Welfare Reforms in Northern Ireland
This report has been prepared under Article 8 of the Audit (Northern Ireland) Order 1987 for presentation to the Northern Ireland Assembly in accordance with Article 11 of the Order.

K J Donnelly  
Comptroller and Auditor General  
Northern Ireland Audit Office  
17 January 2019

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Welfare Reforms in Northern Ireland

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HM Treasury anticipates significant UK financial savings from welfare reforms 10

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An Independent Review of the PIP Assessment Process has made a number of significant recommendations

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Universal Credit is intended to simplify the administration of six benefits

The Universal Credit process requires significant cultural change

Over 300,000 households in Northern Ireland will be transferred to Universal Credit

Transitional protection is available to managed migration Universal Credit claimants across the UK

A key element of Working Tax Credit/Universal Credit mitigations has not been introduced

The Department’s business case estimates savings of £1.3 billion from Universal Credit

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<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>AME</td>
<td>Annually Managed Expenditure</td>
</tr>
<tr>
<td>CA</td>
<td>Carers Allowance</td>
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<tr>
<td>CoWA</td>
<td>Cost of Work Allowance</td>
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<tr>
<td>CPI</td>
<td>Consumer Prices Index</td>
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<tr>
<td>DfC/the Department</td>
<td>Department for Communities</td>
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<tr>
<td>DHP</td>
<td>Discretionary Housing Payment</td>
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<tr>
<td>DLA</td>
<td>Disability Living Allowance</td>
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<tr>
<td>DSS</td>
<td>Discretionary Support Scheme</td>
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<tr>
<td>DWP</td>
<td>Department for Work and Pensions</td>
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<tr>
<td>ESA</td>
<td>Employment and Support Allowance</td>
</tr>
<tr>
<td>GB</td>
<td>Great Britain</td>
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<tr>
<td>GPs</td>
<td>General Practitioners</td>
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<tr>
<td>HMRC</td>
<td>Her Majesty’s Revenue and Customs</td>
</tr>
<tr>
<td>HMT</td>
<td>Her Majesty’s Treasury</td>
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<tr>
<td>HSS</td>
<td>Housing Selection Scheme</td>
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<tr>
<td>LHA</td>
<td>Local Housing Allowance</td>
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<tr>
<td>MRC</td>
<td>Mandatory Reconsideration</td>
</tr>
<tr>
<td>MiC</td>
<td>Make the Call</td>
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<tr>
<td>NAO</td>
<td>National Audit Office</td>
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<tr>
<td>NIAO</td>
<td>Northern Ireland Audit Office</td>
</tr>
<tr>
<td>NIHE</td>
<td>Northern Ireland Housing Executive</td>
</tr>
<tr>
<td>PfG</td>
<td>Programme for Government</td>
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<tr>
<td>PIP</td>
<td>Personal Independence Payment</td>
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<tr>
<td>RPI</td>
<td>Retail Price Index</td>
</tr>
<tr>
<td>SSSC</td>
<td>Social Sector Size Criteria</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>UC</td>
<td>Universal Credit</td>
</tr>
<tr>
<td>WSP</td>
<td>Welfare Supplementary Payment</td>
</tr>
</tbody>
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Key Facts

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>£7.3 billion</td>
<td>Annual social security expenditure for Northern Ireland</td>
</tr>
<tr>
<td>More than £1 billion</td>
<td>Disability Living Allowance (DLA) expenditure every year</td>
</tr>
<tr>
<td>More than £0.5 billion</td>
<td>Estimated cost of implementing welfare reforms over 10 years</td>
</tr>
<tr>
<td>£3 billion</td>
<td>Anticipated benefit savings from the introduction of Personal Independence Payment (PIP) and Universal Credit (UC) in Northern Ireland over 9 years</td>
</tr>
<tr>
<td>£0.5 billion</td>
<td>Funding set aside from the NI block grant for mitigation measures over the 4 year period to 2020</td>
</tr>
</tbody>
</table>

Mitigation payments to date v Budget

- The Northern Ireland Executive funded a mitigation package of £0.5 billion to “top-up” reductions in benefit payments for the four years ending March 2020
- Uptake on mitigation payments is below estimates, with £136 million of available funding not utilised in the first two years
- Various factors have led to these underpayments including delays in passing legislation
- The Cost of Work Allowance, a supplementary payment recognising employment expenses, has not been implemented
- The Northern Ireland Housing Executive receives over £16.5 million in mitigation payments every year
- There is no budget for mitigation expenditure post March 2020
• Universal Credit was introduced in Northern Ireland in September 2017, on a phased geographical basis, with 12,000 claimants processed by June 2018

• 82 per cent of claims for Universal Credit have been paid on time and in full: 52 per cent of claimants received an advance payment

• Managed migration will transfer existing claimants (around 300,000) of the six existing benefits to Universal Credit between July 2019 and March 2023

• Unique flexibilities for Universal Credit have been introduced in Northern Ireland

Personal Independence Payment is the new benefit replacing Disability Living Allowance for working-age claimants. One in nine of the Northern Ireland population claimed DLA in August 2016

• 41,000 new claims for PIP have been received with 46 per cent of these qualifying for payment of the new benefit

• 128,000 DLA recipients have been reassessed under PIP rules: 75 per cent of these qualified for payments under the new benefit rules

• 36 per cent of those eligible for PIP receive the enhanced rate for daily living and mobility components compared to the 15 per cent who received combined enhanced rates for DLA
Executive Summary

1. The Westminster Government paid over £212 billion on social security and tax credits in 2016-17. Northern Ireland’s share of this expenditure was £7.3 billion, comprising £6 billion on social security and £1.3 billion on tax credits.

2. Since 2010\(^1\), the Westminster Government has been implementing an extensive programme of welfare reforms involving changes to benefit rates, entitlements and administration of payments. These reforms aim to simplify the benefits system, make it more affordable and create stronger financial incentives for individuals to move from benefits to employment. Reforms introduced between 2010 and 2015 were expected to realise savings of £17.2 billion across the United Kingdom (UK) by 2015-16\(^2\).

3. Key welfare reforms, proposed in 2010, have been introduced in the rest of the UK from April 2012. However, the lack of political consensus delayed their introduction in Northern Ireland. Following the Fresh Start Agreement\(^3\) and a NI Assembly consent motion in November 2015, the Westminster Government was able to legislate for welfare reforms in Northern Ireland\(^4\). Figure 1 compares the dates for implementation of key reforms in Great Britain (GB) and Northern Ireland.

**Figure 1: Comparison of key welfare reform implementation dates**

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Change</th>
<th>GB</th>
<th>NI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution-based Employment</td>
<td>Limited to one year for certain people in the ‘work-related activity group’</td>
<td>April 2012</td>
<td>October 2016</td>
</tr>
<tr>
<td>and Support Allowance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing Benefit</td>
<td>Social Sector Size Criteria (“bedroom tax”) introduced</td>
<td>April 2013</td>
<td>February 2017</td>
</tr>
<tr>
<td>The Benefit Cap</td>
<td>Cap on total benefits income for a household introduced</td>
<td>April / Sept</td>
<td>May / November</td>
</tr>
<tr>
<td>The Benefit Cap</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Independence Payment</td>
<td>Disability Living Allowance (DLA) for working-age claimants replaced by</td>
<td>April 2013</td>
<td>June 2016</td>
</tr>
<tr>
<td>(PIP)</td>
<td>Personal Independence Payment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Universal Credit</td>
<td>Replaces working-age benefits and tax credits</td>
<td>April 2013</td>
<td>Sept 2017</td>
</tr>
</tbody>
</table>

Source: NIAO

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2. NIAO analysis of Office of Budget Responsibility and HM Treasury Budget documents.
4. As part of the Fresh Start Agreement, the Northern Ireland Executive agreed to set aside £585 million for four years ending 2020 to “top-up” reductions in benefit payments resulting from UK welfare reforms and to establish a working group to consider the best use of this funding. In January 2016, the Working Group\(^5\) proposed a series of Welfare Supplementary Payments (WSPs) to reduce the impact of welfare reforms on the most vulnerable in Northern Ireland and provide support to claimants as they adapted to the changes. The Working Group recommended that:

- £501 million should be set aside for the mitigation measures over the four years to 2020 (see Appendix 3 for a detailed breakdown).
- a further £8 million should be committed by the Northern Ireland Executive to fund additional independent advice services.

5. The “bedroom tax”, the Benefit Cap and Personal Independence Payment are the welfare reforms that have attracted much publicity, particularly where they have resulted in welfare reductions for some households. Each of these reforms have been mitigated. However, the largest financial losses to large numbers of individuals and households (and largest financial saving to HM Treasury) have arisen from changes to Tax Credits, Child Benefit and a reduction in annual benefit rate uplifts since 2011. These welfare reforms have not been subject to mitigation measures in Northern Ireland.

6. In Northern Ireland, the Department for Communities (the Department) is responsible for administering £6 billion of social security payments directly or through the Northern Ireland Housing Executive (NIHE) or the Department of Finance’s Land and Property Services. The Department is managing the implementation of a complex programme of welfare reforms as well as new systems for administering mitigation measures.

Scope of this Report

7. This Report focuses on some of the key welfare reforms and local mitigation measures and assesses their impact. Part One sets out the background and rationale behind the extensive programme of welfare reforms introduced by the Westminster Government. Part Two examines the key changes to benefit rates and entitlements. Parts Three and Four look at Personal Independence Payment and Universal Credit. The issues which emerged from our engagement with the Third Sector\(^6\) are highlighted in Part Five. Part Six deals with expenditure, outcomes measurement and the impact on social housing providers, particularly NIHE.

8. We adopted a variety of methods during our review of welfare reforms in Northern Ireland and these are explained in more detail at Appendix 1.

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6 Includes voluntary and community organisations (both registered charities and other organisations such as associations, self-help groups and community groups), social enterprises, mutuals and cooperatives. Third sector organisations generally are independent of Government.
Executive Summary

Key Findings

Financial aspects of welfare reforms

9. HM Treasury directly funds social security expenditure and this is classed as Annually Managed Expenditure (AME). The costs of implementing welfare reforms (£566 million to date plus the cost of the managed migration phase of Universal Credit due to start in July 2019) and the £509 million set aside for mitigation measures and independent advice have been borne by Northern Ireland, through the block grant. No additional monies have been provided by the Westminster Government to cover these costs.

10. The Department’s business cases for various welfare reforms anticipate considerable savings. For example, the Department’s business cases for the implementation of PIP and Universal Credit in Northern Ireland estimates savings of around £3 billion by 2025-26.

11. HM Treasury benefits from AME savings arising from the introduction of welfare reforms in Northern Ireland. However, this results in less money going into the Northern Ireland economy. The implementation of welfare reforms may also have a detrimental impact on the Department’s ability to meet its Programme for Government targets for housing. For example, potential increases in rent arrears pose a risk to both the building and maintenance of social housing in the future.

Implementing welfare reforms

12. The Department has used the delays in implementing welfare reforms in Northern Ireland to take advantage of lessons learned from the experiences of the Department for Work and Pensions (DWP) in GB. In addition, flexibilities, agreed by local politicians, for Universal Credit including making payments twice a month and the housing cost element being payable directly to the landlord have been introduced in Northern Ireland in an effort to avoid increasing rent arrears. Further unique flexibilities have also been introduced in Northern Ireland in the implementation of PIP.

13. The Department is making good progress in reassessing around 128,000 existing working-age DLA claimants for Personal Independence Payment and expects to complete this work by April 2019. The Department had also processed 41,000 new claims to May 2018.

14. Universal Credit for new claims was introduced in September 2017 and by June 2018 there were approximately 12,000 new claims. The Department’s data shows that 82 per cent of these new claims were paid in full and on time. Approximately, 50 per cent of new claimants requested and received an advance payment of Universal Credit to help them through to their first payment. The managed migration phase, transferring around 300,000 existing claimants of legacy benefits and Tax Credits to Universal Credit, is planned to take place between July 2019 and March 2023.
Implementing and managing mitigation measures

15. Following the Working Group proposals in January 2016, claimants were paid mitigation payments for the Benefit Cap by June 2016. Mitigation schemes for other welfare reform measures followed. The Department successfully managed the implementation of administrative systems for mitigation measures to tight deadlines.

16. Funding of £214 million was available for mitigation of welfare reforms in 2016-17 and 2017-18. However, £136 million of the funding available in the first two years was not required. Approximately one-third of this funding is in respect of a key element of Working Tax Credits/Universal Credit mitigation that has not yet been introduced. In September 2017, Her Majesty’s Revenue and Customs notified the Department that payments made under this scheme would be taxable. The Department continues to explore options for an alternative scheme.

17. Administration has cost £9 for every £100 of mitigation payments made in the first two years, as opposed to the budgeted administration cost of around £7 per £100 of mitigation payments made. We anticipate that the proportion of administration costs will decrease over the next 15 months as uptake of mitigation payments increases.

Helping claimants navigate the benefits system

18. Many of the organisations and individuals consulted for this Report consider the benefits system to be even more complex than it was before welfare reforms were introduced. This is due to the many changes to entitlements and rules; the introduction of new benefits; administrative changes to payments; instances where existing and new benefits are operating in parallel; and, the gradual closing or migration of existing benefit claims as new benefits are introduced. Although the introduction of mitigation measures has provided additional monies to benefit claimants, it has further complicated the benefits system in Northern Ireland.

19. Apart from the £8 million of funding committed to March 2020 for additional independent advisory services, the Department also has its own “Make the Call” service. This provides advice and assistance to claimants regarding their entitlement to benefits and other Government support. Good quality focused advisory services are required to assist claimants in dealing with the complex benefits system, particularly if they are vulnerable. With funding for the independent advisory services ending in 2020, three years before the full roll out of Universal Credit, the Department must carefully consider how to make the best use of both external and internal advisory services.

20. The Department should also continue to build on its engagement with all stakeholders including claimants, third sector organisations and its own staff to enhance a shared understanding of how welfare reforms are working in practice. This feedback is crucial to improving communications with both claimants and Third Sector advocacy services.

8 This element, the Cost of Work Allowance recognises the expenses of those in employment. £105 million has been set aside for the three years ending 2020.
Executive Summary

21. The Third Sector strongly believes that continual support should be available for people with mental health problems and learning difficulties. Without such expert advice and support throughout the benefits process, there is a risk that some claimants will be unable to access their full benefit entitlements.

The impact of welfare reforms

22. Welfare reforms are also likely to have a major impact on housing in Northern Ireland as many social housing tenants rely heavily on benefits. The shortage of smaller properties in Northern Ireland may result in increased deductions for under-occupancy. This may in turn lead to increasing levels of homelessness, use of payday lenders and impact on the tenant’s credit worthiness. Increased levels of debt (in the form of rent arrears) could threaten the financial stability of housing associations posing a risk to both the building and maintenance of social housing in the future.

23. There is also a significant financial risk to the Northern Ireland Housing Executive, (NIHE), the largest social landlord in Northern Ireland, especially with the full roll out of Universal Credit and non-renewal of mitigation measures. Early indications from NIHE are that its rent arrears are increasing significantly, against a trend of decreasing arrears, prior to the implementation of welfare reforms. The Department told us that it is too early to determine whether rent arrears are increasing due to welfare reforms.

24. At its core, welfare reforms are about ‘making work pay’, that is, lower numbers of households on benefits and higher numbers in employment. Evaluating this aim should be at the centre of the Department’s outcome measurement work. It will be challenging to measure whether Universal Credit actually leads to more people in work, as it will be difficult to isolate its impact from other economic factors in increasing employment.

