and to meet customer needs, for example where public transport is limited. Currently it is the day the customer is required to attend the Jobcentre which determines their pay week-ending day. For some Jobcentres, particularly those which only open on certain days of the week, staff will need to consider how they will balance pay week-ending days spread across Monday to Friday with limited availability in the Jobcentre. To ensure maximum flexibility the regulations will be changed to enable a customer to attend on a day other than their pay week-ending day where it is necessary to do so. A pilot is currently running in Norfolk district to test the implications of these changes in Jobcentres and the outcomes will inform final decisions. A local Diversity and Equality Impact Assessment was made and the assessment published in June 2008.

Although it is acknowledged that there will be some increased activity during the two year conversion period there are no plans to increase staffing levels.

Customers

The changes will be made across the benefits rather than by certain groups of people, but the changes have implications for when and how often customers are paid their benefit and the implications vary.

For the majority of new customers the implications are minor. However some customers may find that the first payment of benefit is paid later than it would have been under the old rules as the payment may not be due until the end of a given fortnight.

For existing customers the changes and implications vary according to the current pay week-ending day and periodicity arrangements for their particular benefit and these are detailed below. However it should be noted that for many customers, for example those claiming Incapacity Benefit (post 1995 claims) and Jobseeker's Allowance and some Widows/Bereavement Benefit and Income Support customers, benefit is already paid at intervals of two weeks or more.

Likewise customers have come to readily accept fortnightly payments for both Incapacity Benefit and Jobseeker's Allowance (previously Unemployment Benefit) which were both historically paid weekly.

Jobseeker's Allowance

The majority of customers claiming Jobseeker's Allowance are currently paid fortnightly and in that respect there is little change although the concept of a pre-defined pay week-ending day is new. Customers will have a pay week-ending day defined by their National Insurance number and there may be implications for some customers where it is impractical to allocate the day they are required to attend the Jobcentre in line with their pay week-ending day. This is most probably going to occur in offices which are open only on certain days of the week. There may be the need to require customers to attend on a different day to their benefit week-ending day and the full implications of this are being examined in the pilot currently running in Norfolk. The outcomes from the pilot will inform final decisions on how the changes for jobseekers will be made.

Incapacity Benefit/Severe Disablement Allowance

The majority of customers are currently paid fortnightly in arrears on a pay week-ending day determined by their National Insurance number but over a four day week, Monday to Thursday. By default therefore 50% of these customers are being paid on their correct pay week-ending day and will see no change. For the remaining 50%, customers will experience a change of

pay week-ending day of one day only with customers currently paid on a Monday moving to Tuesday etc.

Some customers however retained the right to be paid weekly (pre 1995 claims) but under the new arrangements will move to fortnightly payments and to the new pay week-ending day arrangements. They will be offered an advance of their benefit to help make the move to fortnightly payments and may also experience a change of payday of one day. Customers will be notified in advance of any changes being made.

Income Support

Income Support customers include some of the most financially vulnerable people, for example there are:

Lone parents 741,830*

Carers 85,240*

Sick/disabled 1,198,320*

Others 81,990*

and the majority are currently paid weekly.

Each of these groups will have their own particular difficulties but will all face the common financial challenges that moving to fortnightly payments will bring.

Weekly paid customers on Income Support will automatically be offered an advance of their benefit to help make the transition to fortnightly payments and will be notified in advance of any changes being made. It is recognised that this is likely to be a significant financial challenge for many customers and that repaying an advance of benefit will present a financial burden to this particular group. It is essential however that Income Support customers are included in the changes if Jobcentre Plus and customers are to get the full benefits.

Although the advance of benefit will be available to help make the transition from weekly to fortnightly payments customers might find that despite this they still experience financial difficulties during or after transition and access to Crisis Loans will still be available subject to the normal qualifying conditions.

It is assumed that Income Support customers are more likely to experience difficulties during the transition to the new payment arrangements and view the changes with the most concern. With these particular customers in mind a helpline will be available to take general enquiries. More information about the helpline is included in the Communications section below.

It is considered that for the majority of Income Support customers, once they have settled into a regular cycle of fortnightly payments, their concerns will diminish.

Widows/Bereavement Benefits

Some customers are paid weekly but many are paid four or thirteen weekly (numbers unknown) and these customers will see a change to their pay week-ending day only. There are a few customers who are paid annually and for technical reasons have been excluded from the automated conversion process.

All widows/bereavement benefits are awarded in advance although for some current pay periods the benefit is issued at the end of the benefit period. These customers will all be moved to benefit awarded in arrears before any other changes are made and will receive a compensation payment equal to one week's benefit on their normal pay week-ending day. The move should therefore be seamless.

Once all customers are paid in arrears changes will be made to move to at least fortnightly payments and on pay week-ending days determined by National Insurance numbers. Those moving from weekly to fortnightly payments will be offered an advance of their benefit and will be notified ahead of any changes being made.

Maternity Allowance

There are no proposals to convert existing Maternity Allowance claims and these time limited awards will be allowed to expire. New customers from April 2009 will go onto the new arrangements. This is not expected to have a disproportionate impact on these customers.