25. Similarly, evaluating the outcomes from welfare reforms in the coming years will also be a complex task. The Department has developed an outcomes-based evaluation strategy to measure the impact of welfare reforms and local mitigations on the claimant population, wider society and the economy. We encourage the Department to publish its detailed plan and timetable for this strategy as this would improve transparency and accountability.

26. The most recent research on the potential impact of welfare reform in Northern Ireland as a whole was carried out in 2013 by the Northern Ireland Council for Voluntary Action. This research is now dated and was completed before the majority of welfare reforms were implemented. The 2015 legislation requires the Department to report to the Northern Ireland Assembly on the operation of welfare reforms by December 2018. It is our view that the Department should include a preliminary assessment of the wider impacts of welfare reforms across Northern Ireland in this report. The Department should also consider a programme of more in-depth research, building on the work undertaken in 2013.

9 The Impact of Welfare Reform on Northern Ireland, NICVA, October 2013.
Overall Conclusions

27. The desired outcomes of the welfare reform programme are consistent with Programme for Government outcomes. Continued collaboration will be required across departmental boundaries to deliver these outcomes. In addition, the Department must continue to improve joined-up thinking and cooperation between its social security and housing functions.

28. The Department has shown that it is capable of implementing and adapting a wide range of programmes during a time of continued pressure to reduce costs and improve its services. The mitigation measures and flexibilities introduced by the Department together with lessons learned from DWP’s experiences, has led to a smoother implementation of welfare reforms in Northern Ireland to date, when compared to the rest of the UK.

29. The National Audit Office has concluded that the implementation of Universal Credit in GB has not delivered value for money to date. It is too early to assess the value for money of any of the welfare reforms in Northern Ireland. We also accept that it will be difficult for the Department to evaluate the intended outcomes. The challenge for the Department is to continue to deliver the planned benefits and efficiencies while maintaining the quality of its services. We intend to return to the assessment of value for money at a future date.

30. Claimants in Northern Ireland have not yet faced the full impact of welfare reforms because of the mitigation measures currently in place. These payments will cease in March 2020. Currently, there are no plans for further mitigations. While the absence of a Northern Ireland Executive exacerbates the position, it is imperative that options are available for Ministers to consider when the Assembly returns.

Recommendations

R1: We recommend that the Department uses feedback provided by all delivery partners, including programme managers and frontline staff, to establish a formal and enhanced understanding of how welfare reforms are working in practice. To improve accountability and transparency, the Department needs to collect and analyse the data and evidence from delivery partners, and regularly report on issues raised and progress made to address them.

R2: We recommend that the Department consults with the advisory sector, the wider Third Sector and DWP to continue to improve the clarity and simplicity of its communications with claimants and their representatives.
**Executive Summary**

**R3**: We accept that there may be data protection risks in allowing implicit consent for Universal Credit. We recommend that the possibility of mitigating these risks should be explored, in consultation with DWP, especially for vulnerable claimants.

**R4**: We recommend that the Department evaluates and reports on the value for money of the additional independent advisory services supported by mitigations funding. The Department should carefully consider how to make the best use of both external and internal advisory services post March 2020.

**R5**: We recommend that the Department undertakes a short review exploring the reasons behind the lower than expected uptake of mitigation payments. This may provide an evidence base to indicate how it can make better use of the mitigation funding for the remaining two years. We acknowledge there will be very limited scope to amend the existing schemes in the continued absence of the Assembly.

**R6**: We recommend that the Department publishes a detailed plan and indicative timetable for the expected outputs from its outcomes-based evaluation framework.

**R7**: We recommend that the Department takes the lead on a programme of research to assess the wider impacts of welfare reforms across Northern Ireland society.
Part One:
Introduction

A FRESH START
THE STORMONT AGREEMENT
AND IMPLEMENTATION PLAN

An agreement to consolidate the peace, secure
stability, enable progress and offer hope
Part One: Introduction

1.1 Welfare reform is not a recent phenomenon. Successive governments have implemented various programmes of reform since the creation of the modern welfare state more than 70 years ago, and continue to do so. In its broadest sense, spending on welfare includes health, long-term care, education, social housing, social security benefits (including state pension) and tax credits for people of all ages.

More than £7 billion is spent on social security benefits in Northern Ireland every year

1.2 In 2016-17, £174 billion (including £6 billion of Northern Ireland payments) was paid out in benefits and state pensions across the United Kingdom (UK). The Department for Work and Pensions (DWP) administers most benefits in Great Britain (GB) either directly or through local authorities. In Northern Ireland, the Department for Communities (the Department) administers most benefits either directly or through the Northern Ireland Housing Executive (NIHE) / the Department of Finance’s Land and Property Services. Her Majesty’s Revenue and Customs (HMRC) administers Personal Tax Credits and Child Benefit across the UK. This will continue until all existing claimants have either transferred to Universal Credit or left the Tax Credits regime. HMRC paid out £27 billion on Tax Credits and £11.7 billion on Child Benefit in 2016-17. Northern Ireland’s share of this expenditure is estimated to be around £1 billion on Tax Credits and £350 million on Child Benefit (see Figure 2).

<table>
<thead>
<tr>
<th></th>
<th>Great Britain £'bn</th>
<th>Northern Ireland £'bn</th>
<th>Total £'bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits and State Pensions</td>
<td>168.0</td>
<td>6.0</td>
<td>174.0</td>
</tr>
<tr>
<td>Tax Credits</td>
<td>26.0</td>
<td>1.0</td>
<td>27.0</td>
</tr>
<tr>
<td>Child Benefit</td>
<td>11.4</td>
<td>0.3</td>
<td>11.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>205.4</strong></td>
<td><strong>7.3</strong></td>
<td><strong>212.7</strong></td>
</tr>
</tbody>
</table>

Source: DWP Annual Report and Accounts 2016-17

HM Treasury anticipates significant UK financial savings from welfare reforms

1.3 In 2010\textsuperscript{10}, the Westminster Government announced an initial programme of welfare reform involving changes to benefit rates and entitlements, assessment of need and administration of payments. The aims of this reform programme are to:

- simplify the benefit system making it fairer and more affordable;
- create stronger financial incentives for individuals to move from benefits to employment; and
- reduce levels of fraud and error.

\textsuperscript{10} June 2010 Budget, HM Treasury, 22 June 2010.
Additional welfare reforms were announced in subsequent UK Budgets and Autumn Statements throughout the 2010-15 Westminster Parliament. A further package of reforms was announced in 2015 and these are still rolling out. The scale of reforms means that the majority of working-age households claiming benefits, and households in work but on low pay, have seen their benefits changed. This Report focuses on some of the key changes and their impact in Northern Ireland.

The 2010 Budget anticipated that these measures would reduce overall UK spending on social security and Tax Credits by £11 billion in 2014-15. The reforms introduced between 2010 and 2015 were expected to increase the annual savings to £17.2 billion by 2015-16. The breakdown of the expected savings for each welfare reform measure is set out in Figure 3.

Figure 3: Estimated annual UK financial savings in 2015-16 from welfare reforms

Source: NIAO analysis

11 Relates to those claimants who were aged 16 to 64 on June 2016 or who turn age 16 after this date.
12 The term “household” covers the formal term “benefit assessment unit” which is a single adult, or a married or co-habiting couple plus any of their dependent children.
13 NIAO analysis of Welfare Trends Report, Office of Budget Responsibility (OBR), October 2016 and HM Treasury Budget documents. The OBR, created in 2010, provides an independent and authoritative analysis of the UK’s public finances. In 2013, the Chancellor of the Exchequer asked the OBR to assess the Government’s performance against a cap announced for a subset of welfare spending and to prepare and publish information on the trends in and drivers of welfare spending within the cap.
Part One: 
Introduction

The Westminster Government legislated for welfare reforms in Northern Ireland in November 2015

1.6 Welfare policy is devolved to Northern Ireland but funded by the Westminster Government. There is an agreed principle that Northern Ireland’s welfare policy will broadly mirror that in place in the rest of the UK. Should the Northern Ireland Assembly decide not to implement Westminster policy then any additional spending must be funded from the devolved budget.

1.7 Social Security benefit expenditure in Northern Ireland is categorised as Annually Managed Expenditure (AME)\(^{14}\) and funded directly from HM Treasury based on actual claimant entitlements. AME is not part of the Northern Ireland Executive managed block grant. This means that HM Treasury meets increases in demand for AME funding. Conversely, HM Treasury benefits from any AME savings resulting from the introduction of welfare reforms in Northern Ireland.

1.8 Since 2011\(^{15}\), reforms have been rolling out in England, Scotland and Wales. In October 2012, the Department introduced its Welfare Reform Bill to the NI Assembly but this was not passed due to a lack of political consensus. Two years later, in December 2014, the Stormont House Agreement\(^{16}\) participants agreed to start implementing welfare changes in 2015-16. In May 2015, the Welfare Reform Bill was again not passed by the Assembly. In November 2015 under the Fresh Start Agreement\(^{17}\) and following a NI Assembly consent motion, the Westminster Government was able to legislate for welfare reforms in Northern Ireland\(^{18}\).

1.9 These delays led to additional costs for the Department including £173 million\(^{19}\) of HM Treasury deductions from the devolved budget to reflect higher Northern Ireland benefit expenditure. However, there has also been a positive impact, with a number of early implementation problems arising elsewhere in the UK (see paragraph 1.14) being resolved by the time reforms were introduced in Northern Ireland. Appendix 2 compares the dates for implementation of key reforms.

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\(^{14}\) Government spending that is demand led and difficult to forecast, such as welfare benefits and tax credits.

\(^{15}\) Changes in incapacity benefits for the long-term sick and disabled were made with the introduction of the Employment and Support Allowance in 2008. These changes started gradually in October 2010.

\(^{16}\) The Stormont House Agreement concluded in December 2014 between the parties in the Northern Ireland Assembly and the UK and Irish Governments. The talks covered flags, parading and the past, welfare reform, the Northern Ireland Executive budget and reform of political institutions.

\(^{17}\) A Fresh Start – the Stormont Agreement and Implementation Plan, 17 November 2015.


\(^{19}\) Source: Assembly Question 8552/16-21.
The Northern Ireland Executive agreed to allocate £585 million to mitigate the impact of welfare reforms

1.10 Following the Stormont House Agreement, the Department developed a framework of mitigation schemes to support claimants who may be disadvantaged by anticipated changes to the welfare system. The Westminster Government did not provide additional funding for these schemes, which are funded from the Northern Ireland block grant. As part of the Fresh Start Agreement the Northern Ireland Executive agreed to:

- set aside £585 million over the four years to 2020 to “top-up” reductions in benefit payments resulting from UK welfare reforms. The position was to be reviewed in 2018-19; and

- establish a working group to bring forward recommendations on how this funding could best be used within the agreed financial structure (see Figure 4).

Figure 4: The agreed financial structure of the mitigations package in the Fresh Start Agreement

<table>
<thead>
<tr>
<th></th>
<th>2016-17 £’m</th>
<th>2017-18 £’m</th>
<th>2018-19 £’m</th>
<th>2019-20 £’m</th>
<th>Total £’m</th>
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<tbody>
<tr>
<td>Welfare</td>
<td>75</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>345</td>
</tr>
<tr>
<td>Tax Credits/Universal Credit</td>
<td>60</td>
<td>60</td>
<td>60</td>
<td>60</td>
<td>240</td>
</tr>
</tbody>
</table>

1.11 In January 2016, the Welfare Reform Mitigation Working Group proposed\(^{20}\) a series of Welfare Supplementary Payments (WSPs). The payments were envisaged to reduce the impact of reforms on the most vulnerable and provide support to claimants as they adapted to the changes. WSPs relating to disability, Carers Allowance and Employment and Support Allowance (ESA) were to be paid to claimants for one year, whereas payments mitigating the Social Sector Size Criteria, commonly referred to as bedroom tax (see paragraph 2.15) and the Benefit Cap (see paragraph 2.19) were to be paid for up to four years. Mitigation payments relating to Universal Credit were to be paid for the three years to 2020. The Working Group estimated that, using the agreed financial structure, mitigation scheme payments would cost £501 million over four years (see Figure 5 for a summary and Appendix 3 for a detailed breakdown). The Working Group further suggested additional, free of charge, independent advice services should be established to help claimants during the transitional period. The Northern Ireland Executive committed £8 million of funding up to March 2020 for these additional advisory services (see paragraph 5.1).

Part One: Introduction

Figure 5: Welfare Reform Mitigation Working Group summary budget for the programme of mitigation measures.

<table>
<thead>
<tr>
<th></th>
<th>2016-17 £‘m</th>
<th>2017-18 £‘m</th>
<th>2018-19 £‘m</th>
<th>2019-20 £‘m</th>
<th>Total £‘m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Welfare</td>
<td>46</td>
<td>89</td>
<td>93</td>
<td>84</td>
<td>310</td>
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<td>Tax Credits/Universal Credit</td>
<td>14</td>
<td>53</td>
<td>49</td>
<td>49</td>
<td>165</td>
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<tr>
<td>Programme Administration</td>
<td>5</td>
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<td>7</td>
<td>7</td>
<td>26</td>
</tr>
<tr>
<td>Total</td>
<td>64</td>
<td>149</td>
<td>149</td>
<td>140</td>
<td>501</td>
</tr>
</tbody>
</table>

Other UK devolved administrations have also been mitigating the impact of welfare reforms

1.12 Since 2013-14, the Scottish Government has fully mitigated the bedroom tax, using Discretionary Housing Payments [DHP]. From April 2017, it has also provided additional DHP funding to mitigate the impact of other aspects of welfare reform including changes to Local Housing Allowance (see paragraph 2.14) and the Benefit Cap. The Scottish Government has also allocated additional funding to support independent advice services provided by the Third Sector.

1.13 The Welsh Government has decided to prioritise investment in the construction of one and two bedroom properties (as under-occupancy leads to reductions in benefits) and the provision of frontline advice services.

The National Audit Office has been closely monitoring the implementation of welfare reforms in Great Britain

1.14 The National Audit Office (NAO) and the Public Accounts Committee at Westminster have published a number of reports scrutinising the implementation or changes to Universal Credit (see paragraph 4.20), Employment and Support Allowance, Personal Independence Payment (PIP), the Welfare Cap, Benefit Sanctions and Housing Benefit. These reports focus on the challenges faced by DWP, highlighting pitfalls and lessons learned in implementing a complex programme of welfare reforms. The NAO concluded that DWP continues to make progress in delivering difficult major programmes despite early failings. However, it relied too heavily on reacting to problems and was not always able to anticipate likely points of failure.

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21 Welfare Reform Mitigation Working Group’s January 2016 report, subject to rounding errors.

22 Discretionary Housing Payments provide help with housing costs for those on Housing Benefit or the housing element of Universal Credit. Since April 2017 DHPs have been devolved to the Scottish Government and continue to be administered by Scottish local authorities.
1.15 The Department is having to catch up with DWP in the implementation of reforms in Northern Ireland and the lessons learned elsewhere provide a valuable source of reference.
Part Two:
Changes to benefit rates and entitlements
Part Two:
Changes to benefit rates and entitlements

The Westminster Government anticipates nearly 40 per cent of benefit savings from changes to benefit uprating\(^23\) for 2015-16

2.1 In June 2010, the Westminster Government announced that from April 2011, benefits would be uprated according to the Consumer Prices Index\(^24\) (CPI) instead of the Retail Price Index (RPI) or the Rossi Index\(^25\). As the CPI tends to rise more slowly than the RPI, this change would gradually reduce the value of benefits received by claimants in real terms. This change brought the uprating of benefits in line with CPI, which the Government uses to measure inflation.

2.2 In his Autumn Statement in December 2012, the Chancellor of the Exchequer said that it was “not fair to working people” that out-of-work benefit rates had increased by 20 per cent since 2007 while average earnings had risen by around 10 per cent. Given this, and the general economic situation, he proposed limiting increases in certain working-age benefits to one per cent a year for the next three years from April 2013. The Westminster Government expected to save around £7 billion across the UK from these measures, nearly 40 per cent of the savings for 2015-16. (See Figure 3)

2.3 Since April 2016, the value of certain benefits and tax credits has been frozen at 2015-16 cash values until 2019-20, that is four years at zero per cent. The Department estimates that the overall impact on Northern Ireland of the four year zero per cent uprating policy is a further saving to the Westminster Government of around £0.2 billion\(^26\).

2.4 There are no mitigation measures to alleviate reductions in benefits in real terms due to changes in benefit uprating.

There have been significant changes to Tax Credits and Child Benefit

2.5 Tax Credits aim to provide support for families with children and ensure that work pays more than welfare support. Since 2011-12, payments through the tax system of Child Tax Credit and Working Tax Credit have seen a series of adjustments. For example, from 2012 the number of hours a couple with children need to work to become eligible for Working Tax Credits was increased from 16 to 24 hours per week. Couples earning over £41,000 no longer qualify for Child Tax Credit and there were reductions in the childcare element of Working Tax Credits.

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\(^23\) Social Security legislation requires the Secretary of State in DWP to undertake an annual review of benefits and pensions and to uprate certain disability benefits, at least in line with prices. The Secretary of State may also increase other benefits by such a percentage as he or she thinks fit, for example, disability and carer premiums/elements of means-tested benefits. The Department has no power to set different benefit rates for NI in the annual Uprating Order – under section 132 of the Social Security Administration (NI) Act 1992 where the Secretary of State in GB makes an Uprating Order (under the Social Security Administration Act 1992) the Department may only make a corresponding Order for NI.

\(^24\) RPI and CPI both measure inflation. However, RPI takes account of rises in mortgage payments, rents, and council tax, whereas CPI doesn’t. RPI calculates its ‘proportional difference’ using the arithmetical mean between the old price and the new whereas the CPI uses the geometric mean.

\(^25\) The Rossi index is a version of RPI used to index means-tested benefits.

\(^26\) The Impact of Summer Budget 2015, Department for Communities, September 2015.
Further changes to Tax Credits/Universal Credit were announced in 2015 for example, income threshold reduction\(^{27}\), income rise disregard in tax credits\(^{28}\) and support for children\(^{29}\).

2.6 Child Benefit is paid to households per child up to the age of 16 or, if they remain at school or further education, up to the age of 19. Child Benefit has been withdrawn from households where at least one adult earns over £60,000\(^{30}\).

2.7 The Welfare Reform Mitigations Working Group recommended that households claiming Working Tax Credit or Universal Credit should be entitled to supplementary payments in recognition of the expenses those in employment incur. This is known as the Cost of Work Allowance and further detail can be found at paragraph 4.14.

There are two types of Employment and Support Allowance (ESA)

2.8 ESA\(^{31}\) supports people whose disability or health condition causes them to have limited capability for work. There are two types:

- contribution-based ESA, which depends on national insurance contributions previously paid by claimants; and
- income-related ESA, which is means-tested and can be paid on its own or as a top-up to contribution-based ESA. This will eventually be replaced by Universal Credit (see paragraph 4.1).

2.9 Claimants undergo a medical test called the Work Capability Assessment and during the Assessment Phase, a standard rate or ‘basic allowance’ is paid. Claimants assessed as having limited capability for work receive an additional amount on top of the basic allowance, depending on whether they are allocated to the ‘work-related activity group’\(^{32}\) or the ‘support group’ for people with severe disabilities who are not expected to work. At May 2018, there were 129,000 claimants of ESA in Northern Ireland, of whom 47 per cent (60,000) suffered from psychiatric disorders\(^{33}\).

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27 Since April 2016, the level of earnings at which a household’s tax credits and Universal Credit award starts to be withdrawn for every extra pound earned has been reduced.
28 Since April 2016, the amount by which a claimant’s income can increase during the year compared to their previous year’s income has been reduced from £5,000 to £2,500.
29 In households with two or more children, any subsequent children born after April 2017 will not be eligible for further support. This will also apply in Universal Credit to families who make a new claim from April 2017.
30 Tapered withdrawal of Child Benefit for earners over £50,000 – one per cent of Child Benefit for every £100 earned over £50,000 to £60,000.
31 ESA is an out of work benefit, supporting working-age people who have limited capacity to work. It provides access to an Employment Service Advisor and services including employment, training and condition management support to help claimants manage their illness or disability at work.
32 These claimants receive support to help them prepare for suitable work in the future.
33 Northern Ireland Benefits Statistics Summary May 2018, Department for Communities, 29 August 2018.
Part Two: Changes to benefit rates and entitlements

2.10 In January 2011, Atos was awarded an initial seven year contract to undertake medical examinations in Northern Ireland. These are used to assess entitlement to a range of benefits including ESA, Universal Credit and Disability Living Allowance (DLA). This contract was later extended by two years to June 2020. The total contract costs to March 2018 are £66 million.

Since October 2016 certain individuals can only receive payment of contribution-based ESA for one year

Key facts and figures

• Savings anticipated from this measure are £60.6 million to 2024-25.
• The estimated implementation cost for the Department is £5.9 million to 2024-25.
• Mitigation funding of £24 million was set aside for claimants for the two years to March 2018.
• Mitigation Payments of £3.2 million were paid out in 2016-17 and £6 million were paid out in 2017-18.
• The Department told us that all claimants who were entitled received mitigation and claimants will continue to receive mitigation during the lifetime of the scheme. Furthermore, the Department will fund mitigation for claimants to March 2020.

2.11 Claimants qualifying for the ‘work-related activity group’ are expected to participate in voluntary work or work trials and failure to do this can lead to benefit sanctions. From October 2016 in Northern Ireland, such claimants can only receive payment of contribution-based ESA for one year. This change applied retrospectively, which meant that claimants already in receipt of contribution-based ESA for one year or more lost the entitlement to payment of ESA immediately.

2.12 The Department estimated in June 2016 that 3,600 claimants would be affected by the time limiting of contribution-based ESA. The additional cost to the Department of implementing this was estimated at a cumulative figure of £5.9 million up to 2024-25. The Department estimated benefit savings over this period to be £60.6 million34.

2.13 The Mitigations Working Group recommended that:

• Claimants be given three months’ warning that ESA entitlement will end.

• An automatic check be in place to determine if there is entitlement to income-related ESA instead.

• If there is no entitlement to the above option, a Welfare Supplementary Payment, equivalent to the loss of benefit, should be made for up to one year, provided there is continuing medical evidence of limited capability for work.
The Local Housing Allowance rate for private sector tenants was capped in April 2011

2.14 Low-income private sector tenants are eligible for Housing Benefit for their rent up to a certain rate, as determined by Local Housing Allowance (LHA) rates. Since April 2011, across the UK, maximum caps were introduced per number of bedrooms and rates reduced considerably when compared to private sector rental prices. This means that the lowest 30 per cent of private sector rents should be affordable on Housing Benefit alone. Discretionary Housing Payment is available to certain tenants living in the social sector or private sector who are in receipt of Housing Benefit or, in some circumstances, Universal Credit and who are experiencing a shortfall in their rental payments.

The “bedroom tax” was introduced in Northern Ireland in February 2017

<table>
<thead>
<tr>
<th>Key facts and figures</th>
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</thead>
<tbody>
<tr>
<td>• Savings anticipated from the bedroom tax are £92.9 million for the five years to 2020-21.</td>
</tr>
<tr>
<td>• The estimated implementation cost for the Department is £0.7 million.</td>
</tr>
<tr>
<td>• Mitigation payments of £91 million were set aside for claimants to March 2020.</td>
</tr>
<tr>
<td>• Mitigation payments of £2.3 million were paid out in 2016-17 and £22 million were paid out in 2017-18.</td>
</tr>
</tbody>
</table>

2.15 In April 2013 in GB, the rate of Housing Benefit paid to tenants in social homes was reduced for households living in properties that were considered larger than required. This measure, the Social Sector Size Criteria (SSSC), commonly referred to as the bedroom tax, was introduced in Northern Ireland in February 2017. Its aim is to encourage better use of limited housing stock, encourage mobility within the social rented sector, align social and private rented sector policies and contain increasing Housing Benefit costs.

2.16 Full mitigation for NIHE and Housing Association tenants was provided through an allocation of £91 million until March 2020 from the Northern Ireland block grant. In 2017-18, £22 million in mitigation was paid to almost 39,000 social housing tenants (an average of around £570 per household). See Case Example 1.

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35 Local Housing Allowance (LHA) is a rent assessment scheme for tenants who rent accommodation from private landlords. It is based on rent levels for a particular area and the number of bedrooms a tenant and their household needs.

36 Tenants not affected include those of state pension age, those living in supported accommodation or those living in temporary accommodation. Housing Benefit is reduced by 14 per cent where tenants have one spare bedroom and 25 per cent where they have two or more spare bedrooms.
Part Two:
Changes to benefit rates and entitlements

Case Example 1: Mitigation of Social Sector Size Criteria

Mr and Mrs A are a working-age couple in receipt of Housing Benefit of £76.92 per week. They live with their daughter aged 17 and son aged 16 in a 3 bedroom NIHE property. When SSSC was introduced on 20 February 2017 their social house was considered to be fully occupied.

Their daughter left home on 13 June 2018 and, under SSSC rules, the family is now under-occupying the 3 bedroom property. Eligible rent has reduced by 14 per cent resulting in a weekly reduction in their Housing Benefit of £10.77 (leaving the family with Housing Benefit of £66.15 per week).

NIHE notified the Department of this under-occupancy and the family automatically received a Welfare Supplementary Payment of £10.77 per week to cover this shortfall. Mr and Mrs A will continue to receive this until the Welfare Supplementary Payment scheme ends on 31 March 2020 or they have a relevant change in circumstances.

Source: Department for Communities

2.17 The additional funding required by the Department to implement the bedroom tax was estimated at £0.7 million, the majority of this being project staffing costs. The Department estimated that the savings for Housing Benefit expenditure in the five years to March 2021 would be £92.9 million. In 2016-17, £2.3 million of savings were realised in line with estimates. These savings are expected to rise as future social housing allocations, transfer requests and mutual exchanges will consider need and the number of bedrooms. Given the current structure of the social housing portfolio, this is likely to be a challenging target (see paragraph 6.37).

Non-dependant deductions have increased

2.18 In certain circumstances, an adult person who normally lives in a claimant’s house, but is not their partner, may be treated as a non-dependant, for example, adult sons or daughters. Deductions for such non-dependants will depend on their income. These deductions may be reduced or not apply if they are also claiming benefits. The deductions may not be made if the claimant or their partner are in receipt of certain benefits. Under welfare reforms, Housing Benefit or the housing element of Universal Credit has been reduced to reflect an anticipated increase in contributions to the rent by non-dependants. There are no mitigation measures to alleviate reductions in Housing Benefit due to increases in non-dependant deduction rates.

37 The Social Sector Size Criteria Implementation Project – Outline Business Case, Department for Communities, October 2016

A Benefit Cap was introduced in June 2016

**Key facts and figures**

- Savings anticipated from this measure are £30 million to 2022-23.
- The estimated implementation cost for the Department is £2 million to 2022-23.
- Mitigation Payments of £25 million were set aside up to March 2020.
- Mitigation Payments of £1.7 million were paid out in 2016-17 and £3.9 million were paid out in 2017-18.

2.19 In June 2016, a Benefit Cap\(^{39}\) (the Cap) was introduced in Northern Ireland, three years after being adopted in GB. For the Cap to apply\(^ {40}\) a household must be in receipt of Housing Benefit or Universal Credit which is then reduced accordingly.

2.20 The Department estimated that it would need additional funding of £2 million to 2022-23 to implement the Benefit Cap. The Department estimated monetary savings of £30 million to 2022-23\(^ {41}\). Savings realised for 2016-17 are approximately £2 million, in line with estimates\(^ {42}\).

2.21 The Northern Ireland Executive allocated £25 million from the Northern Ireland block grant for the four years ending March 2020 to mitigate reductions in benefits due to the Cap. Payments are made to whoever receives Housing Benefit. This could be the claimant, a registered landlord or a letting agent\(^ {43}\). If benefits are reduced, further Welfare Supplementary Payments will not be increased but claimants can apply for Discretionary Housing Payments to cover the difference. In 2017-18, the total amount of mitigation paid to claimants for the Benefit Cap was £3.9 million. See **Case Example 2**.

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39 The Benefit Cap is £20,000 for families and £13,400 for childless single people outside of London.
40 It does not apply if the claimant or partner is receiving Carers Allowance; DLA; PIP; Attendance Allowance; Working Tax Credit; Industrial Injuries Disablement Benefits; ESA (support component) and War Widows or War Widowers pension.
41 Benefit Cap Business Justification Document, Department for Communities, August 2016.
42 Benefit Cap Project: Post Project Review, Department for Communities, January 2018.
43 All landlords with properties in Northern Ireland must be registered and have a Landlord Registration certificate. Housing Benefit claimants have the option to permit their benefit to be paid directly to their landlord or letting agent.
Part Two:
Changes to benefit rates and entitlements

Case Example 2: Mitigation of the Benefit Cap

In December 2016, Mrs B who lives with her husband and three children in a private rented property had her total benefit income assessed by the Benefit Cap Team in the Department. They determined that the household income exceeded the income threshold of £20,000 per year by a weekly amount of £11.07.

NIHE reduced the amount of her Housing Benefit by £11.07 and the Welfare Supplementary Payment team in the Department arranged for a payment equal to the reduction to be paid to her landlord every four weeks. This will be paid until the mitigation scheme ends on 31 March 2020, or until there is a relevant change of circumstances, at which point Mrs B will have to pay her landlord the shortfall.

Source: Department for Communities

2.22 From June 2016 until April 2018, 2,790 households had their benefits capped in Northern Ireland. New households continue to be capped and the average weekly impact is a reduction of £49. Around eight per cent of households are capped by more than £100 a week.
Part Three:
Personal Independence Payment (PIP) replaces Disability Living Allowance for Working-Age Claimants
Part Three:
Personal Independence Payment (PIP) replaces Disability Living Allowance for Working-Age Claimants

Key facts and figures

- Savings anticipated from the change to PIP are £1.6 billion to 2024-25.
- The estimated implementation cost for the Department is £0.4 billion to 2024-25.
- Mitigation payments of £139 million were set aside for claimants to March 2020.
- Mitigation payments of £1 million were paid out in 2016-17 and £21 million were paid out in 2017-18.

More than £1 billion pounds was spent in Northern Ireland on Disability Living Allowance (DLA) in 2015-16

3.1 DLA provides a cash contribution towards extra costs arising because of an impairment or health condition. It is a tax-free benefit for people with disabilities who need help with mobility or care costs. Eligibility is based on a person’s need for help with personal care or getting around.

3.2 Historically, there has been high concentrations of claimants receiving DLA in Northern Ireland, with annual expenditure increasing from £550 million in 2004-05 to £1,004 million in 2015-16. While expenditure on DLA did decrease to £895 million in 2017-18, when PIP expenditure is included, the total increases to £1.1 billion. The number of DLA claimants at August 2016 was approximately 214,000, which represented around one in nine of the population (in the rest of the UK one in twenty claimed DLA). Seventy-five per cent or 160,000 of these claimants had indefinite awards.