Deductions from benefit

Some customers currently have monies deducted from their benefit to prevent undue hardship arising from actions which their creditors might take, or to repay overpayments, court fines etc. For technical reasons the flow of these deductions will be interrupted; this will normally be for one week only, exceptionally for two. The project will communicate directly with all creditors and third parties to ensure no adverse action is taken against the customer. The customer will not be required to do anything.

However there are some customers who have a deduction for maintenance taken from their benefit which is paid to the Child Support Agency and ultimately to the parent with care of the child(ren). Again the flow of these deductions will be interrupted but Jobcentre Plus will not be able to alert the parent with care. However Child Support Agency are aware and will handle any queries from the parents with care.

Exceptionally vulnerable customers

Some customers who move from weekly to fortnightly payments for the first time or claim benefit and find that it is not paid weekly may find that they are required to take a different approach to their usual budgeting arrangements and that their responsibilities to manage their finances increases. Some customers simply may not be able to make this transition. For example there are 1.1million Incapacity Benefit customers* with mental or behavioural problems and some of these may find it difficult to budget over a fortnight. Likewise there may be some customers with existing weekly budget plans agreed with creditors where failure to maintain repayments could have serious implications. It is recognised therefore that there must be some flexibility in exceptional circumstances. In such cases staff will work with individuals to explore alternative arrangements including exceptionally weekly payments being made for a limited period. Guidance is being developed to ensure a consistent approach is taken by staff across all the benefits and customer groups.

Many organisations representing different customer groups have been consulted and their comments are reflected in the final approach to the arrangements and circumstances where weekly payments might be considered. Those groups are listed in greater detail in the Consultation section below.

**Statistical Source: DWP Tabulation Tool November2007*

Overseas customers

Some customers who reside abroad continue to receive Jobcentre Plus benefits, for example Incapacity Benefit. The changes to pay week-ending days will apply equally to these customers although the process has been amended to ensure they do not incur any additional bank charges. Customers who reside abroad are not affected by the changes to pay periods as none are paid weekly.

Age, Gender and Religion

In general the Employment Regulations for Age, Gender and Religion or Belief do not currently apply to these changes. After investigation, no disproportionate impact has been identified to staff and customers.

Sexual Orientation

No information is available on sexual orientation of staff and customers. Jobcentre Plus is committed to treating all individuals fairly, regardless of their sexual orientation. No disproportionate impact is anticipated.

Disability

Some customers such as those with learning difficulties or mental health problems may experience difficulties with the communications and therefore not understand what the changes mean for them individually. The project is developing communications in alternative formats to ensure customers with difficulties or concerns have access to information suitable for their needs with all reasonable adjustments being made. In view of these measures no disproportionate impact is anticipated.

More information about the role of friends, family, readers, advocates and customer support groups is included under the section headed Communications.

Race

The Race Relations (Amendment) Act 2000 extends protection against racial discrimination by public authorities and places a new enforceable positive duty on public authorities to eliminate unlawful discrimination and promote equality of opportunity and good race relations. The following questions have been considered with respect to staff and customers:

- Are we acting fairly?
- Does the service we provide reach all the communities it is meant for and does it meet their needs?
- Are we applying the same professional standards in every situation?
- Are we providing an appropriate and professional service to all sections of the community?

With regard to the services we provide; as staffing levels and delivery to vulnerable and priority customers will be maintained, it is not envisaged there will be a disproportionate impact on any racial group.

Age

The benefits affected are defined as working age and the changes will be applied equally, however there is one group of about *50,000 customers who receive Severe Disablement Allowance up to age 80. As we do not consider it disadvantageous to include this group in the changes and would prefer to treat all customers of a benefit in the same way it is proposed that they are included in the conversion of the Severe Disablement Allowance records.

**Statistical Source: PSCS CIT Application Delivery Centre*

Consultation and involvement

The following organisations have been visited, consulted and their views invited.

National Association of Welfare Rights Advisers Conference - presentation to over 50 welfare rights advisers with questions

Scottish Social Security Consortium - presentation and questions focussing on customer conversion and communications

Citizens Advice Bureau - presentations to small teams focussing on customer conversion and communications

Local Government Association - presentation to policy/strategy team, focussing on customer conversion and communications

Staffordshire County Council - presentation to the Welfare Rights Team focussing on customer conversion and communications

SENSE (UK National Deafblind and Rubella Association) - presentation to a small team and focussing on customer conversion and communications

Homeless Link - presentation to a senior policy adviser focussing on customer conversion and communications

Rightsnet - discussions and information provided for dissemination to welfare rights organisations.

In addition Project staff presented and invited feedback on the changes and conversion process from organisations attending the 2008 DWP Forum. Attendees made up some additional 40-50 voluntary organisations which work with and represent Jobcentre Plus customers.

Wherever possible views are reflected in products for example in the wording for customer communications, the approach for exceptionally vulnerable customers, alternative formats for customer communications and the introduction of a helpline. Where particular views have not been taken on board such as changes to the policy this has been explained.

The project continues to work with customer representative groups and has provided access to the team through e-mail, telephone and internet and frequently asked questions and the responses are published on the internet.