3.3 We asked the Department to explain why the total expenditure on DLA and PIP continues to increase. The Department explained that the reassessment of working-age DLA claimants is still ongoing and will not be completed until 2019.

128,000 existing DLA claimants are to be reassessed for entitlement to PIP

3.4 PIP is the new benefit replacing DLA for working-age people who have a disability or long-term health condition (see Case Examples 3a and 3b). PIP comprises two components, a daily living and a mobility component, which can be paid at either a standard or an enhanced rate.

3.5 Like DLA, PIP is not affected by income or savings, is not taxable and is payable whether you are in work or not. However, there is no automatic entitlement to PIP even for people with

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45 Sixteen per cent of benefits expenditure in NI and 8 per cent in the rest of GB in 2012-13 (before PIP was introduced in GB).
47 Northern Ireland Benefits Statistics Summary August 2016, Department for Communities, November 2016.
indefinite DLA awards. A fundamental element of the new benefit is the introduction of an assessment, which considers an individual’s ability to carry out key daily living and mobility activities. The majority of awards are for a fixed term with regular reviews.

Case Examples 3a and 3b: Transferring from DLA to PIP

a Ms C was receiving DLA of £22 each week. When the period of her DLA award ended, she was reassessed for PIP. She continued to receive DLA at the existing rate during this period. Following the decision that she did not meet the PIP eligibility criteria, she asked for it to be reconsidered. When this did not alter the original decision, she lodged an appeal. Upon receipt of her appeal, she qualified for a weekly Welfare Supplementary Payment of £22 from the date her DLA award had ended until the Department was notified of the outcome of the appeal.

b Mr D was getting DLA of £44 each week from 3 September 2012 for an indefinite period. While he was being reassessed for PIP, his DLA continued to be paid at the existing rate. He was subsequently awarded the enhanced daily living component and the enhanced mobility component of PIP (£141.10 weekly) payable from 18 October 2017.

Source: Department for Communities

3.6 Since June 2016, all new working-age claimants and existing working-age claimants of DLA reporting a change in circumstances are being assessed for entitlement to the new benefit. The process of reassessing around 128,000 existing working-age DLA claimants started in December 2016 and will continue until April 2019. DLA payments continue unchanged for about 86,000 individuals who on 20 June 2016 were aged 65 or over (or under 16 years old), provided they continue to meet the eligibility criteria. The delay in implementing legislation in Northern Ireland, between 2013 and 2016, resulted in more than 14,000 additional over 65s being eligible for indefinite awards of DLA and not required to claim and be assessed for PIP.

Capita was appointed to provide the independent assessment service for PIP

3.7 In November 2012, Capita was awarded a five year £59 million contract to provide a PIP independent assessment service for Northern Ireland (this contract was part of a UK wide procurement process). However, due to a lack of political consensus, the PIP assessment service was not operational until June 2016. Capita was paid £2.1 million for costs incurred on staffing and accommodation in the period between 2013 and 2016. Subsequently the contract was extended to July 2019 (aligning with DWP contract expiry dates) and its value is now £80 million. We intend to review the management and performance of this contract at a later stage.

3.8 The development of the PIP assessment was carried out in collaboration with an advisory group of independent specialists in health, social care and disability and included engagement...
with people with disabilities and disability organisations. The new assessment was subject to consultation in both Great Britain and Northern Ireland. Health professionals called Disability Assessors, based at one of the nine consultation centres across Northern Ireland, carry out the assessments. From June 2016 until April 2018, the private sector provider has been paid £45 million for over 100,000 assessments, which are either paper-based review (20 per cent) or a face-to-face consultation (80 per cent). Claimants who are terminally ill, and not expected to live for more than six months, are fast-tracked and do not have to attend consultations. A Department Case Manager makes the final award decision, having considered all the information including the claim form assessment report and other supporting evidence from the claimant.

The Department has introduced flexibilities for PIP that are unique to Northern Ireland

3.9 The Department has introduced a number of flexibilities that are unique to Northern Ireland including investigating reasons for non-return of the PIP application form and failure to attend assessments to establish if there is good reason for this. Benefit is suspended during this period but is not disallowed.

3.10 The Department told us that when a claimant is being reassessed from DLA and receives either a reduced or nil award their case is automatically referred to the mitigations team. WSPs available to those left financially worse off after PIP assessments are:

- DLA claimants who appeal after not qualifying for PIP receive a WSP equal to the weekly rate of the original DLA payment. The payment stops following the outcome of the appeal but payments already received are not recoverable where an appeal has been unsuccessful.

- DLA claimants qualifying for PIP after reassessment or appeal but losing £10 or more per week, receive a WSP equal to 75 per cent of the weekly loss for up to one year.

- DLA claimants with a conflict related injury, not qualifying for PIP, but scoring four points or more in the assessment, are entitled to a WSP equal to the standard rate of PIP for up to one year.

WSPs for DLA claimants who also qualify for income-related benefit or tax credits automatically receive additions to their benefit known as disability premiums.
year to cover their financial loss. The payment stops if the person being cared for is no longer entitled to a WSP for the loss of DLA. Case Example 4 demonstrates some of the complexities of such cases.

**Case Example 4: Mitigation of transfer from DLA to PIP**

Mr E was in receipt of a total weekly DLA rate of £108.25. In December 2017, he was advised his DLA was ceasing and he was eligible to make a claim for PIP.

The Department’s Case Manager decided that Mr E was entitled to the mobility component of PIP at the weekly rate of £59.75 with effect from 23 May 2018. As Mr E was at least £10 per week financially worse off as a result of the introduction of PIP, he was entitled to a WSP of 75 per cent or £36.38 of the weekly shortfall in benefit (£108.25 - £59.75 = £48.50). The Department’s PIP Team made a referral to its WSP Team and Mr E will receive £145.52 every four weeks from 23 May 2018 to 22 May 2019.

Mrs E, his full time carer, was in receipt of Carers Allowance for her husband. Following the above decision, her Carers Allowance of £64.60 also ceased from May 2018.

The Department’s Carers Allowance Branch made a referral to its WSP Team and a payment of £258.40 will now be made every four weeks to Mrs E for the period 28 May 2018 to 27 May 2019.

Source: Department for Communities

3.11 **Figure 6** summarises the number of claimants and total value of Welfare Supplementary Payments for 2016-17 and 2017-18.

**Figure 6: Summary of DLA/PIP Welfare Supplementary Payments**

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
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<th></th>
<th>2017-18</th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Number of Claimants</td>
<td>Budget</td>
<td>Spend</td>
<td>Number of Claimants</td>
<td>Budget</td>
<td>Spend</td>
</tr>
<tr>
<td>Carers</td>
<td>150</td>
<td>2,000</td>
<td>82</td>
<td>1,530</td>
<td>7,000</td>
<td>2,254</td>
</tr>
<tr>
<td>DLA: Payment up to appeal</td>
<td>530</td>
<td>1,000</td>
<td>583</td>
<td>4,960</td>
<td>15,000</td>
<td>10,500</td>
</tr>
<tr>
<td>DLA: 75% of loss greater than £10</td>
<td>870</td>
<td>1,000</td>
<td>313</td>
<td>9,010</td>
<td>10,000</td>
<td>6,223</td>
</tr>
<tr>
<td>DLA: Conflict Related</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10</td>
<td>4,000</td>
<td>8</td>
</tr>
<tr>
<td>Adult Disability</td>
<td>110</td>
<td>1,000</td>
<td>102</td>
<td>1,280</td>
<td>6,000</td>
<td>2,437</td>
</tr>
<tr>
<td>Total</td>
<td>1,660</td>
<td>5,000</td>
<td>1,080</td>
<td>16,790</td>
<td>42,000</td>
<td>21,422</td>
</tr>
</tbody>
</table>

Source: Department for Communities
46 per cent of new claims and 75 per cent of reassessments for existing DLA claimants have qualified for PIP

3.12 The Department has been reassessing approximately 5,500 DLA claimants each month for PIP. By May 2018, 72,000 of these reassessments had been completed, with an average clearance time of 12 weeks. Another 41,000 new claims have also been processed50. The Department is making good progress and expects to complete all the reassessments by April 2019. Figure 7 sets out the four key performance targets for PIP which have been achieved.

Figure 7: Key performance targets for PIP

<table>
<thead>
<tr>
<th>Targets</th>
<th>Performance up to quarter ending June 2018 (percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process 99% of PIP claims within 16 weeks of PIP251 being received.</td>
<td>99.3</td>
</tr>
<tr>
<td>95% of claims are financially accurate.</td>
<td>99.5</td>
</tr>
<tr>
<td>Telephony – 90% of calls answered.</td>
<td>91.5</td>
</tr>
<tr>
<td>Complaints to be less than 1% of caseload.</td>
<td>0.71</td>
</tr>
</tbody>
</table>

Source: Department for Communities

3.13 By June 2018, 800 existing DLA claimants invited for a PIP reassessment have telephoned the Department to explain that they do not wish to be assessed for PIP and a further 1,200 existing DLA claimants failed to make contact regarding reassessment for PIP. These 2,000 existing working-age DLA claimants, the majority having been in receipt of indefinite awards, represent three per cent of DLA claimants invited for reassessment for PIP and are now no longer entitled to DLA or PIP.

3.14 Forty-six per cent of new claims (18,600) for PIP and 75 per cent of reassessments (53,900) from existing DLA claimants have been eligible for PIP52. Of those eligible for PIP53, around 36 per cent receive the enhanced rate for both the daily living and mobility components. This compares to 15 per cent receiving the combined enhanced rates for DLA54.

3.15 If a claimant does not qualify for PIP or disagrees with the Department’s decision, they may request a Mandatory Reconsideration (MRC)55. MRC was introduced by the Department in 2016 in an effort to resolve disputes at the earliest possible opportunity. If the decision remains unchanged, an appeal can then be made to an independent tribunal. See Figure 8 for further details.

50 Personal Independence Payment Statistics May 2018, Department for Communities, August 2018.
51 PIP2 Form “How your disability affects you”.
52 Personal Independence Payment Statistics May 2018, Department for Communities, August 2018.
53 This includes 41 per cent of reassessment claims.
54 Northern Ireland Benefits Statistics Summary May 2018, Department for Communities, August 2018.
55 This is an internal review of the original decision by a second Decision Maker.
### Figure 8: PIP Mandatory Reconsiderations and Appeals as at September 2018

<table>
<thead>
<tr>
<th></th>
<th>Number since 20 June 2016</th>
<th>As a % of PIP decisions made</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of PIP decisions made</td>
<td>140,000</td>
<td>100</td>
</tr>
<tr>
<td>MRC requested</td>
<td>33,777</td>
<td>24.0</td>
</tr>
<tr>
<td>Number of decisions changed on MRC</td>
<td>6,615</td>
<td>4.7</td>
</tr>
<tr>
<td>Number of Appeals received</td>
<td>12,662</td>
<td>9.0</td>
</tr>
<tr>
<td>Number of Appeals heard</td>
<td>5,283</td>
<td>3.7</td>
</tr>
<tr>
<td>Decisions upheld at Appeal</td>
<td>2,377</td>
<td>1.7</td>
</tr>
<tr>
<td>Decisions overturned at Appeal</td>
<td>2,906</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Source: Department for Communities

#### 3.16 Figure 8 shows that 140,000 PIP decisions were made since June 2016, with seven per cent (or 9,521) changed following Mandatory Reconsideration (6,615) and Appeal (2,906). Fifty-five per cent of cases heard at appeal were overturned. This may, in part, be due to additional evidence being made available by claimants. The Department explained that GP records are made available for Tribunals in Northern Ireland. Also, that the overturn rate is affected by Tribunals applying the recent (see paragraph 5.26) Judicial Review judgements in GB.

#### 3.17 The cost of implementing PIP in Northern Ireland is estimated to be £0.4 billion until 2024-25. The main costs include those for assessment provider, internal PIP staffing, appeal costs, project team and consultancy expenditure.

#### 3.18 The total benefit savings up to 2024-25 are estimated to be £1.6 billion. If the estimates are accurate then savings are likely to outweigh the cost of implementing PIP. We intend to monitor progress on anticipated monetary savings.

### An Independent Review of the PIP Assessment Process has made a number of significant recommendations

#### 3.19 Legislation requires the Department to carry out an independent review of the PIP assessment process after the first two years. The first Review for Northern Ireland was published in June 2018. The Review notes that issues raised are not unique to Northern Ireland and are comparable to matters identified in a similar review completed in 2014 in GB. The Review concluded that the current assessment process is viewed with “distrust and suspicion”;

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56 A claim may involve more than one decision.
57 Personal Independence Payment Project Outline Business Case, Department for Communities, February 2016.
58 Personal Independence Payment: An Independent Review of the Assessment Process, Walter Radar, June 2018. The Review focused on the PIP assessment process from the initial point of contact with the claimant, through to the outcome decision. This includes any Departmental Mandatory Reconsideration or the implementation, by the Department, of a decision made by the Tribunal.
Part Three:
Personal Independence Payment (PIP) replaces Disability Living Allowance for Working-Age Claimants

“fragmented” and “impacts negatively on both claimants and those who support them”. Moreover, the stress and fear caused by the face-to-face assessment was considered to impact on the health and wellbeing of claimants.

3.20 The Review made 14 recommendations on:

- Improving communications with claimants, carers and medical professionals.
- Administrative improvements to the assessment process.
- The clinical judgement of medical practitioners, indicating that claimants having a terminal illness should be sufficient for special rules to apply.
- The improvement of availability and quality of medical evidence.
- Developing criteria detailing which conditions would be more appropriately addressed through a paper based review approach.
- Enhanced training for assessors dealing with certain groups of conditions.

The Department provided an interim response to this Review in November 2018.59
Part Four:
Universal Credit and changes to the administration of benefit payments

Are you online yet?
We can help.
Set up email, get online, get the most from your device
Interested? Ask a member of staff
Part Four:
Universal Credit and changes to the administration of benefit payments

Key facts and figures

- Savings anticipated from Universal Credit are £1.3 billion to 2025-26.
- The estimated implementation cost for the Department is £58 million.
- £22.6 million costs were incurred during the period April 2011 to March 2016, when the political situation led to delays in implementing Universal Credit.
- Managed migration, transferring existing legacy benefit claimants to Universal Credit, is planned for July 2019 to March 2023.
- The Cost of Work Allowance, mainly payable to low-income families who may or may not receive Universal Credit, for which £105 million of funding was set aside, has not been introduced.

Universal Credit is intended to simplify the administration of six benefits

4.1 In October 2010, the Westminster Government announced proposals to replace working-age benefits and tax credits with a single Universal Credit. This replaces Child and Working Tax Credits, income-based Jobseeker’s Allowance, income-related ESA, Housing Benefit (working-age) and Income Support. Entitlement to Universal Credit depends on financial and personal circumstances. Claimants are entitled to a standard amount plus additional amounts relating to children, housing costs, capacity to work, caring responsibilities and childcare costs.

4.2 Universal Credit is intended to:

- simplify the administration of the benefit system by replacing six benefits;
- be easy to access, as claims are made online;
- ensure people receive their full entitlement to benefits by bringing the individual benefits together;
- encourage more claimants into work; and
- be payable when circumstances change for claimants, so they do not have to reapply as they move in and out of work. Benefit systems are integrated with HMRC systems, resulting in earnings being automatically taken into account when calculating Universal Credit payments.
The Universal Credit process requires significant cultural change

4.3 The Universal Credit process requires significant cultural change for both benefits’ staff and claimants. For staff, this means shifting from a benefit-processing role to a personalised support approach, with interactions tailored to each claimant’s needs. Support is provided to help those who are out of work (and able to work) move into employment. Support is also available for those in work to increase their hours and become less reliant on benefits. There is an emphasis on building a relationship between the claimant and their Jobs and Benefits Office work coach. This change in approach requires considerable commitment from public sector staff, including structured retraining programmes.

4.4 Universal Credit places an onus on claimants who are able to look or prepare for work to do so and this is a condition of receiving the benefit, known as conditionality. Conditionality requires claimants to sign and comply with a Claimant Commitment, drawn up by the claimant and their Jobs and Benefit Office work coach. This Commitment applies to claimants who continue to be paid Jobseeker’s Allowance and those who have claimed Universal Credit.

4.5 A financial sanction may be applied if a claimant fails to comply with the Claimant Commitment; does not provide a good reason for non-compliance; does not engage or does not provide satisfactory evidence. The sanction periods in Northern Ireland [7 days to 18 months] are shorter than in GB [7 days to 36 months]. This is in consequence of amendments tabled by the then Minister for Social Development during the passage of the Welfare Reform Bill through the NI Assembly. Decisions can be challenged by requesting a Mandatory Reconsideration and, if this is unsuccessful, it can then be appealed.

Over 300,000 households in Northern Ireland will be transferred to Universal Credit

4.6 The Department has estimated that around 312,000 households in Northern Ireland will be transferred to Universal Credit; 114,000 households will be entitled to receive more per week (£26 on average); 126,000 households will receive less per week (£39 on average) and 72,000 households will have no change to their entitlement [see Figure 9]. The Department estimates an overall decrease in benefit entitlements of approximately £105 million each year (based on 2018-19 prices). This estimate does not take into account the cost of transitional protection for Universal Credit claimants (see paragraph 4.9) or potential savings due to reductions in fraud and error.
Part Four:
Universal Credit and changes to the administration of benefit payments

Figure 9: Universal Credit will affect around 312,000 households

Source: NIAO, based on Department for Communities data

4.7 Universal Credit has been rolling out since 2013 in GB and was introduced for new claims in Northern Ireland on a phased geographical basis starting in September 2017. By June 2018, around 12,000 new claimants or claimants with changes in circumstances had claimed Universal Credit. Individuals claiming legacy benefits may need to move to the new system if there is a change in their circumstances and they live in an area where Universal Credit has been rolled out. This is referred to as natural migration61.

4.8 The next implementation phase, known as managed migration, will transfer existing claimants of the legacy benefits over to Universal Credit between July 2019 and March 2023. This phase presents a significant challenge for the Department with Jobs and Benefits Office staff dealing with significant increases in claimant volumes. This includes Tax Credits’ claimants also moving into the Universal Credit system.

Transitional protection is available to managed migration Universal Credit claimants across the UK

4.9 Transitional protection will be available to all claimants who are moved over to Universal Credit from a legacy benefit as part of the managed migration of claimants. This means they will not lose out in cash terms even if their entitlement is lower on Universal Credit than legacy benefits.

61 Natural migration is the movement of individual claimants/households off legacy benefits and on to Universal Credit following a change of circumstances which triggers the move.
This protection will continue (without any uprating) until either a claimant’s circumstances change significantly (a significant change could include: a partner leaving or joining a household; a member of the household stopping work; or the Universal Credit award ending) or their Universal Credit award “catches up” due to annual uprating. The Department has advised that the Social Security Advisory Committee\(^{62}\) has consulted on the transitional protection arrangements and the regulations will be subject to parliamentary approval\(^{63}\).

4.10 If a claimant’s circumstances change prior to the roll out of the managed migration phase and this results in a natural migration to Universal Credit, the claimant is not entitled to transitional protection. The Department, using August 2018 Universal Credit caseload forecasts estimates, that by the end of March 2023 there will be 78,000 natural migrations to Universal Credit. The Department told us that it is not possible to estimate the transitional protection savings as it will depend on the managed migration option chosen.

4.11 Local politicians agreed the following package of payment flexibilities for Northern Ireland:

- Payments are made twice a month (rather than monthly as in GB to help low-income households manage tight budgets.

- The housing element is paid directly to landlords to avoid increasing rent arrears. Households may opt out of this arrangement, subject to them meeting specific criteria primarily around avoiding future arrears.

- Payments can be split between two members of the same household.

4.12 To assist claimants with the move to Universal Credit the Mitigations Working Group recommended that:

- £25 million be set aside over four years to fund the administration of payment flexibilities.

- Low-income working families and others who are claiming Working Tax Credit/Universal Credit should be entitled to a Welfare Supplementary Payment (known as the Cost of Work Allowance from 2017-18 to recognise the additional expenses incurred by households in employment. The Working Group set aside £105 million (20 per cent of the measures agreed) over three years for this allowance.

4.13 To assist claimants during the roll out of Universal Credit the Department set up a contingency fund of £7 million, from 1 November 2017, for non-repayable emergency payments to cover hardship situations. There has been a low uptake of this grant to date with 115 payments totalling £17,000 up to March 2018.

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\(^{62}\) The Social Security Advisory Committee is an independent statutory body of the Department for Work and Pensions operating at arms-length.

\(^{63}\) Moving claimants to Universal Credit from other working-age benefits, 22 June 2018, Social Security Advisory Committee. The consultation closed on the 20 August 2018.
Part Four:
Universal Credit and changes to the administration of benefit payments

A key element of Working Tax Credit/Universal Credit mitigations has not been introduced

4.14 In September 2017, after four months of negotiations and clarifications, HMRC notified the Department that payments made under the proposed Cost of Work Allowance\textsuperscript{64} scheme would be treated as taxable income. This would mean that low-income families would lose a proportion of this WSP to tax, and additionally it would have implications for their Tax Credit position. This important element of the Working Group’s work has not been delivered. The Department told us it is committed to introducing a Cost of Work Allowance scheme and continues to explore options for an alternative scheme.

4.15 In March 2017\textsuperscript{65} the Department estimated:

- the cost of implementing Universal Credit across Northern Ireland as £58 million; and
- additional funding of £33 million would be required, above what was currently being paid out for existing benefits, for operational delivery of Universal Credit.

4.16 The Department also spent £22.6 million (including project team costs of £18 million) during the period April 2011 to March 2016, when the political situation led to delays in implementing Universal Credit\textsuperscript{66}. These delays, outside the Department’s control, have led to significant additional costs to the Northern Ireland taxpayer.

The Department’s business case\textsuperscript{67} estimates savings of £1.3 billion from Universal Credit

4.17 The Department’s business case estimated that the Westminster Government will save £1.3 billion through the implementation of Universal Credit in Northern Ireland over the ten years to 31 March 2026. The majority of savings are through changes to benefits, however the Department also expects to deliver savings from lower levels of fraud. This is estimated to save £45.9 million over ten years.

4.18 The Department also anticipated efficiency savings of an estimated £26 million by 2025-26, having compared the cost of administering Universal Credit as opposed to legacy benefits. It has set a target to reduce its annual administration costs by 6.2 per cent by April 2022.

4.19 Given the objectives of Universal Credit, the Westminster Government needs to be able to estimate how many people will move into work because of its introduction. DWP calculated

\textsuperscript{64} Supplementary Payments recognising the expenses of those in employment.
\textsuperscript{65} Universal Credit Programme Outline Business Case, Department for Communities, March 2017.
\textsuperscript{66} Universal Credit Programme Summary and Closure Report for the period 1 April 2011 – 31 March 2016, Department for Communities, November 2016.
\textsuperscript{67} Universal Credit Programme – Outline Business Case, Department for Communities, March 2017.
that Universal Credit would reduce worklessness in GB by approximately 250,000 people. We note that the Department’s business case states that there was no Northern Ireland equivalent of this analysis, as not all of the data used by DWP is available for Northern Ireland. In the absence of specific Northern Ireland data, a read across from the DWP forecast for GB was calculated by the Department, that is, pro rata 2.4 per cent (or 8,420 people) reduction in worklessness for Northern Ireland. Based on this 2.4 per cent reduction, the indirect benefits over the appraisal period are estimated to be £24 million savings for the National Health Service and £145 million in increased income for individuals.

The National Audit Office concluded that Universal Credit in GB has not delivered value for money to date

4.20 In its latest review of Universal Credit the National Audit Office (NAO) concludes that:

• It has taken significantly longer to roll out than intended;
• It may cost more than the legacy benefit systems it replaces;
• DWP will never be able to measure whether it has achieved its stated goal of increasing employment; and
• It has not delivered value for money and it is uncertain that it ever will.

4.21 The NAO has seen evidence that many people have suffered difficulties and hardship during the roll out of the service. 21 per cent of new claims have not been paid in full and on time, with nearly 60 per cent of new claimants receiving a Universal Credit advance (interest free loan) to help them manage.

4.22 The NAO believes that DWP must now ensure that the programme does not expand before current operations can deal with higher claimant volumes arising from managed migration. Furthermore, DWP must learn from the experiences of claimants and third parties, as well as the insights it has gained so far.

It is too early to assess the delivery of Universal Credit in Northern Ireland

4.23 The roll out of Universal Credit to June 2018 has seen just over 12,000 new claims. 79 per cent of these claims were made remotely, with claimants attending Jobs and Benefits Offices making 21 per cent of claims. 25 per cent of claimants were able to verify their identity using the government’s online verification system.

68 The Department considers that as claimants move into work or increase their working hours, evidence shows that they are generally healthier and use the NHS less.
69 Rolling Out Universal Credit, National Audit Office, HC 1123, 15 June 2018.
Part Four:
Universal Credit and changes to the administration of benefit payments

4.24 The target for a first payment of Universal Credit following a new claim is now five weeks. Up to June 2018, the Department’s data shows that 82 per cent of new claims were paid in full and on time. While this is better than DWP’s figure of 79 per cent, 18 per cent or just over 2,000 new Universal Credit claims in Northern Ireland were not paid in full and on time at the end of the first assessment period. 6,471 new claimants or 52 per cent requested and received an advance payment of Universal Credit to help them through to their first payment. This provides evidence that claimants have difficulties managing financially, until their first payment. Figure 10 provides further performance data for Northern Ireland.

Figure 10: Universal Credit performance data as at 30 June 2018

<table>
<thead>
<tr>
<th>Data</th>
<th>Percentage</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of claimants</td>
<td></td>
<td>12,459</td>
</tr>
<tr>
<td>Number of claims</td>
<td></td>
<td>11,371</td>
</tr>
<tr>
<td>How claimants applied for Universal Credit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remotely</td>
<td>78.72</td>
<td>8,952</td>
</tr>
<tr>
<td>In a Jobs and Benefits Office</td>
<td>21.04</td>
<td>2,392</td>
</tr>
<tr>
<td>Telephone</td>
<td>00.24</td>
<td>27</td>
</tr>
<tr>
<td>How claimants’ verified their identity⁷¹</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Online</td>
<td>25</td>
<td>3,074</td>
</tr>
<tr>
<td>In a Jobs and Benefits Office</td>
<td>75</td>
<td>9,215</td>
</tr>
<tr>
<td>Advances paid</td>
<td>52</td>
<td>6,471</td>
</tr>
<tr>
<td>Payments on time and in full for the first assessment period</td>
<td>82.04</td>
<td>9,329</td>
</tr>
<tr>
<td>Payments on time and in full across all assessment periods</td>
<td>89.18</td>
<td></td>
</tr>
</tbody>
</table>

Source: NIAO, based on Department for Communities data

⁷⁰ There are more claimants than claims as Universal Credit is a household benefit and each household will submit one claim but there may be more than one claimant in that claim.

⁷¹ The online ID verification process is carried out through the Gov.UK.Verify system. This system sits outside the core Universal Credit system and provides a simple but secure gateway for assuring claimant identity so that people can use government services safely online. The number of claimants who have verified their ID are less than the number of claimants as not all claimants verify their ID immediately.
A new Discretionary Support Scheme has been introduced

4.25 The Social Fund was designed to help people on very low incomes manage large or unexpected expenditure and cope with emergencies. In April 2013, the administration of its discretionary elements was passed to the devolved administrations in Scotland, Wales and Northern Ireland who were to determine the most appropriate arrangements for their own jurisdictions. The Social Fund was previously funded directly by Westminster and elements of the block grant.

4.26 In 2012, the Northern Ireland Executive proposed a new Discretionary Support Scheme (DSS), offering both grants and loans. The Department estimated that introducing the new devolved DSS would result in additional administration costs of £32 million over the ten years to 2022. The DSS went live from November 2016. Loans and grants are available to claimants who are in work or receiving benefits, but annual income must not be above a set threshold of £16,286. This is based on the national minimum wage of an adult aged 25 or over which increases annually in line with government legislation. Applications can be made via a Freephone service or in person at a Jobs and Benefits Office.

4.27 Between 2014-15 and 2017-18, the number of grants and loans awarded has declined from 115,000 to 47,000, a reduction of 60 per cent. As a result, annual expenditure has also reduced from £27 million in 2014-15 to £11 million in 2017-18 (see Figure 11). The Department explained that the reduction is due to the criteria for loans and grants becoming more stringent.

Figure 11: Expenditure on grants and loans has significantly reduced over the past two years

Source: NIAO, based on Department for Communities data

Part Four:
Universal Credit and changes to the administration of benefit payments

4.28 Setting specific eligibility criteria is at odds with the concept of discretionary awards and alleviating claimant vulnerability. We note that similar schemes in Scotland and Wales (see paragraph 4.30) have not set such prescriptive eligibility criteria. The tighter criteria for the DSS may have contributed to the significant drop in expenditure over the past two years. The Department does not consider that access to DSS is significantly less generous than the corresponding provisions in Scotland and Wales. It explained that in particular the Welsh system uses entitlement to a specified income-related benefit, which can exclude claimants not on benefit.

4.29 The new devolved DSS is in the early stages of operation in Northern Ireland. It is too early to tell if administering DSS locally results in a more effective and efficient use of the limited financial resources available to target those most in need.

4.30 In Scotland, the Scottish Welfare Fund has replaced discretionary elements of the Social Fund. This is a national grant scheme delivered on behalf of the Scottish Government by the 32 local authorities. In Wales, the Discretionary Assistance Fund replaced the Social Fund.
Part Five:
How welfare reforms are working in practice
Part Five: How welfare reforms are working in practice

Additional funding of £8 million was committed for independent advisory services up to 2020

5.1 As noted in Part One (see paragraph 1.11) the Northern Ireland Executive has committed additional funding to independent advisory services. This funding, allocated since September 2016, covers both face-to-face advice services and a centralised free Independent Welfare Changes Helpline. Other support provided to the advice sector includes increasing its digital capacity, training and specialist support.

5.2 Monthly management information submitted by advisory organisations to the Department shows a steady increase in the volume of both advice sessions and calls to the independent helpline (see Figure 12). There has also been a steady increase in the number of helpline callers being referred to the face-to-face advisory service.

Figure 12: The number of advice sessions and calls to the Welfare Changes Helpline is steadily increasing

5.3 The Department’s analysis shows that around 45 per cent of advisory sessions and 35 per cent of helpline calls each month deal with PIP issues. Around 15 per cent in each category deal with ESA issues and 10 per cent with mitigation payments. It is likely that the volume of calls will increase as Universal Credit continues to roll out.\(^73\)

Organisations affected by welfare reforms consider the benefits system to be complex

5.4 Simplification of the benefits system is unlikely to be achievable until existing claimants are fully migrated to new benefits, rates and entitlements. To gain a better understanding of how welfare measures are currently affecting households across Northern Ireland, and those who help and advise them, we met with a number of different organisations. These include the Third Sector, advisory bodies, programme managers and frontline staff who all deal directly with claimants.