Communications

It is recognised that clear and timely communications are key to making the changes as smooth as possible for customers, to enable them to make adjustments to their budgeting arrangements and determine whether they

need to take up the financial help offered. The Project has been working within Jobcentre Plus and across the Department for Work and Pensions to address the existing forum of special interest and customer representative groups to agree the best way to communicate the changes.

There will be no national publicity campaign but customers will receive or have access to the following:

- A generic letter sent up to six months in advance, briefly outlining the changes Jobcentre Plus is making to the way customers are paid,
- A helpline with textphone facilities to take enquiries arising from the generic letter, this is a dedicated helpline with contracted staff and will not affect current Jobcentre Plus staffing levels,
- A customer specific letter sent four weeks in advance of any changes being made, advising how the changes will be made including dates, amounts and the financial help available,
- Flyers available in Jobcentres, voluntary organisations etc.,
- Internet site providing information about the changes,
- A Ready Reckoner available on the internet site with the functionality to enable a customer to assess what the changes will mean for them individually,
- Staff trained to handle queries, and
- Voluntary organisations briefed to handle queries from customers.

Additionally the project has considered the needs of customers who may need information in alternative formats including customers who:

- Have low levels of literacy
- Have disabilities or long term health conditions
- Have language needs

As standard all communications products will be available in Welsh where appropriate and customers will be able to obtain written communications in Braille or large print on request. The project is also commissioning non standard specific information products for customers in audio format, British Sign Language and Easy-Read. Customers with hearing difficulties will also be able to access staff through the normal text-phone channels available in all Jobcentres and Benefit Delivery Centres and for customers for whom English is not their first language access to translation services will be available

through the normal arrangements in Jobcentres and Benefit Delivery Centres, i.e. Big Word.

The project recognises that despite the support and communications in standard and alternative formats which will be available there may still be customers whose communications or understanding needs are not met; however Jobcentre Plus is unlikely to be able to meet all the different difficulties which its diverse range of customers may experience and must rely to some extent on the support that customers with such difficulties receive in their every day lives such as that from friends, family, readers, advocates etc. to help fill that gap.

Finally, local offices will be encouraged to liaise direct with the customer support groups and organisations in their area which will be invaluable in informing and helping their clients to understand the changes taking place and the communications which they will receive.

CONCLUSION

This is a national policy change where existing provision for reasonable adjustments when dealing with customers will be implemented and as it affects all customers equally the national Diversity Impact Assessment can be applied to all the business.

There is no local discretion away from this national policy and accordingly no local diversity impact assessments will be necessary.

In view of the information available it is thought that neither customers nor staff will be unduly or adversely affected by this change once conversion is completed, or that the proposed change could discriminate unlawfully (either directly or indirectly) on the grounds of race, disability, gender, age, sexual orientation and/or religious belief. It is therefore concluded that a full impact assessment is not required in respect of this change.

The project does however recognise the cultural and financial impacts of making such changes to when benefits have been traditionally paid and the short term disruption and difficulties for both customers and staff during the conversion period. However Jobcentre Plus staff are very experienced in handling change and the project will ensure staff are properly prepared and equipped to handle the changes and challenges which will arise during the transitional period.

Likewise, the project does not underestimate the challenges some customers will face when their payments are disrupted but it is expected that clear and timely communications and the financial help available will minimise these short term difficulties and that customers will quickly settle into the new payment arrangements.

Annex 3 – External Organisations

Jobcentre Plus Customer Representative Groups

Carers UK
Centre for Economic and Social Inclusion (CESI)
Child Poverty Action Group (CPAG)
Citizens Advice
Disability Alliance
Homeless Link
Legal Services Commission
Local Government Association (LGA)
Low Incomes Tax Reform Group (LITRG)
MENCAP
MIND
National Association for the Care and Resettlement of Offenders (NACRO)
National Association of Welfare Rights Advisers (NAWRA)
One Parent Families
The Royal Association for Disability and Rehabilitation (RADAR)
Refugee Council
Rethink
Royal National Institute of Blind People (RNIB)
The Royal National Institute for Deaf People (RNID)
Social Security Advisory Committee (SSAC)
The Age and Employment Network (TAEN)
Trade Union Congress (TUC)
UK Border Agency and National Offender Management Service

DWP Policy and Strategy Forum

Association of Directors of Adult Social Services
Advice Services Alliances
Advice UK
Age Concern England
Barnados
LB Hounslow
LB Lambeth
British Epilepsy Association
Carers UK
Child Poverty Action Group
Citizens Advice
Citizens Advice Scotland
CRE
Disability Alliance
Gateway
Gingerbread
Help the Aged
Low Incomes Tax Reform Group
LGA
Macmillan

Making Space
MENCAP
Mind
MND Association
NACRO
National Deaf Children's Society
National Association of Welfare Rights Advisers
One Parent Families
Princess Royal Trust for Carers
Professional Contractors Group
RADAR
Refugee Council
RETHINK
RNIB
RNID
St Mungo's
SENSE
Shelter
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Trade Union Congress
Herts County Council

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