5.5 Many of the organisations and individuals consulted consider the system even more complex than it was before. This is due to the many changes to entitlements and rules; the introduction of new benefits and administrative changes to payments; instances where existing and new benefits are operating in parallel and the gradual closing or migration of existing benefit claims as new benefits are introduced. The introduction of mitigation measures has further complicated the system. The organisations consider that many claimants see these payments as part of their overall benefit entitlement and are unaware that they will be paid for a limited period, for example up to one year in relation to the transfer from DLA to PIP. Earlier case examples illustrate the complexities of the current system.

5.6 It is the Department’s responsibility to set the rules covering benefit claims and entitlements and to communicate them clearly to claimants. However, groups consulted told us that some claimants find the standard benefit application forms and other correspondence provided by the Department to be confusing and overly complex. Completing benefit application forms correctly and providing appropriate supporting evidence at the outset of the claim process is useful for both the Department and the claimant. It helps ensure the correct decision and leads to prompt payment of entitlements. It also saves additional administrative costs and avoids expensive appeals.

5.7 The recent Independent Review of PIP (see paragraph 3.19) has recommended that the Department should review written material, ensuring clarity of message and the avoidance of jargon.

5.8 The Department has been engaging regularly with the advisory sector and we are aware of instances where it revised correspondence to assist claimants’ understanding of the process. For example, following concerns that claimants were unaware of the need to appeal a PIP decision to be eligible for WSPs, the Department revised its standard letter to state this explicitly.

5.9 However, more needs to be done to ensure that insights are gathered from claimants, programme managers, frontline staff and delivery partners on how welfare reforms are working in practice. This should help determine if there are issues that need to be addressed.
Part Five: How welfare reforms are working in practice

**Recommendation 1**

We recommend that the Department uses feedback provided by all delivery partners, including programme managers and frontline staff, to establish a formal and enhanced understanding of how welfare reforms are working in practice. To improve accountability and transparency, the Department needs to collect and analyse the data and evidence from delivery partners, and regularly report on issues raised and progress made to address them.

5.10 While liaising with these organisations should help improve the level of communication, this may not be enough if not accompanied by measures to make the Department’s documents more user friendly. Organisations told us that most correspondence is issued directly from the IT system (as is the case for DWP in GB) and is written in very technical language. Given the complexity of the social security regulations, more needs to be done to make the documentation easier to understand, especially for those who are vulnerable. Other organisations may be well placed to provide the Department with assistance in this area, for example the Behavioural Insights Team, formerly part of the Cabinet Office. The Department has already engaged with this Team when working with mortgage lenders in Northern Ireland to encourage people in arrears to engage more proactively with their banks. Another resource is the Department of Finance’s Innovation Lab, which has also engaged with the Department to help increase benefit uptake.

**Recommendation 2**

We recommend that the Department consults with the advisory sector, the wider Third Sector and DWP to continue to improve the clarity and simplicity of its communications with claimants and their representatives.

There is a clear need for focused advisory services

5.11 Universal Credit encourages claimants to take personal responsibility for their affairs. Advisory services are concerned that this change affects their ability to assist vulnerable benefit claimants. They also told us that those claimants who engage advisory or legal representation when appealing a decision have a very good success rate at tribunals.

5.12 The Department explained that implicit consent arrangements were considered. However, the Universal Credit online digital account allows access to a claimant’s personal, medical, financial and other data. The Department considered that running a system of implied consent would mean that the risks of disclosure of this material to third parties would be heightened beyond an acceptable level, under the data protection rules. Furthermore, this also had the potential to undermine some of the security features that had been built into the system. This approach follows that of the DWP.

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74 The policy of implicit consent, which allowed external bodies to act on a claimant’s behalf without the need for written authority or the claimant being present, changed to a requirement for explicit consent under Universal Credit.
Recommendation 3

We accept that there may be data protection risks in allowing implicit consent for Universal Credit. We recommend that the possibility of mitigating these risks should be explored, in consultation with DWP, especially for vulnerable claimants.

5.13 The managed migration phase for Universal Credit, due to commence in July 2019 and complete in 2023, will put significant further pressure on advisory services in general. The advisory sector told us that these pressures could be alleviated in part by:

- increased funding to underpin training of advisory staff; and
- the Department sharing more guidance with them on specific areas, for example, decision making and appeals.

In relation to decision making and appeals, the Department told us that a general release of the existing guidance to welfare advisors at this early stage would be of limited benefit. As the Department is learning from operational delivery and interpretation of the relevant legislation, individual elements may be superseded at short notice.

5.14 The complexity of the benefit system and the vulnerability of many claimants means that good quality focused advisory services are crucial. However, the additional funding for welfare reform advisors, proposed in the Evason Report, will end in March 2020, three years before the migration of all working-age claimants to Universal Credit in Northern Ireland is complete.

The Department has a role to play in advising benefit claimants

5.15 The Department has its own “Make the Call” (MtC) Wraparound Service providing advice and assistance to claimants regarding their entitlement to benefits and other Government support. The service is delivered through a telephone helpline, direct targeting letters offering a Needs Assessment to people who may be eligible to receive benefits but are not currently receiving them, and by 30 Community Outreach Officers carrying out home visits. The Department told us that:

- MtC places the needs of the customer at the centre of its interventions, taking a ‘whole of government’ approach;
- MtC encourages a ‘once and done’ approach whereby through initial contact, customers have access to a much wider range of services without having to contact different service providers; and
Part Five: How welfare reforms are working in practice

- the MiC team is continually growing to further develop its comprehensive partnership programme with Government, independent statutory bodies, voluntary sector partners and community groups to ensure that effective targeting and engagement with the widest possible range of potential customers (including harder-to-reach groups) is achieved.

5.16 Furthermore, the Telephony Service has developed a number of collaborative working processes and now completes forms on behalf of the customer, where a potential entitlement had been identified for Carers Allowance\(^75\) and Personal Independence Payment (PIP)\(^76\).

5.17 The Department told us that since 2015, £77.3 million in additional benefits has been generated for 17,045 people across Northern Ireland, many of whom are vulnerable through age, disability/illness, or adverse circumstances.

Recommendation 4

We recommend that the Department evaluates and reports on the value for money of the additional independent advisory services supported by mitigations funding. The Department should carefully consider how to make the best use of both external and internal advisory services post March 2020.

There is strong support for the package of mitigation measures

5.18 There was common support for the package of mitigation measures provided through the Fresh Start Agreement, and the provision of a free independent advice helpline is considered a success story by the Third Sector. However, there were concerns that, due to the complexity of the rules, claimants may not always get payments to which they are entitled. There was also considerable apprehension about what might happen in 2020.

5.19 The groups we met commended the Department for deciding to introduce flexibilities for both Universal Credit and PIP that will benefit households in Northern Ireland. There was also recognition of the more even-handed sanction regime introduced in Northern Ireland.

More can be done to make the reforms fairer

5.20 The Third Sector would like to see more support for claimants waiting on or appealing benefit decisions. They told us that very small delays in benefit payments could place vulnerable claimants in difficult financial circumstances. Many claimants have no other means of income and no family or friends to rely on for help. This results in them often being pushed towards payday lenders or charity help, including foodbanks.

\(^75\) From 1 September 2017 to 31 March 2018, MiC made 790 Carers Allowance applications.

\(^76\) From 16 October 2016 to 31 March 2018, MiC completed 798 PIP1 Forms.
5.21 The Trussell Trust\(^77\) charity reported a 17 per cent average increase in demand for foodbanks in 2016-17 compared to 2015-16, in areas where Universal Credit had been rolled out in the rest of the UK. They also found that one in six foodbank users were from a household where at least one person was in work. Trussell Trust intends to undertake similar research on the impact of Universal Credit on claimants using foodbanks in Northern Ireland. The Department launched a social supermarket pilot scheme\(^78\) in October 2017, aimed at combating food poverty. This scheme has helped around 1,000 people to date and is being extended until 30 September 2019.

5.22 The new Discretionary Support Scheme is intended to provide financial assistance to households in an extreme, exceptional or crisis situation. We were told that potential claimants and advisors have had difficulties in getting through to the dedicated phone number. We asked the Department if it had identified similar issues and, if so, what it was doing to address this. The Department confirmed that it is continually examining and reviewing ways to improve telephone response rates.

5.23 The Third Sector raised concerns about the lack of access to decision making guidance supporting the Discretionary Support Scheme. Unlike social security benefits, the Department does not produce formal decision-making guidance for the DSS.

**Continual support is needed for individuals with mental health problems and learning difficulties**

5.24 Northern Ireland has a higher incidence of mental health conditions per head of the population than GB\(^79\). The Department’s statistics show that psychiatric disorders are the main disabling condition, accounting for 40 per cent of PIP claims\(^80\) and 47 per cent of ESA claims\(^81\). The Third Sector strongly believes that continual support should be available for people with mental health problems and learning difficulties. Without expert advice and support tailored to their specific needs throughout the process, they are concerned there is a risk that claimants will be unable to access their benefit entitlements. Figure 13 illustrates some Third Sector views.

5.25 The Department explained that 65 per cent of PIP recipients with mental health conditions get the enhanced rate daily living component, compared with 30 per cent who received the highest DLA care component. And 41 per cent of PIP recipients with mental health conditions get the enhanced mobility rate component, compared with just 11 per cent of DLA recipients.

\(^77\) This is a national anti-poverty charity which runs a network of over 425 foodbanks across the UK. Many frontline professionals refer people to these foodbanks.

\(^78\) Members of the social supermarket schemes must sign up for a range of “wraparound” services which include money management, cooking and personal development. Once they have done so they can access support services and food for themselves and their families every week.

\(^79\) Mental Health in Northern Ireland, Northern Ireland Assembly Research and Information Service, NIAR 412-16, 24 January 2017.

\(^80\) Personal Independence Payment Statistics May 2018, Department for Communities, August 2018.

\(^81\) Northern Ireland Benefits Statistics May 2018, Department for Communities, August 2018.
Part Five: How welfare reforms are working in practice

Figure 13: Personal Independence Payment and Mental Health

“Claimant has Asperger’s and struggles to vocalise his condition and tends to play it down”.

“The claimant is a vulnerable adult with limited communication skills and asked the health care assessor to explain the process in simple speak so that he could understand how it works”.

“Claimant has serious mental health issues and was traumatised by the assessment but now has to go through an appeal”.

“Claimant is unable to ring for the PIP application form, is unable to participate in a meeting with an advisor to complete the form and due to the unstable nature of his mental health is not able to participate in the health assessment”.

“Filling in the PIP application form for a person with mental health issues is more difficult as it is harder for them to fairly represent their condition as compared to a physical disability”.

Source: Third Sector

When claimants do not receive the correct payment the impact can be significant

5.26 In January 2018, DWP decided not to challenge a High Court ruling from December 2017, that new rules for PIP were unlawful, “blatantly discriminatory against those with mental health impairments” and breached the United Nations’ disability convention. DWP plans to reconsider around 1.6 million claims to ensure that claimants have received the correct award. Although the court judgement is not binding in Northern Ireland, the Department decided to follow the DWP approach and review existing cases, paying arrears where it is appropriate to do so. Current estimates are that 8,000 claimants in Northern Ireland are affected, at a cost of £15 million (average of £1,875 per claimant). The Department has set aside £1 million to cover the administration costs associated with this.

5.27 Since 2011, DWP underpaid an estimated 180,000 claimants who transferred to ESA from other benefits such as Incapacity Benefit. The error occurred when DWP staff did not follow their own legal guidelines, and affected claimants who may have been entitled to income-related ESA, but were only awarded contribution-based ESA, therefore missing premium payments. The average underpayment in GB is likely to be £5,000, with DWP owing an estimated £970 million in underpaid benefits. A recent Westminster Public Accounts Committee report attributed this position to multiple failures by DWP, including a failure to design a process that reflected its own legislation.

83 Employment and Support Allowance, HC 975, 18 July 2018.
5.28 The Department estimates that just over 3,500 Northern Ireland ESA claimants may be affected by the error. The average amount of arrears is estimated at £5,000 per claimant, or £17.5 million in total. The Department has set aside £1 million to cover the administration costs associated with ESA underpayments.

5.29 The Department has begun the process of going through these cases and £2.2 million has been paid to date, with an average award of £5,000 per claimant.

5.30 In both these cases, claimants are likely to have suffered undue hardship because of decisions being incorrect. For the Department, resourcing these reviews will be costly.

5.31 Since February 2017, overpayments of Welfare Supplementary Payments can be recovered. For 2017-18, overpayments of £2.3 million were identified, of which just over £1 million has been recovered.

5.32 Groups consulted told us of various instances where claimants have applied for benefits and not received their full entitlement. The Department needs to be proactive in its engagement with its delivery partners in identifying potential benefit underpayments at an early stage. Such cases need to be addressed promptly to prevent undue hardship for claimants and costly legal action for the Department at a later date.
Part Six:
Cost and impact of welfare reforms in Northern Ireland

Welfare Supplementary Payment
Benefit Cap
Private Rented
Universal Credit
Sanctions
Welfare Reform NI
Benefit Cap
Social Housing
Mitigation
Owner Occupied
Social Housing
Benefit Uprating
Benefit Cap
PIP
Owner Occupied
Universal Credit
PIP
Universal Credit
Social Sector Size Criteria
Implementing welfare reforms is currently estimated to cost in excess of £0.5 billion

6.1 By March 2018, the Department had spent £149 million on projects implementing welfare reform measures (see Appendix 4). This includes expenditure on project teams, consultancy support, operational staffing and contracted services. Implementing welfare reform measures over the ten years to 2024-25 is currently estimated to cost in excess of £566 million. Estimates do not include the costs associated with the managed migration phase for Universal Credit. Information Technology (IT) expenditure has been negligible, as the Department utilises DWP systems to deliver both PIP and Universal Credit.

The Department put systems for administering mitigation measures into operation to tight deadlines

6.2 The Mitigations Working Group put forward its proposals in January 2016 and by June 2016 claimants were being paid mitigation payments for the Benefit Cap. The Department successfully managed the implementation of a number of administrative systems for mitigation measures to tight deadlines.

6.3 The Working Group allocated £20 million to cover the administrative costs of implementing the time-bound four year programme of mitigation measures (including IT requirements). In April 2016, the estimated cost for implementation was £13 million, including an IT requirement of approximately £1 million. Implementation costs were revised in January 2018 to £26 million and the IT costs were revised to £6 million, as the Department could not rely on DWP systems in this instance. The implementation costs, including IT costs, were met from the Northern Ireland block grant.

A significant proportion of the funding for mitigations was underspent in the first two years

6.4 Funding of £214 million was available for mitigation of welfare reforms in 2016-17 and 2017-18 (£501 million of funding over the four year period to 2020). However, £136 million of the funding available in the first two years was not utilised. Appendix 5 sets out the budgetary and actual expenditure position in more detail. Our analysis suggests a number of reasons for the significant underspend:

- The Cost of Work Allowance Scheme with funding of £37 million (including administration costs), was not implemented in 2017-18.

- Start dates for reforms varied throughout 2016-17. For example as the “bedroom tax” was not introduced until February 2017, £13 million was unspent in 2016-17.

84 Mitigation Measures Project: Overarching Funding Paper, Department for Communities, January 2018.
There was a lead-in time for transferring claimants across to new benefits and entitlements, for example DLA to PIP. The lead-in time also delayed mitigation payments.

£24 million of funding for the Discretionary Support Scheme was not utilised.

There was lower uptake of entitlement to ESA mitigation payments (see paragraph 2.8) than anticipated, with £1.5 million unspent.

The Department provided further explanations including:

- The lower uptake of ESA mitigation may be due to the extensive exercise it had undertaken to identify claimants who were entitled to receive income-related ESA. This in turn may have led to fewer claimants being impacted by the time-limiting of ESA;

- Fewer disallowed PIP claimants appealing than anticipated.

- Claimants receiving higher PIP awards which would not require mitigation.

Given the short-term nature of the mitigations and the lack of outcome measures, it is difficult to assess at this stage whether the best use was made of this funding and value for money achieved. However, in the first two years of the scheme, administration costs have been £9 for every £100 of mitigation payments made, as opposed to the budgeted administration cost of £7 per £100 of mitigation payments made. We anticipate that the proportion of administration costs will decrease over the next two years as uptake of mitigation payments increases.

**Recommendation 5**

We recommend that the Department undertakes a short review exploring the reasons behind the lower than expected uptake of mitigation payments. This may provide an evidence base to indicate how it can make better use of the mitigation funding for the remaining two years. We acknowledge there will be very limited scope to amend the existing schemes in the continued absence of the Assembly.

**Welfare reforms will have a major impact on housing in Northern Ireland**

A key aim of the welfare reform programme is to increase affordability for the Government. However, unintended consequences may increase rental arrears for both NIHE and housing associations. There is also a significant financial risk to the NIHE, especially with full roll out of Universal Credit and non-renewal of mitigation measures. Early indications from NIHE are that its rent arrears are increasing significantly, against a trend of decreasing arrears, prior to
the implementation of welfare reforms. The Department told us that it is too early to determine whether rent arrears are increasing due to welfare reforms.

### 6.7

The impact on working-age tenants is significant. The shortage of smaller properties in Northern Ireland results in reduced options and for those unable to move to smaller properties, increased deductions for under-occupancy, which affects the tenant’s level of personal debt. The Department explained that with the exception of a very small number of cases (around less than one per cent) the deductions for Social Sector Size Criteria (SSSC) are fully mitigated and should therefore not increase personal debt for social tenants. NIAO notes that this number may increase following the end of mitigation payments. Furthermore, the lack of suitable housing may lead to increasing levels of homelessness, use of payday lenders and impact on the tenant’s creditworthiness.

### 6.8

The housing cost element of Universal Credit is paid directly to landlords by default in Northern Ireland, and this was designed to prevent rent arrears. It is paid monthly in arrears, whereas Housing Benefit is paid weekly in advance for NIHE tenants and four weekly in arrears for private landlords and housing associations. When a claimant applies for Universal Credit it can take between five and nine weeks for social housing providers to receive their first payment. **Case Example 5** illustrates this point.

#### Case Example 5: NIHE Tenant Arrears

A NIHE tenant applies for Universal Credit on 14 May. Their first Universal Credit assessment period runs from 14 May to 13 June, with their payment due on 20 June. NIHE’s next scheduled Universal Credit payment run is 9 July so the tenant’s first payment of the housing cost element of Universal Credit is delayed until then. By this stage, the tenant has accrued 9 weeks of arrears. However, the payment received will be for a maximum of one month’s rent (for the period 14 May to 13 June), leaving a debt on the account.

*Source: Northern Ireland Housing Executive*

### 6.9

NIHE has estimated that its arrears will increase by £1.6 million in 2018-19 due to the move to Universal Credit. An element of this (£0.7 million) relates to funds not yet transferred to NIHE. The remaining £0.9 million is money owed by the claimant after receipt of all benefits due. NIHE’s analysis of current cases indicates that recovery of this debt will be a significant issue.

### 6.10

The policy design of Universal Credit means that debt may occur for a number of reasons:

- Universal Credit strictly limits circumstances for backdating claims and does not usually pay housing costs for overlapping tenancies.

- Where a tenant moves to a different landlord during their Universal Credit assessment period, the housing cost element is paid to whoever is the landlord at the end of the
assessment period. Reciprocal arrangements are under consideration with housing associations to recover payments. Arrangements have not been formally agreed with private sector landlords.

- The housing cost element of Universal Credit does not cover rates. Tenants cannot apply for a rates rebate until Universal Credit is awarded. The onus is on tenants to make an application to Land and Property Services for a rates rebate. Tenants may forget or not realise that it is their responsibility to do this. The maximum backdating timescale is three months so tenants who fail to make an application within this time lose out and are then in debt to their landlord. NIHE has developed an internal process in which tenants are contacted (normally by telephone) and reminded to apply for their rates rebate. The Department has advised that it is discussing with Land and Property Services whether an application for rates rebate could be accepted before the Universal Credit award is made.

6.11 In April 2018 the UK Government introduced a change to the process. Housing Benefit claimants moving to Universal Credit now receive an additional two weeks payment. This is to reduce the potential for rent arrears to accrue as claimants move to the new monthly payment cycle.

6.12 Social and private landlords do not have access to information on their tenant’s Universal Credit entitlement or claim and are therefore unaware of any changes in a tenant’s entitlement to housing costs until after they occur. In many instances, the only indication that the tenant’s entitlement has ended is when a payment is not made to the landlord. This makes it difficult for landlords to intervene at an early stage to prevent rent arrears increasing.

6.13 The Department explained that this access cannot be provided to NIHE without legislation and may raise General Data Protection Regulation issues which need to be considered very carefully. The Department told us that in the case of both social and private sector tenants, there is an onus on tenants to meet their responsibilities, either to pay their rent on time or to communicate with their landlord regarding any changes which may present a problem. The Department further commented that any decision to introduce legislation would be a matter for the relevant Minister to consider.

The Northern Ireland Housing Executive receives over £16.5 million in mitigation payments every year

6.14 NIHE is the largest social landlord in Northern Ireland. Under mitigation arrangements it currently receives:

- £68,000 every four weeks for approximately 350 of its tenants affected by the Benefit Cap (annual payment: £0.9 million); and

85 The General Data Protection Regulation 2016/679 is a regulation in European Union (EU) law on data protection and privacy for all individuals within the EU and the European Economic Area.
• £1.2 million every four weeks for its 25,000 tenants on Housing Benefit affected by the “bedroom tax” (annual payment: £15.6 million).

6.15 When mitigations end in March 2020, NIHE will have to collect a minimum of £16.5 million of additional rent from its tenants. Work is currently ongoing with the Department to identify the number of NIHE tenants that have moved on to Universal Credit. NIHE will also have to collect further, as yet unquantified, rental payments in respect of its tenants who have moved on to Universal Credit. Figure 14 shows the percentage reduction in Housing Benefit or Universal Credit for 25,000 NIHE tenants projected to be in an under-occupancy position.

<table>
<thead>
<tr>
<th>Under-occupancy</th>
<th>Number of NIHE tenants under-occupying</th>
<th>Reduction in Housing Benefit / Universal Credit for under-occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 bed</td>
<td>18,572</td>
<td>14%</td>
</tr>
<tr>
<td>2 bed or more</td>
<td>6,811</td>
<td>25%</td>
</tr>
<tr>
<td>Total</td>
<td>25,383</td>
<td></td>
</tr>
</tbody>
</table>

Source: NIHE, June 2018

Significant Tax Credit debt is to be transferred to the Department

6.16 During the roll out of Universal Credit, an estimated £125 million of Tax Credit debt liabilities will transfer from HMRC to the Department. While a Universal Credit claim is active, this debt will be deducted in instalments from payments. Where the claimant no longer claims Universal Credit, the debt will be pursued by the Department which will undoubtedly lead to a need for additional resources in terms of staff and expertise.

Appropriate medical evidence is not always easy to obtain for PIP

6.17 Organisations consulted told us that the attitude of healthcare professionals across Northern Ireland varies with respect to providing medical information for claimants. Some General Practitioners (GPs) have a policy of not providing any medical evidence, whereas other GPs do provide evidence but charge fees. There is no guarantee that the evidence being supplied is of adequate quality or if it will be beneficial to the claimant’s application. The need for relevant medical information to be obtained from GPs in a more focused way than at present was also highlighted in the Independent Review of PIP (see paragraph 3.20).

6.18 From the health sector’s perspective, repeated requests for information at various stages in the claims process is not efficient [we were told of one instance where a social worker was asked to provide the same medical evidence five times] and interferes with operational duties.
Effective collaborative and partnership working is critical

6.19 The latest draft of the Programme for Government (PIG) framework\(^{86}\) sets out 12 outcomes of economic and societal wellbeing, together with a number of indicators to measure progress. The desired outcomes of the welfare reform programme are consistent with PIG outcomes. For example, stronger incentives for people to work should lead to an increase in the proportion of people in work, reduce economic inactivity, reduce poverty and reduce underemployment. Achieving this outcome will require effective partnership working across all of government.

6.20 There is a risk that the implementation of welfare reforms may have a detrimental impact on the Department’s ability to meet its PIG targets for housing. The Department explained that the mitigations negotiated by the Executive have minimised the impacts of welfare reform, compared with GB. However, organisations consulted were concerned about the potential for the number of households in housing stress to rise. Furthermore, increasing levels of debt for housing associations may affect their borrowing ability and limit the building and maintenance of social housing in the future. In our Report on Homelessness\(^ {87}\), we referred to the increasing reliance on the private rented sector to provide housing to social tenants. Given the difficulties outlined earlier, private sector landlords are less likely to give households time to get used to a new benefits system and cope with lower income. Consequently, they may be less inclined to tolerate tenant debt, which may lead to evictions, increased rents or an unwillingness to let to low-income tenants.

6.21 NIHE notes that ongoing differences between the Housing Selection Scheme (HSS)\(^ {88}\) rules and social security legislation rules mean that households in Northern Ireland are being allocated social homes with more bedrooms than can be paid for through the benefits’ system. Post 2020 this will lead to a reduction in benefit for these tenants as the mitigation arrangements will have ended. Work done by NIHE has identified that current new build levels will not address the potential requirement for smaller stock and cost effective ways of delivering this are currently being investigated.

6.22 The Department, in conjunction with NIHE, included a proposal to align the HSS rules with Housing Benefit regulations within its recent consultation.\(^ {89}\) This proposal, which aims to avoid confusion for applicants, states “The Selection Scheme rules should always align the number of bedrooms a household is assessed to need with the size criteria for eligible Housing Benefit (or the Housing Cost element of Universal Credit) customers”. Publication of the consultation response is expected in due course but may depend on a Minister being in place.

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\(^{87}\) Homelessness in Northern Ireland, NIAO, 21 November 2017.

\(^{88}\) This Scheme sets out the social housing allocations policy in Northern Ireland and applies to accommodation owned by NIHE and participating registered housing associations. As it is a points based scheme the level of points awarded determine the applicant’s position on the waiting list.

\(^{89}\) In November 2017, a consultation was launched on a Fundamental Review of Allocations. The consultation closed in December 2017.
Part Six:  
Cost and impact of welfare reforms in Northern Ireland

6.23 Groups consulted considered that opportunities for more joined-up working between social security and housing policy in the Department have been missed. The impact of welfare reforms is also cross-departmental as welfare reforms impact on other entitlements and are linked closely to the economy and labour markets.

6.24 Collaborative working across government and beyond should lead to greater efficiencies overall and reduce the stress experienced by claimants in their dealings with different public sector staff. The Department told us that practical, costed evidence should be provided demonstrating what the Department should do in respect of collaborative working to deliver “greater efficiencies” and “reduce stress”.

Evaluating the success of welfare reforms is a complex task

6.25 The Department has developed a composite evaluation framework to measure the impact of welfare reform policies and local mitigations. This outcomes-based evaluation strategy focuses on the impact on the claimant population, wider society and the economy. The Department intends to undertake a large programme of research including surveys, focus groups, consultations and an analysis of administrative data. This is important work that has the potential to identify need (both at household level and geographically). With the end of the mitigation period looming, this work needs to be completed sooner rather than later to provide up-to-date research which will inform future decisions on interventions and resourcing.

6.26 The first phase of research fieldwork involving claimants is nearing completion and will report the experiences and attitudes of claimants, with regards to the welfare changes. This will include claimants’ awareness of welfare reforms, Welfare Supplementary Payments and their views on effectiveness of communications from the Department in respect of this. The Department expects to publish its findings before the end of December 2018.

**Recommendation 6**

We recommend that the Department publishes a detailed plan and indicative timetable for the expected outputs from its outcomes-based evaluation strategy.

6.27 At its core, welfare reforms are about ‘making work pay’ (lower numbers of households on benefits and higher numbers in employment). Evaluating this aim should be at the centre of the Department’s performance measurement work. The Department has set aside £25 million to reduce worklessness through Work and Wellbeing Programmes like “Steps to Success”. However, employment prospects are inextricably linked to the state of the local and national economy, initiatives to boost the local labour market and investment to strengthen the local economy.
Welfare Reforms in Northern Ireland

**Significant savings from welfare reforms are likely to impact on the Northern Ireland economy**

6.28 HM Treasury anticipates realising significant benefit savings from welfare reforms introduced in Northern Ireland. This is likely to result in significantly less money flowing into the Northern Ireland economy. The Department has estimated that the benefit savings from the introduction of PIP and Universal Credit in Northern Ireland as around £3 billion up until 2025-26. This situation has the potential to impact across the PfG outcomes framework, influencing operational actions and interventions taken across the public services. The Department told us that it is monitoring the position and expects this will be included in the evaluation of welfare reforms.

**Research into the impact of welfare reforms as a whole in Northern Ireland is dated**

6.29 The most recent research undertaken on the potential impact of welfare reform in Northern Ireland was in 2013\(^9\). This research is now dated and was carried out prior to implementation of the majority of reforms. However, the findings are consistent with more recent research conducted in other UK jurisdictions, which are that the impact of welfare reform falls unevenly on different households and across different places. Some of the key findings in 2013, based on projections, were stark:

- “The financial loss per adult of working-age is substantially larger than in any other part of the UK”.
- “Belfast is hit harder by the reforms than any major city in Britain”.
- “In terms of financial impact, local government districts in Northern Ireland occupied three of the four top spots across the whole of the UK, seven out of top 20 and 11 out of the top 50”.

6.30 The Welsh and Scottish governments commissioned programmes of research between 2012 and 2015, assessing the impact of welfare reforms across their jurisdictions. The research found that:

- The more deprived the Local Authority area the greater the financial loss. This was not unexpected as those areas had large numbers of households reliant on benefits.
- Families with dependent children and claimants with health problems and disabilities are hit the hardest financially.
- A significant number of working-age claimants in low paid work experience benefit reductions.

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\(^9\) The Impact of Welfare Reform on Northern Ireland, NICVA, October 2013.
6.31 Research\(^{91}\) by academics in 2016 concluded that the financial impact of welfare reform is also spread unevenly across England, with older industrial areas, less prosperous seaside towns and some London boroughs hit hardest. The resultant financial impacts are driven by low incomes and weak labour markets, with many households reliant on benefits.

6.32 A report in August 2017\(^{92}\) which examined the impact of welfare reform across GB, identified a number of key issues in the years ahead for local government. See (Figure 15):

**Figure 15: Challenges and Suggested Solutions for Local Government in GB**

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Suggested solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>A looming affordability crisis in the private rented sector due to the growing disconnect between rents and Local Housing Allowance rates.</td>
<td>Structural reform of housing supply and security of tenure within the private rented sector.</td>
</tr>
<tr>
<td>Reduced support and weakened incentives for those in work.</td>
<td>Investing in Universal Credit to ensure that working families continue to have an incentive to work and do not fall into poverty while working full-time.</td>
</tr>
<tr>
<td>Cost of reforms greater than funds available to mitigate the impact.</td>
<td>Some form of local discretionary support in addition to Discretionary Housing Payments should be funded.</td>
</tr>
<tr>
<td>Vulnerable groups impacted by multiple reforms.</td>
<td>Local strategies to respond effectively to those households who are facing a disproportionate impact of welfare reform, that is, households with children and people with disabilities.</td>
</tr>
</tbody>
</table>

6.33 A Welfare Reform Research Group has been established to coordinate research into the impact of welfare changes on housing in Northern Ireland. Led by NIHE’s Research Department, the Group has representatives from the Department, NIHE, Northern Ireland Federation of Housing Associations and the advice sector. The research programme for 2018-19 includes projects which will assess the impacts of welfare changes on tenants and NIHE’s operations.

6.34 The Welfare Reform (Northern Ireland) Order 2015 requires the Department to report to the NI Assembly on the operation of the reforms it has introduced and this was published on the 8 December 2018. The Department should carry out a preliminary assessment of the wider

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91 The Uneven Impact of Welfare Reform, Sheffield Hallam University, March 2016.
impacts of welfare reforms across Northern Ireland. A programme of more in-depth research, building on the work undertaken in 2013, should also be considered by the Department.

**Recommendation 7**

We recommend that the Department takes the lead on a programme of research to assess the wider impacts of welfare reforms across Northern Ireland society.

### The position post mitigation in Northern Ireland

6.35 It is acknowledged that the range of measures and flexibilities introduced by the Department, and lessons learned from DWP’s experiences, have led to the implementation of welfare reforms being relatively smoother in Northern Ireland when compared to the rest of the UK. Other parts of the UK have since adopted some of these flexibilities.

6.36 The uptake of mitigation measures has been slower than anticipated and one of the key measures, Cost of Work Allowance, has not yet been implemented. Furthermore, uptake of payments under the Discretionary Support Scheme and Contingency Fund have been low, which may suggest difficulties in accessing these payments, a lack of awareness or an overestimation of need. Research into this may be necessary to ensure that households in need are able to claim what is available.

6.37 The difficulties and problems encountered by disabled and low-paid households across Northern Ireland are likely to increase in April 2020 after the current mitigation measures end. Current social housing stock remains unsuitable, with many thousands of social tenants under-occupying, and will therefore, be subject to reductions in benefits post 2020. The Department is currently reviewing the mitigation arrangements and the situation post 2020 is yet to be determined. While the absence of a Northern Ireland Executive exacerbates the position, it is imperative that options are available for Ministers to consider when the Assembly returns.
Appendix 1:  
Methodology

Our approach included:

1. A review of research documents to understand various aspects of welfare reforms and their impact in Northern Ireland and elsewhere in the UK.

2. Engagement of a reference partner who has an extensive record of research and publication on local and regional trends in welfare reforms across the UK, and on the benefits system.

3. Meetings with different organisations from the Third Sector, advisory bodies, programme bodies and frontline staff who deal directly with claimants to gain a better understanding of how welfare reforms are currently affecting households across Northern Ireland and those who help and advise them. The Third Sector and advisory bodies we visited include Advice NI, Citizens Advice, Law Centre (NI), St Vincent de Paul and Housing Rights.

4. Meetings with various officials in the Department for Communities and NIHE to gain a better understanding of the strategic implications of welfare reform and challenges in operational delivery.

5. Liaison with colleagues in the National Audit Office to provide us with an overview of how welfare reforms have progressed elsewhere in the UK.

6. Analysis of statistics on welfare reforms published by the Department for Communities to inform our report.

7. Requesting collation of data by the Department for Communities on the costs of implementing welfare reform measures in Northern Ireland.
### Appendix 2: Comparison of welfare reform implementation dates

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Change</th>
<th>GB</th>
<th>NI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment and Support Allowance</td>
<td>Started gradually in October 2010</td>
<td>March 2011</td>
<td>March 2011</td>
</tr>
<tr>
<td></td>
<td>Migration of existing claimants started</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefit Urating</td>
<td>All working-age benefits uprated by CPI as opposed to RPI.</td>
<td>April 2011</td>
<td>April 2011</td>
</tr>
<tr>
<td>Tax Credits and Working Tax Credits</td>
<td>Significant changes to rates, thresholds, decrease in value of income not regarded</td>
<td>April 2011</td>
<td>April 2011</td>
</tr>
<tr>
<td></td>
<td></td>
<td>April 2016</td>
<td>April 2016</td>
</tr>
<tr>
<td>Contribution-based ESA</td>
<td>Limited to one year for people in the work-related activity group</td>
<td>April 2012</td>
<td>31 October 2016</td>
</tr>
<tr>
<td>Housing Benefit</td>
<td>Local Housing Allowance — significant changes introduced</td>
<td>April 2011, Jan 2012</td>
<td>April 2011, Jan 2012</td>
</tr>
<tr>
<td></td>
<td>Social Sector Size Criteria (“bedroom tax”) introduced</td>
<td>April 2013</td>
<td>February 2017</td>
</tr>
<tr>
<td>Benefit Urating</td>
<td>Benefit rate uplifts frozen at one per cent for three years</td>
<td>April 2013</td>
<td>April 2013</td>
</tr>
<tr>
<td>The Benefit Cap</td>
<td>Cap on total benefits income for a household introduced</td>
<td>April / Sept 2013</td>
<td>May / Nov 2016</td>
</tr>
<tr>
<td>Personal Independence Payment</td>
<td>DLA for 16-64 year olds replaced by PIP</td>
<td>April 2013</td>
<td>June 2016</td>
</tr>
<tr>
<td>Universal Credit</td>
<td>Replaces working-age benefits and tax credits and is currently being rolled out</td>
<td>April 2013</td>
<td>Sept 2017</td>
</tr>
<tr>
<td>Benefit Urating</td>
<td>Benefit rate uplifts frozen at zero per cent for four years.</td>
<td>April 2016</td>
<td>April 2016</td>
</tr>
</tbody>
</table>

Source: NIAO

---

93 Migration of Incapacity Benefit, Severe Disablement Allowance and Income Support (through sickness).
### Appendix 3:
The budget for the four year programme of mitigations – extract from the Mitigations Working Group Report

<table>
<thead>
<tr>
<th>Welfare</th>
<th>2016-17 £m</th>
<th>2017-18 £m</th>
<th>2018-19 £m</th>
<th>2019-20 £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carers – full compensation plus exemption from Benefit Cap for one year</td>
<td>2</td>
<td>7</td>
<td>7</td>
<td>2</td>
<td>18</td>
</tr>
<tr>
<td>Adult ill health ESA supplementary payments for one year</td>
<td>17</td>
<td>7</td>
<td>-</td>
<td>-</td>
<td>24</td>
</tr>
<tr>
<td>Disability – DLA – payment up to appeal for one year</td>
<td>1</td>
<td>15</td>
<td>14</td>
<td>14</td>
<td>44</td>
</tr>
<tr>
<td>Disability – DLA – 75% if loss more than £10 for one year</td>
<td>1</td>
<td>10</td>
<td>14</td>
<td>12</td>
<td>36</td>
</tr>
<tr>
<td>Disability – DLA – Conflict related lower rate of PIP for one year</td>
<td>-</td>
<td>4</td>
<td>4</td>
<td>6</td>
<td>14</td>
</tr>
<tr>
<td>Additions to benefit – Adult Disability Premium supplementary payments for one year</td>
<td>1</td>
<td>6</td>
<td>12</td>
<td>8</td>
<td>27</td>
</tr>
<tr>
<td>Benefit Cap – Exemption for families</td>
<td>1</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>25</td>
</tr>
<tr>
<td>Discretionary Support Scheme 50% for one year</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>31</td>
</tr>
<tr>
<td>Social Sector Size Criteria (“bedroom tax”)</td>
<td>15</td>
<td>24</td>
<td>26</td>
<td>26</td>
<td>91</td>
</tr>
<tr>
<td>Subtotal</td>
<td>46</td>
<td>89</td>
<td>93</td>
<td>84</td>
<td>310</td>
</tr>
</tbody>
</table>

#### Tax Credits Mitigation: Universal Credit

<table>
<thead>
<tr>
<th></th>
<th>2016-17 £m</th>
<th>2017-18 £m</th>
<th>2018-19 £m</th>
<th>2019-20 £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universal Credit Payment Flexibilities</td>
<td>5</td>
<td>9</td>
<td>5</td>
<td>5</td>
<td>25</td>
</tr>
<tr>
<td>Support for Universal Credit (known as the Cost of Work Allowance)</td>
<td>-</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>105</td>
</tr>
<tr>
<td>Discretionary Support Scheme 50%</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>31</td>
</tr>
<tr>
<td>Subtotal</td>
<td>14</td>
<td>53</td>
<td>49</td>
<td>49</td>
<td>165</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2016-17 £m</th>
<th>2017-18 £m</th>
<th>2018-19 £m</th>
<th>2019-20 £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration of mitigation scheme / Cost of Work Allowance</td>
<td>5</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>26</td>
</tr>
<tr>
<td>Overall Total</td>
<td>64</td>
<td>149</td>
<td>149</td>
<td>140</td>
<td>501</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2016-17 £m</th>
<th>2017-18 £m</th>
<th>2018-19 £m</th>
<th>2019-20 £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Independent Advice</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>8</td>
</tr>
</tbody>
</table>

### Appendix 4:
Actual expenditure on implementing welfare reforms in Northern Ireland

<table>
<thead>
<tr>
<th></th>
<th>Opening Budget</th>
<th>Changes during the year</th>
<th>Final Planned Budget</th>
<th>Final Spend</th>
<th>Underspend</th>
</tr>
</thead>
<tbody>
<tr>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>2012-13</td>
<td>6</td>
<td></td>
<td></td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>2013-14</td>
<td>16</td>
<td></td>
<td></td>
<td>13.9</td>
<td></td>
</tr>
<tr>
<td>2014-15</td>
<td>36</td>
<td></td>
<td></td>
<td>13.6</td>
<td></td>
</tr>
<tr>
<td>2015-16</td>
<td>36</td>
<td></td>
<td></td>
<td>10.3</td>
<td></td>
</tr>
<tr>
<td>2016-17</td>
<td>38.3</td>
<td>1.5</td>
<td>39.8</td>
<td>36</td>
<td>3.8</td>
</tr>
<tr>
<td>2017-18</td>
<td>88.3</td>
<td>(17.6)</td>
<td>70.7</td>
<td>68.5</td>
<td>2.2</td>
</tr>
<tr>
<td>2018-19</td>
<td>70</td>
<td>Ongoing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>290.6</td>
<td></td>
<td></td>
<td>149.3</td>
<td></td>
</tr>
</tbody>
</table>

Source: Department for Communities

This expenditure includes costs of implementing major reforms such as PIP, Universal Credit, Benefit Cap, Discretionary Support Scheme and other reforms including Appeals Reform, Support for Mortgage Interest, Debt Transformation and State Pension Reform.

The Welfare Reform budget and spend for the periods 2012-13 to 2015-16 was not reported separately and therefore the balances relating to in year changes, final planned budget and underspend are not available.
## Appendix 5:
Financial expenditure on the programme of mitigations

<table>
<thead>
<tr>
<th>Welfare</th>
<th>2016-17 £'000</th>
<th>2017-18 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carers</td>
<td>2,000</td>
<td>7,000</td>
</tr>
<tr>
<td>ESA (Time Limiting)</td>
<td>17,000</td>
<td>7,000</td>
</tr>
<tr>
<td>DLA: Payment up to appeal</td>
<td>1,000</td>
<td>15,000</td>
</tr>
<tr>
<td>DLA: 75% if loss is greater than £10</td>
<td>1,000</td>
<td>10,000</td>
</tr>
<tr>
<td>DLA: Conflict Related</td>
<td>-</td>
<td>4,000</td>
</tr>
<tr>
<td>Adult Disability Premium</td>
<td>1,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Benefit Cap</td>
<td>1,000</td>
<td>8,000</td>
</tr>
<tr>
<td>Discretionary Support Grants(^{94})</td>
<td>13,720</td>
<td>13,720</td>
</tr>
<tr>
<td>Discretionary Support Loans(^{95})</td>
<td>2,770</td>
<td>2,770</td>
</tr>
<tr>
<td>Social Sector Size Criteria</td>
<td>15,000</td>
<td>23,810</td>
</tr>
<tr>
<td>Subtotal</td>
<td>54,490</td>
<td>97,300</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax Credits/Universal Credit</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Universal Credit Payment Flexibilities</td>
<td>5,000</td>
<td>9,000</td>
</tr>
<tr>
<td>Administration of Support for Universal</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Credit</td>
<td>-</td>
<td>2,000</td>
</tr>
<tr>
<td>Support for Universal Credit (known as</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>the Cost of Work Allowance)</td>
<td>-</td>
<td>35,000</td>
</tr>
<tr>
<td>Financial Capability</td>
<td>700</td>
<td>700</td>
</tr>
<tr>
<td>Subtotal</td>
<td>5,700</td>
<td>46,700</td>
</tr>
</tbody>
</table>

| Overall total                              | 65,190        | 149,000       |

Source: Department for Communities

\(^{94}\) The Department has suggested that the two Discretionary Support categories (see Appendix 2) are included under the welfare heading to reflect the reality of delivering these schemes.

\(^{95}\) The Department of Finance has approved the use of Crisis Loan recoveries for use in the Discretionary Support Loan Scheme. For both 2016-17 and 2017-18, loans recovered were in excess of those paid out.
## NIAO Reports 2017 and 2018

<table>
<thead>
<tr>
<th>Title</th>
<th>Date Published</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuous improvement arrangements in policing</td>
<td>04 April 2017</td>
</tr>
<tr>
<td>Management of the Transforming Your Care Reform Programme</td>
<td>11 April 2017</td>
</tr>
<tr>
<td>Special Educational Needs</td>
<td>27 June 2017</td>
</tr>
<tr>
<td>Local Government Auditor’s Report</td>
<td>05 July 2017</td>
</tr>
<tr>
<td>Managing Children who Offend</td>
<td>06 July 2017</td>
</tr>
<tr>
<td>Access to Finance for Small and Medium-sized Enterprises (SME’s) in Northern Ireland</td>
<td>26 September 2017</td>
</tr>
<tr>
<td>Homelessness in Northern Ireland</td>
<td>21 November 2017</td>
</tr>
<tr>
<td>Managing the Central Government Office Estate</td>
<td>30 November 2017</td>
</tr>
<tr>
<td>Continuous improvement arrangements in policing</td>
<td>27 February 2018</td>
</tr>
<tr>
<td>Type 2 Diabetes Prevention and Care</td>
<td>06 March 2018</td>
</tr>
<tr>
<td>Speeding up justice: avoidable delay in the criminal justice system</td>
<td>27 March 2018</td>
</tr>
<tr>
<td>Performance management for outcomes: A good practice guide for public bodies</td>
<td>15 June 2018</td>
</tr>
<tr>
<td>The National Fraud Initiative: Northern Ireland</td>
<td>19 June 2018</td>
</tr>
<tr>
<td>Local Government Auditor’s Report – 2018</td>
<td>04 September 2018</td>
</tr>
<tr>
<td>The Financial Health of Schools</td>
<td>16 October 2018</td>
</tr>
<tr>
<td>Firearms Licensing in Northern Ireland (website only)</td>
<td>27 September 2018</td>
</tr>
<tr>
<td>The UK Border: How prepared is Northern Ireland for exiting the EU? (website only)</td>
<td>26 October 2018</td>
</tr>
<tr>
<td>The Social Investment Fund</td>
<td>08 November 2018</td>
</tr>
<tr>
<td>Eradicating Bovine TB in Northern Ireland</td>
<td>27 November 2018</td>
</tr>
<tr>
<td>General Report on the Health and Social Care Sector</td>
<td>18 December 2018</td>
</tr>
</tbody>
</table>